

Norwest Minerals Pty Ltd

ACN 622 979 275

**Special purpose financial report
for the period ended 31 July 2018**

Norwest Minerals Pty Ltd ACN 622 979 275

Special purpose financial report 31 July 2018

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Directors' Report

The Directors present their report on Norwest Minerals Pty Ltd ('the Company') for the period from incorporation (being 21 November 2017) to 31 July 2018.

This financial report has been prepared in accordance with Australian Accounting Standards and for the purpose of the preparation of an Investigating Accountants Report for inclusion in a prospectus.

Directors

The following persons were directors of the Company at any time during the period to today's date:

Information on directors

Dominic Marinelli

MBA, BEng, PGD Sc

Appointment date: 21 November 2017

Dominic Marinelli has over 22 years of corporate fundraising and mergers and acquisition experience covering a wide range of industries including resources and other emerging technologies. Mr Marinelli is a Director of Terrain Capital Limited, West Africa Coal Pty Ltd and Australian Stock Exchange listed Australian Mines Limited.

Special responsibilities- Nil

Michael Ramsden

BEE, LLB, FFIN

Appointment date: 21 November 2017

Michael Ramsden is a lawyer with more than 25 years' experience as a corporate advisor. He has been involved with all forms of finance, including money markets, futures trading, lease finance, trade finance and foreign exchange. Mr Ramsden is the Managing Director of Terrain Capital in Australia and is Chairman of and Australian Stock Exchange listed Australian Mines Limited. Mr Ramsden has previously worked for international companies including CIBC Australia, JP Morgan and Scandinavian Pacific Investments Limited. He is also a director of the Victoria Racing Club, Chairman of Lowell Capital Ltd and formerly Chairman of Terrain Australia Ltd and Director of D&D Tolhurst Ltd.

Special responsibilities- Nil

Benjamin Bell

BSc, MMET, MBA

Appointment date: 21 November 2017

Benjamin Bell has more than 20 years' experience as a geologist and geophysicist in the minerals industry. Mr Bell joined the Australian Mines Limited as Chief Executive Officer on 8 November 2011 and was subsequently appointed as Managing Director in January 2012. Previously Mr Bell was CEO of Ausgold Limited and has held senior exploration roles to other ASX-listed gold and base metal explorers.

Michael Elias

BSc(Hons), FAusIMM, CPGeo

Appointment date: 20 July 2018

Michael Elias has more than 35 years of extensive, international experience in all aspects of nickel resource development in both laterites and sulphides, from project generation and evaluation, exploration planning and management, development studies, open cut and underground mine geology, resource/reserve estimation, and resource economics. He has been a Principal Consultant with mining consultancy CSA Global Pty Ltd since 2001.

He previously held the positions of Chief Geologist – WA Nickel Operations and Chief Geologist – Nickel Resource Development at WMC Resources Ltd and was a director of Silver Swan Group Ltd until his resignation on 19 November 2012. Mr Elias holds a Bachelor of Science (Honours) in Geology from the University of Melbourne and is a Fellow of the Australasian Institute of Mining and Metallurgy.

Special responsibilities- Nil

Yew Fei Chee

Appointment date: 1 August 2018

Mr. Chee has extensive experience in the iron ore mining industry in Malaysia. He has undertaken various iron ore mining and processing projects since the early 2010's and have built up his reputation and portfolio in the industry in Malaysia.

Presently he is the controlling shareholder and CEO of Fortress Mining Sdn Bhd, a company incorporated in Malaysia. Fortress Mining is currently mining and exporting high grade iron ore concentrate from its Bukit Besi Mine in Terengganu, Malaysia to steel mills in China.

Special responsibilities- Nil

Information of Company Secretary

Oliver Carton

Appointment date: 1 January 2018

Oliver is a qualified lawyer with over 30 years' experience in a variety of corporate roles. He is currently a director or company secretary of a number of listed, unlisted and not for profit entities such as the Melbourne Symphony Orchestra and Australian Mines Limited. He currently runs his own consulting business and was previously a Director of the Chartered Accounting firm KPMG. Prior to that, he was a senior legal officer with ASIC.

