

Western Yilgarn PGM Pty Ltd

ACN 644 650 582

Interim Financial Report For the half-year ended 31 December 2021

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CORPORATE DIRECTORY

DIRECTORS

David Michael

COMPANY SECRETARY

David Michael

PRINCIPAL AND REGISTERED ADDRESS

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AUDITORS

Rothsay Auditing

Level 1, Lincoln House

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West Perth WA 6005

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Half year 31-Dec-21 \$	Year ended 30-Jun-21 \$
CONTINUING OPERATIONS		
Accountancy	(550)	-
Filing Fees	(276)	-
Fines	(427)	-
General Expenses	(17,898)	-
Licenses, Registrations and Permits	-	(5,416)
Rates	(3,964)	-
Rent	-	(9,476)
PROFIT/(LOSS) BEFORE INCOME TAX	(23,115)	(14,892)
Income tax benefit	-	-
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	(23,115)	(14,892)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR	(23,115)	(14,892)

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the attached notes.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		<u>31-Dec-21</u>	<u>30-Jun-21</u>
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	6	3
Trade and other receivables	4	225	-
TOTAL CURRENT ASSETS		<u>231</u>	<u>3</u>
NON-CURRENT ASSETS			
Intangibles	5	994	994
TOTAL NON-CURRENT ASSETS		<u>994</u>	<u>994</u>
TOTAL ASSETS		<u>1,225</u>	<u>997</u>
NON-CURRENT LIABILITIES			
Loan – Melvista Family Trust	6	29,567	14,892
Loan – David Michael	6	8,291	994
Loan – Pacific Bauxite Limited		1,368	-
TOTAL NON-CURRENT LIABILITIES		<u>39,226</u>	<u>15,886</u>
TOTAL LIABILITIES		<u>39,226</u>	<u>15,886</u>
NET LIABILITIES		<u>(38,001)</u>	<u>(14,889)</u>
EQUITY			
Issued capital	7	6	3
Accumulated losses		(38,007)	(14,892)
TOTAL EQUITY		<u>(38,001)</u>	<u>(14,889)</u>

The Statement of Financial Position is to be read in conjunction with the attached notes.

STATEMENT OF CHANGE IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Issued Capital	Accumulated Losses	Total
	\$	\$	\$
BALANCE AT INCORPORATION (25 SEPTEMBER 2020)	-	-	-
Shares issued during the year	3	-	3
(Loss) for the year	-	(14,892)	(14,892)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	-	(14,892)	(14,892)
BALANCE AT 30 JUNE 2021	3	(14,892)	(14,889)
BALANCE AT 1 JULY 2021	3	(14,892)	(14,889)
Shares issued during the half year	3	-	3
(Loss) for the half year	-	(23,115)	(23,115)
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR	-	(23,115)	(23,115)
BALANCE AT 31 DECEMBER 2021	6	(38,007)	(38,001)

The Statement of Changes in Equity is to be read in conjunction with the attached notes.

STATEMENT OF CASH FLOWS

AS AT 31 DECEMBER 2021

	Half year 31-Dec-21 \$	Year ended 30-Jun-21 \$
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(23,115)	(14,892)
NET CASH (USED IN) OPERATING ACTIVITIES	<u>(23,115)</u>	<u>(14,892)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for intangible assets	-	(994)
NET CASH (USED IN) INVESTING ACTIVITIES	<u>-</u>	<u>(994)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	3	3
Proceeds from loans	23,115	15,886
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>23,118</u>	<u>15,889</u>
NET (DECREASE) IN CASH HELD	3	3
Cash at the beginning of the financial year	3	-
CASH AT THE END OF THE FINANCIAL PERIOD	3 <u>6</u>	<u>3</u>

The Statement of Cash Flows is to be read in conjunction with the attached notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

These financial statements and notes represent those of Western Yilgarn PGM Pty Ltd (the **Company**). The Company is a limited company incorporated in Australia. The addresses of its registered office and principal place of business is Level 1, 115 Cambridge Street, West Leederville, Western Australia.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 1 April 2022 by the directors of the Company.

b) GOING CONCERN

The financial statements have been prepared on the basis that the Company will be acquired by Pacific Bauxite Limited (ASX: PBX) which is currently effectuating a deed of company arrangement (DOCA) with Oceanic Capital Pty Ltd. In addition, related parties have financed the operations of the Company and have agreed to provide support to the Company until the contemplated acquisition has taken place. No adjustments is required to the stated balances as at the 31 December 2021. The Company intends to complete the transaction with PBX in order for PBX to acquire the Company and its projects. The directors believe the Company will be able to pay its debts as and when they become payable prior to effectuation of the DOCA.

