

DIABLO RESOURCES LIMITED

ACN: 649 177 677

**Financial Report For The Period Ended
30 June 2021**

DIABLO RESOURCES LIMITED

ACN: 649 177 677

CONTENTS	Page
Directors' Report	2
Auditor's Independence Declaration	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	13
Independent Auditor's Report	14

Your directors present their report on Diablo Resources Limited (the “Company”) for the period ended 30 June 2021.

Directors

The names, qualifications and experience of the directors in office at any time during, or since the end of, the period are as follows. Directors have been in office since the start of the period (1 April 2021) to the date of this report unless otherwise stated.

Mr Paul Lloyd –Director (appointed 1 April 2021)

Paul Lloyd is a Chartered Accountant with over 30 years’ commercial experience. Mr Lloyd operates his own corporate consulting business, specialising in the area of corporate, financial and management advisory services. After commencing his career with an international accounting firm, he was employed for approximately 10 years as the General Manager of Finance for a Western Australian based international drilling contractor working extensively in Asia and Africa. Paul has been responsible for a number of IPOs, RTOs, project acquisitions and capital raisings for ASX listed public companies.

Mr Barnaby Egerton-Warburton (appointed 1 April 2021)

Barnaby Egerton-Warburton is an experienced investment banker and corporate advisor who has held managing director and non-executive director positions in the investment banking, oil and gas and resource sectors.

He was previously a non-executive director of ASX listed Ioneer Ltd (formerly Global Geo-Science Ltd), where he drove the initial introduction of the company’s Rhyolite Ridge Lithium-Boron Project (located in Nevada USA) to US investor groups.

Mr Egerton-Warburton is currently a non-executive director of Eneabba Gas Limited, Invictus Energy Limited, Isignthis Limited and Local Planning Energy Holdings Limited.

Mr Greg Smith (appointed 1 April 2021)

Greg Smith commenced his career in 1975 and has worked over a wide cross section of minerals and countries including in North America, Australia, Asia, and throughout Africa. Mr Smith was the exploration manager for Moto Gold Mines Ltd, responsible for the discovery of 22.5 million ounces of gold in the Democratic Republic of Congo (Kibali Mine). He is a Member of the Australasian Institute of Mining and Metallurgy.

Company Secretary

Mr Shaun Menezes –Company Secretary (appointed 1 April 2021)

Mr Menezes is an accounting and finance professional with over 20 years experience. He has worked in the capacity of Company Secretary and Chief Financial Officer of a number of ASX and SGX listed companies, held a senior management role within an ASX 200 listed company and was an executive director at a leading international accounting firm. He is a member of the Governance Institute of Australia and the Chartered Accountants Australia and New Zealand.

Directors Meetings

There were no directors’ meetings held during the period ended 30 June 2021.

Principal Activities

The principal activity of the Company during the year was the review of mining exploration projects for acquisition. No significant change in the nature of these activities occurred during the period.

Review of Operations

The loss of the Company for the financial period after providing for income tax amounted to \$98,242.

Significant Changes in the State of Affairs

On 23 June 2021, the Company’s parent, Hawkstone Mining Limited entered into a Share Sale Agreement with the Company to acquire HWK Idaho Pty Ltd, HWK Nevada Pty Ltd and HWK Utah Pty Ltd subject to certain conditions precedent which have not been satisfied as at the date of this report.

Other than stated above, no significant changes in the Company’s state of affairs occurred during the financial period.

Events Subsequent to the End of the Reporting Period

On 2 September 2021, the Company’s parent, Hawkstone Mining Limited approved the disposal of HWK Idaho Pty Ltd, HWK Nevada Pty Ltd and HWK Utah Pty Ltd to the Company.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Company and the expected results of those operations in future financial periods have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental Regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No dividends were paid or declared since the start of the financial period.

Options

No options over issued shares were granted during the period

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



Paul Lloyd
Director
20 September 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Diablo Resources Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
20 September 2021



M R Ohm
Partner

hl**b.com.au**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@h**l**bwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

DIABLO RESOURCES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2021

	Note	2021 \$ (01/04/2021 – 30/06/2021)
Other income		-
Consulting expenses		(75,184)
Administration expenses		(23,058)
Loss before tax		<u>(98,242)</u>
Income tax expense	3	-
Loss for the period		<u>(98,242)</u>
Other comprehensive income		-
Total comprehensive loss for the period attributable to the members		<u>(98,242)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

DIABLO RESOURCES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	4	1
TOTAL CURRENT ASSETS		1
TOTAL ASSETS		1
 LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables		79,199
Loan	5	19,043
TOTAL CURRENT LIABILITIES		98,242
TOTAL LIABILITIES		98,242
NET ASSETS/(LIABILITIES)		(98,241)
 EQUITY		
Issued capital	6	1
Accumulated losses		(98,242)
TOTAL EQUITY/(DEFICIT)		(98,241)

The above statement of financial position should be read in conjunction with the accompanying notes.

DIABLO RESOURCES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021

	Issued Capital \$	Accumulated Losses \$	Total \$
Company			
Balance at 1 April 2021	1	-	1
Loss for the period	-	(98,242)	(98,242)
Total comprehensive loss for the period		(98,242)	(98,242)
Balance at 30 June 2021	1	(98,242)	(98,241)

The above statement of change in equity should be read in conjunction with the accompanying notes.