Principal activities

During the period the principal continuing activities of the Company were engaging in the business of seeking to exploit and mine natural resources.

The Company acquired various Western Australian tenements from third parties and the parent company, Australian Mines Limited during the period.

Operating results

The net loss for the period ended 31 July 2018 after providing for income tax rounded to the nearest dollar is \$179,160.

Review of operations

The Company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Future developments

The Company expects to maintain the present status and level of operations.

Significant changes in the state of affairs

During the period the company raised \$1m by way of a \$0.5m seed investment in shares and \$0.5m convertible note. Also, cornerstone investment agreements were signed with investors committing a \$4 million to an Initial Public Offering ('IPO') which the Company is targeting to complete in October 2018. The IPO is expected to raise a total of \$6.6 million. The balance of \$2.6 million is to be offered to the public with a priority offer to existing Australian Mines Ltd shareholders.

Dividends paid or recommended

No dividends were paid during the period ended 31 July 2018 and no recommendation is made as to payments of future dividends.

Matters subsequent to the end of the financial period

The Company is preparing documentation for an Initial Public Offering ('IPO') with targeted completion by the end of October 2018. The IPO is expected to raise a total of \$6.6 million. After deducting \$4 million which is to go to cornerstone investors, the balance of \$2.6 million is to be offered to the public with a priority offer to existing Australian Mines Ltd shareholders.

Mr Yew Fei Chee was appointed as a Director on 1st August 2018.

No other matters or circumstances have arisen since 31 July 2018 that have significantly affected, or may significantly affect:

- (a) The Company's operations in future financial years, or
- (b) The results of those operations in future financial years, or
- (c) The Company's state of affairs in future financial years

Meetings of Directors

During the period there were no meetings of directors given the company has recently been incorporated. Board resolutions during the period have been made by circular resolution.

Environmental regulation

The Company conducts mining and exploration activities on mineral tenements. The right to conduct these activities is granted, subject to environmental conditions and requirements and as such is governed by a range of environment legislation. As the Company is in the early exploration phase of its exploration projects, the Company is not yet subject to the public reporting requirements of the environmental legislation. The Company aims to ensure a high standard of environmental care is achieved and, as a minimum, to comply with relevant environmental regulations. To the best of the Directors knowledge, the Company has adequate systems in place to ensure compliance with the requirements of the applicable legislation and is not aware of any material breach of those requirements during the financial year and up to the date of the Directors Report.

Proceedings on behalf of the company

No person has applied to the Court under Section 237 of the *Corporations Act 2001* ('the Act') for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the Act.



**DOMINIC
MARINELLI**

Director
Melbourne 3rd September 2018

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF NORWEST MINERALS PTY LTD

As lead auditor of Norwest Minerals Pty Ltd for the period ended 31 July 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Australian Professional Accounting Bodies in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Norwest Minerals Pty Ltd.



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 3 September 2018

Norwest Minerals Pty Ltd ACN 622 979 275

Special purpose financial report- 31 July 2018

These financial statements cover Norwest Minerals Pty Ltd ('the Company') as an individual entity. The financial statements are presented in Australian currency.

The Company is a proprietary limited company, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Norwest Minerals Pty Ltd
Level 6, 66 St Georges Terrace
Perth WA 6000
Australia

A description of the nature of the Company's operations and its principal activities is included in the directors' report on page 2, which is not part of these financial statements.

Norwest Minerals Pty Ltd

**Statement of Profit or Loss and Other Comprehensive Income
For the period from date of incorporation to 31 July 2018**

	Notes	31 July 2018 \$
Revenue		
Other income		-
Expenses		
Administration	2	(179,160)
Total expenses		<u>(179,160)</u>
Loss before income tax		<u>(179,160)</u>
Income tax benefit	3	-
Loss after tax		<u>(179,160)</u>
Other comprehensive income, net of tax		-
Total comprehensive loss for the period		<u>(179,160)</u>
Earnings/ (loss) per share		
- Basic loss per share (cents)	4	(89.76)