For the half year ended 31 December 2021 the Company made a loss of \$5,362 (June 2021: Loss \$24,491).

c) ACCOUNTING POLICY

The financial statements incorporate all of the assets, liabilities and results of the Company. The Company does not have any subsidiaries entities it controls.

d) INCOME TAXES

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company has tax losses carried forward. These losses do not expire and may be used to offset future taxable income. The Company does not have any taxable temporary differences nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Company has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

e) EXPLORATION AND EVALUATION COSTS

Exploration, evaluation and development expenditure incurred is accumulated in respect of each project. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the project and have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned project are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

f) FINANCIAL INSTRUMENTS

Financial assets in the scope of AASB 9 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit and loss or amortised cost as appropriate. The Company determines the classification of its financial assets on initial recognition.

Financial assets at fair value through profit and loss

Financial assets classified as held for trading are included in the 'financial assets at fair value through the profit and loss' category. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in profit and loss.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets at amortised cost. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

g) IMPAIRMENT OF ASSETS

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in profit or loss.

h) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

i) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

j) TRADE AND OTHER PAYABLES

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

k) COMPARATIVE FIGURES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

l) ADOPTION OF NEW AND REVISED STANDARDS

New standards and interpretations adopted

In the current year, the Company has adopted the following new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the Company's financial statements.

New accounting standards and interpretations not yet adopted

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2021 affected any of the amounts recognised in the current period or any prior period.

m) SIGNIFICANT JUDGEMENTS AND KEY ASSUMPTIONS

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key judgements

The Company's accounting policy for recognising deferred tax assets states that a deferred tax asset may only be recognised where it is probable that there will be future taxable amounts available to utilise those deferred tax assets.

After reviewing the Company's current contracts and future revenue and expense estimates, the Company's management have made a judgement that whilst there is an expectation that there will be sufficient future taxable amounts available to utilise the Future Tax Assets, there is insufficient evidence available to recognise the Future Tax Assets at 31 December 2021 as required under AASB 112 Income Taxes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

2. INCOME TAX EXPENSE

a) No income tax is payable by the Company as they recorded losses for income tax purposes for the year.

Income tax expenses differs to the standard rate of corporation tax as follows:

	Half year 31-Dec-21	Year ended 30-Jun-21
	\$	\$
Loss before tax	23,115	14,892
Tax at 26% (2021: 27.5%)	6,010	4,095
Deferred tax assets not recognised	(6,010)	(4,095)
Income tax expense	-	-

The recoupment of available tax losses as at 31 December 2021 are contingent upon the company deriving assessable income of a nature and of an amount sufficient to enable the benefit from the losses to be realised; the conditions for deductibility imposed by tax legislation continuing to be complied with; and there being no changes in tax legislation which would adversely affect the company from realising the benefits from the losses.

3. CASH AND CASH EQUIVALENTS

	31-Dec-21	30-Jun-21
	\$	\$
Cash and cash equivalents	6	3

4. TRADE AND OTHER RECEIVABLES

	31-Dec-21	30-Jun-21
	\$	\$
CURRENT		
GST refundable	225	-
	225	-

5. INTANGIBLES

	31-Dec-21	30-Jun-21
	\$	\$
CURRENT		
Company formation costs	994	994
	994	994

6. SHORT TERM LOAN PAYABLE

	31-Dec-21	30-Jun-21
	\$	\$
Loan payable – Melvista Family Trust ¹	29,567	14,892
Loan payable – David Michael ²	8,291	994
Loan payable – Pacific Bauxite Limited ³	1,368	-
	39,226	15,886

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

¹ The Company has a loan facility in place with Melvista Family Trust (**Melvista**) who advanced funds for the purposes of covering the Company's operating expense. This loan is unsecured and interest is payable at 0% per annum on the drawn down amount. No formal repayment date of the loan has been agreed.