DIABLO RESOURCES LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2021

	Note	2021 \$ (14/02/2020 – 30/06/2021)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares		1
Net cash provided by financing activities		<u>1</u>
Net increase in cash held		1
Cash and cash equivalents at incorporation		-
Cash and cash equivalents at 30 June 2021	4	<u><u>1</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

DIABLO RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021

1. CORPORATE INFORMATION

Diablo Resources Limited is a public company incorporated on 1 April 2021 and domiciled in Australia.

The Company is principally engaged in the business of mineral exploration. The registered office and principal place of business of the Company is, 10 Outram Street, West Perth, WA 6005.

The financial statements of the Company for the period from 1 April 2021 to 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 20 September 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption.

Both the functional and presentation currency of the Company is in Australian dollars.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS).

(c) New accounting standards and interpretations

The Company has adopted all new accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning 1 July 2020. The adoption of these new and revised standards and interpretations did not have any effect on the financial position or performance of the Company.

Accounting standards and interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the reporting period ended 30 June 2021. The Directors have not early adopted any of these new or amended standards or interpretations. The Directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Company) and interpretations.

(d) Revenue recognition

Interest

Revenue is recognised as interest accrues using effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

(e) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(f) Income tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable

DIABLO RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021

profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(g) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(h) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Loans and borrowings

All loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognized.

(j) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(k) Critical accounting judgements and estimates

The preparation of financial statements requires the use of certain critical accounting judgements and estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting

DIABLO RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021

policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

3. INCOME TAX EXPENSE

The prima facie tax on loss before income tax is reconciled to the income tax as follows:

	2021
	\$
Loss before income tax	(98,242)
Income tax calculated at 30%	(29,473)
Future income tax benefit not brought to account	<u>29,473</u>
Income tax expense	<u>-</u>

4. CASH AND CASH EQUIVALENTS

	2021
	\$
Cash at bank and on hand	<u>1</u>

(a) Reconciliation of loss after income tax to net cash from operating activities

	2021
	\$
Loss for the period	(98,242)
Movement in assets and liabilities:	
Increase/(Decrease) in trade and other payables	79,199
Increase/(Decrease) in loans	19,043
Net cash used in operating activities	<u><u>-</u></u>

(b) Non-cash investing and financing activities

There were no non-cash investing and financing activities during the period ended 30 June 2021.

5. LOANS

	2021
	\$
Non-current	
Loan from Hawkstone Mining Limited	<u>19,043</u>

The loan from the Company's parent is non-interest bearing and repayable on demand.

6. ISSUED CAPITAL

(a) Issued Capital

	2021
	\$
1 fully paid ordinary shares	<u>1</u>

(b) Movement in ordinary share capital of the Company:

Date	Details	No. of Shares	Issue Price	\$
01/04/2021	Opening balance	1	\$1.00	1
30/06/2021	Closing balance	<u>1</u>		<u>1</u>

**DIABLO RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021**

7. CONTINGENT LIABILITIES, LEASE COMMITMENTS AND CONTINGENT ASSETS

As at 30 June 2021 there were no contingent liabilities, lease commitments or contingent assets.

8. RELATED PARTY TRANSACTIONS

The Company's main related parties are as follows:

a. Transactions with related parties:

During the current period a loan was provided by the Company's parent, Hawkstone Mining Limited. Disclosures relating to loan are set out in note 5.

9. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payables.

The carrying amount for each category of financial instruments, which approximates their fair value, are as follows:

	Note	2021 \$
Financial assets		
Cash and cash equivalents	4	1
Total financial assets		<u>1</u>
Financial liabilities		
Trade and other payables		79,199
Loan	5	19,043
Total financial liabilities		<u>98,242</u>

12. AUDITOR'S REMUNERATION

The auditor of Diablo Resources Limited is HLB Mann Judd.

	2021 \$
Amounts paid or payable to HLB Mann Judd for:	
Audit services	2,000
	<u>2,000</u>

17. LOSS PER SHARE

	2021 \$
Basic and diluted loss per share (cents)	(98,242)
Loss used in calculating basic and diluted loss per share	<u>(98,242)</u>
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	<u>1</u>

18. EVENTS AFTER THE REPORTING PERIOD

On 2 September 2021, the Company's parent, Hawkstone Mining Limited approved the disposal of HWK Idaho Pty Ltd, HWK Nevada Pty Ltd and HWK Utah Pty Ltd to the Company.

There have been no other events subsequent to the financial period end that will affect the results as disclosed in this report.

DIABLO RESOURCES LIMITED

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Diablo Resources Limited, the directors of the Company declare that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Paul Lloyd
Director
20 September 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Diablo Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Diablo Resources Limited ("the Company") which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's Financial Report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation

hl**b.com.au**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@h**l**bwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

**HLB Mann Judd
Chartered Accountants**

**Perth, Western Australia
20 September 2021**

A handwritten signature in blue ink, appearing to read 'M R Ohm', written in a cursive style.

**M R Ohm
Partner**