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

Norwest Minerals Pty Ltd
Statement of Financial Position
As at 31 July 2018

	Notes	31 July 2018 \$
ASSETS		
Current assets		
Cash and cash equivalent	5	999,997
Other current assets	6	5,160
Total current assets		<u>1,005,157</u>
Non-current assets		
Exploration and evaluation assets	7	4,032,165
Total non-current assets		<u>4,032,165</u>
Total assets		<u>5,037,322</u>
LIABILITIES		
Current liabilities		
Trade and other payables	8	676,382
Financial instrument	9	500,000
Total current liabilities		<u>1,176,382</u>
Non-current liabilities		-
Total non-current liabilities		<u>-</u>
Total liabilities		<u>1,176,382</u>
Net assets		<u>3,860,940</u>
EQUITY		
Contributed equity	10	4,040,100
Accumulated Losses	11	(179,160)
Total equity		<u>3,860,940</u>

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

Norwest Minerals Pty Ltd
Statement of changes in equity
For the period from date of incorporation to 31 July 2018

	Contributed equity \$	Retained earnings \$	Total equity \$
Balance at incorporation	100	-	100
Loss for the period		(179,160)	(179,160)
Transactions with owners in their capacity as owners			
Issue of share capital	4,100,000	-	4,100,000
Transaction costs from issue of shares	(60,000)	-	(60,000)
Total contributed by owners	<u>4,040,100</u>	<u>-</u>	<u>(60,000)</u>
Balance at 31 July 2018	<u>4,040,100</u>	<u>(179,160)</u>	<u>3,860,940</u>

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

Norwest Minerals Pty Ltd

Statement of cash flows For the period from date of incorporation to 31 July 2018

	Notes	31 July 2018 \$
Cash flows from operating activities		
Administration fees		(3)
Net cash (outflow) inflow from operating activities	12	(3)
Cash flows from investing activities		
Loans to related company		-
Net cash (outflow) inflow from investing activities		-
Cash flows from financing activities		
Proceeds from issues of ordinary shares		500,000
Proceeds from loans / convertible note		500,000
Net cash inflow (outflow) from financing activities		1,000,000
Net increase (decrease) in cash and cash equivalents		999,997
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of period		999,997

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

Norwest Minerals Pty Ltd
Notes to the financial statements
For the period ended 31 July 2018

Notes to the financial statements

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Norwest Minerals Pty Ltd
Notes to the Financial Statements
For the Period Ending 31 July 2018

Note 1: Summary of significant accounting policies

The financial report is a special purpose financial report prepared in accordance with the recognition and measurement requirements specified by all Australian Accounting Standards and Australian Accounting Interpretations. The financial report has been prepared for the purpose of the preparation of the Investigating Accountants Report for inclusion in a prospectus. The directors have determined that the Company is not a reporting entity. The financial statements were authorised for issue by the directors on 3 September 2018.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Basis of preparation

Norwest Minerals Pty Ltd ('the Company') is a for-profit entity for the purpose of preparing the financial report. This financial report has been prepared in accordance with the historical cost convention. Cost is based on the fair values of the consideration given in exchange for assets.

This report presents the financial information for the period ended 31 July 2018. Given the Company was incorporated on the 21 November 2017 there are no comparatives for this reporting period.

The functional currency of the Company is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars, which is the entity's functional currency.

(b) Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Management discussed with the Board the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of exploration and evaluation assets

The ultimate recoupment of the value of exploration and evaluation assets is dependent of successful development and commercial exploitation, or alternatively, sale, of the underlying mineral exploration properties. The Company undertakes at least on an annual basis, a comprehensive review for indicators of impairment of those assets. Should an indicator of impairment exist, there is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

Norwest Minerals Pty Ltd
Notes to the Financial Statements
For the Period Ending 31 July 2018

The key issues that are considered in this review include:

- Recent drilling results and reserves and resources estimates;
- Environmental issues that may impact the underlying tenements;
- The estimated market value of assets at the review date;
- Independent valuations of the underlying assets that may be available; and
- Fundamental economic factors such as the gold price, exchange rates and current and anticipated operating costs in the industry.

Information used in the review process is rigorously tested to externally available information as appropriate. In addition, an allocation of the costs of acquired mineral rights to individual projects is performed. This allocation process requires estimates and judgement as to the value of these projects acquired.