² The Company has a loan facility in place with David Michael (**Michael**) who advanced funds for the purposes of covering the Company's operating expense. This loan is unsecured and interest is payable at 0% per annum on the drawn down amount. No formal repayment date of the loan has been agreed.

³ During the half year ended 31 December 2021, Pacific Bauxite Limited paid for tenement costs on behalf of the Company. This loan is unsecured and interest is payable at 0% per annum on the drawn down amount. No formal repayment date of the loan has been agreed.

7. ISSUED CAPITAL

	31-Dec-21	30-Jun-21
	\$	\$
6 (2021: 3) fully paid ordinary shares	<u>6</u>	<u>3</u>
	<u>6</u>	<u>3</u>

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called.

8. COMMITMENTS FOR EXPENDITURE

The Company currently has non contractual commitments for expenditure on its exploration tenements as follows:

	31-Dec-21	30-Jun-21
	\$	\$
Minimum expenditure commitments	<u>129,000</u>	<u>129,000</u>

9. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

At 31 December 2021 and 30 June 2021 the Company had no contingent liabilities.

10. RELATED PARTY TRANSACTIONS

During the half year ended 31 December 2021, the Company entered into transactions under a loan facility established with the Melvista Family Trust (Melvista) which is a related party of David Michael who is the beneficiary of the Company's 50% shareholder St Barnabas Investments Pty Ltd as trustee for the Melvista Family Trust.

During the half year ended 31 December 2021, the Company entered into transactions with the Company under a loan facility agreement with David Michael, who is the beneficiary of the Company's 50% shareholder St Barnabas Investments Pty Ltd as trustee for the Melvista Family Trust.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

11. FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Company as at 31 December 2021:

	At amortised cost	Fair Value Through profit and loss	Through other comprehensive income
	\$	\$	\$
Loan payable – Melvista Family Trust	29,567	-	-
Loan payable – David Michael	8,291	-	-
Loan payable – Pacific Bauxite Limited	1,368	-	-
	<u>39,226</u>	<u>-</u>	<u>-</u>

Set out below is a comparison of the carrying amount and fair values of financial instruments as at 31 December 2021:

	Carrying amount	Fair value
	\$	\$
Loan payable – Melvista Family Trust	29,567	29,567
Loan payable – David Michael	8,291	8,291
Loan payable – Pacific Bauxite Limited	1,368	1,368
	<u>39,226</u>	<u>39,226</u>

12. SIGNIFICANT AFTER BALANCE DATE EVENTS

There have been no significant events since 31 December 2021 that would be likely to materially affect the operations of the Company, or its state of affairs other than the following:

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 2 to 11:
 - (i) comply with Accounting Standards and other mandatory professional reporting requirements, and
 - (ii) present fairly the Company's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (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.

This declaration is made in accordance with a resolution of the Board of Directors and signed on behalf of the board by:



David Michael

Director

1 April 2022



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INDEPENDENT AUDITOR'S REPORT

WESTERN YILGARN PGM PTY LTD

Report on the Audit of the Financial Reports

Opinion

We have audited the financial report of Western Yilgarn PGM Pty Ltd (“the Company”) which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other 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 of the Company.

In our opinion the financial report of the Company presents fairly the Company’s financial position as at 31 December 2021 and of its financial performance for the year ended on this date and are in accordance with the Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Company in accordance with the auditor independence requirements of and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Directors’ Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that presents fairly in accordance with the Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation of the financial report that presents fairly 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 cease operations, or have no realistic alternative but to do so.





INDEPENDENT AUDITOR'S REPORT

WESTERN YILGARN PGM PTY LTD

Auditor's Responsibility for the Audit of the Financial Reports

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.

A further description of our responsibilities for the audit of the financial reports is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx.

We communicate with the directors regarding, amongst 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.

Rothsay Auditing

Dated 1 April 2022

**Daniel Dalla
Partner**