The fair value of exploration assets is based on fair value less costs to sell, using a multiples of exploration method.

(c) Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Company incurred a net loss after tax for the period ended 31 July 2018 of \$179,160 and received net cash inflows from financing activities of \$999,997. At 31 July 2018, the Company had a working capital deficiency of \$171,225.

The ability of the Company to continue as a going concern is dependent upon the success of the fundraising under the prospectus or alternatively, financial support from its shareholder. Cornerstone investors have committed \$4 million which is conditional upon ASX providing confirmation to the Company that it will be admitted to the Official List. Each of the Cornerstone Agreements may be terminated by the respective Cornerstone Investors if the Company is not admitted to the Official List by 31 October 2018.

The Directors believes that the Company will continue as a going concern. As a result, the financial report has been prepared on a going concern basis which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following:

- The Company's cash flow forecasts which support the ability of the Company to pay its debts as when they fall due;
- The Company's ability to raise funds through equity;
- The ongoing support of the lenders to the Company and its related parties;
- The Company is conducting a capital raise under a prospectus to raise \$6.6million;

Should the Company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

(d) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

Norwest Minerals Pty Ltd
Notes to the Financial Statements
For the Period Ending 31 July 2018

(e) Exploration and evaluation assets

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- (i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- (ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation assets to mining property and development assets within property, plant and equipment.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

- (ii) Interest income

Interest income is recognised as it accrues.

- (iii) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(g) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(h) Contributed equity

Ordinary shares are classified as equity.

Norwest Minerals Pty Ltd
Notes to the Financial Statements
For the Period Ending 31 July 2018

(i) New accounting standards and Interpretations

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They have not been applied in preparing this financial report.

Reference	Title	Summary	Application date	Expected Impact
AASB 15	<i>Revenue from Contracts with Customers</i>	This Standard establishes principles (including disclosure requirements) for reporting useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.	Financial years beginning on or after 1 January 2018	No expected impact
AASB 9	<i>Financial Instruments</i>	AASB 9 (December 2014) is a new standard which Replaces AASB 139. This new version supersedes AASB issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.	Financial years beginning on or after 1 January 2018	No expected impact
AASB 16	<i>Leases</i>	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	Financial years beginning on or after 1 January 2019	No expected impact

(j) Financial instruments

Financial instruments issued by the Company comprise convertible notes that can be converted into a variable number of ordinary shares. Convertible notes issued by the Company include embedded derivatives (option to convert to variable number of shares in the Company) and are recognised as financial liabilities at fair value through profit or loss. On initial recognition, the fair value of the convertible note will equate to the proceeds received and subsequently the liability is measured at fair value at each reporting period until settlement. The fair value movements are recognised on the profit and loss as finance costs.

The convertible note derivative liability is removed from the Statement of Financial Position when the obligations specified in the Contract are discharged. This can occur at maturity date, when the convertible notes convert to equity. Convertible Note Derivative Liabilities are classified as current or non-current based on the maturity date of the convertible note.

Norwest Minerals Pty Ltd
Notes to the Financial Statements
For the Period Ending 31 July 2018

Note 2: Expenses

	2018 \$
Administration	
General and Administration	4,366
Personnel	15,515
Other Fees and Services	150,795
Travel and Accommodation	8,483
	<u>179,160</u>

Note 3: Income tax

The prima facie income tax expense on pre-tax accounting loss reconciles to the income tax expense in the financial statements as follows:

	2018 \$
Loss from operations	<u>(179,160)</u>
Income tax benefit calculated at 27.5%	(49,269)
Movements in unrecognized timing differences	
Tax losses not brought to account	49,269
Income tax benefit reported in the Statement of Comprehensive Income	<u>-</u>

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

- (a) Assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
- (b) Conditions for deductibility imposed by law are complied with; and
- (c) No changes in tax legislation adversely affect the realisation of the benefit from the deductions.

Note 4: Loss per share

	2018 \$
Basic loss per share:	
Loss after income tax attributable to the ordinary shareholders of the Company	(179,160)
Basic loss per fully paid ordinary share (cents)	(89.76)

The calculation of basic loss per share at 31 July 2018 was based on the operating loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the period from incorporation date to 31 July 2018 of 199,592.

Note 5: Cash and cash equivalent

	31 July 2018 \$
Cash at bank	<u>999,997</u> <u>999,997</u>

Norwest Minerals Pty Ltd
Notes to the Financial Statements
For the Period Ending 31 July 2018

Note 6: Current assets – Other current assets

	31 July 2018 \$
Prepayment	5,160
	<u>5,160</u>

Note 7: Non-current assets – Exploration and evaluation assets

	31 July 2018 \$
Acquisition of assets	4,007,030
Expenditure incurred for period	25,135
Exploration costs carried forward	<u>4,032,165</u>

During the period, Norwest Minerals Pty Ltd acquired several Western Australian tenements from its parent company, Australian Mines Limited, for cash consideration of \$400,000 and the share split valued of 100 shares to 18,000,000 shares valued at \$3.6million. The tenements had a fair value of \$4 million.

Note 8: Current liabilities – Trade and other payables

	31 July 2018 \$
Trade creditors and accruals	660,420
Loan from Australian Mines Limited	15,962
	<u>676,382</u>

Note 9: Compound financial instrument

	31 July 2018 \$
Convertible note (refer note 13)	500,000

Norwest Minerals Pty Ltd
Notes to the Financial Statements
For the Period Ending 31 July 2018

Note 10: Contributed equity

	31 July 2018	
	\$	No. of shares
Fully paid ordinary shares	4,040,100	23,000,000
Reconciliation of contributed equity		
Balance at beginning of period	-	-
Share placement @ \$1.00	100	100
Shares issued during the period:	-	-
Share split (i)	3,600,000	17,999,900
Share issue	500,000	5,000,000
Costs of capital raising	(60,000)	-
Balance at end of period	4,040,100	23,000,000

- (i) The Company subdivided its existing share capital of 100 ordinary shares of \$1 each into 18,000,000 ordinary shares. The total paid up capital remains the same at \$100 and following the split each share on issue in the Company will have a paid up amount of less than \$0.01.

Note 11: Retained earnings

Movements in retained earnings were as follows:

	31 July 2018
	\$
Profit/(Loss) for the period	(179,160)
Closing balance	(179,160)

Note 12: Reconciliation of operating loss after income tax to net cash flows from operating activities

	31 July 2018
	\$
Loss for the period	(179,160)
Change in operating assets and liabilities	
- Increase in trade and other payables	179,157
- Increase in trade and other receivables	-
Net cash outflow from operating activities	(3)

Note 13: Contingent liabilities

The convertible note was issued as per the agreement with CNG Global Ltd. One convertible note with a face value of \$500,000 will convert into either 1 share in the Company or 6.88 million shares in the Company if CNG Global Ltd procures cornerstone investors to deposit a total of \$4 million in subscription moneys for the IPO. Agreements with cornerstone investors to invest \$4 million in an IPO were signed prior to the end of the period.

There are no other contingent liabilities.

Norwest Minerals Pty Ltd
Notes to the Financial Statements
For the Period Ending 31 July 2018

Note 14: Events occurring after the reporting period

The Company is preparing documentation for an Initial Public Offering ('IPO') with targeted completion by the end of October 2018. The IPO is expected to raise a total of \$6.6 million. After deducting \$4m which is to go to cornerstone investors, the balance of \$2.6 million is to be offered to the public with a priority offer to existing Australian Mines Ltd shareholders.

Mr Yew Fei Chee was appointed as a Director on 1st August 2018.

The directors are not aware of any other matters or circumstances that have arisen since the end of the period that significantly affected or may significantly affect the operation of the Company, the results of those operations, or the state of affairs of the Company in subsequent years.

Note 15: Related party transactions

Parent entity

Australian Mines Limited is the parent entity.

Key management personnel

The following were key management personnel of the group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

Non-Executive Directors

Mr Michael Ramsden - Resigned 1 January 2018

Mr M Elias – Appointed 20 July 2018

Mr D Marinelli

Executive Directors

Mr B Bell – Managing Director

Chief Executive Officer

Mr C Schaus

The key management personnel compensation included in 'personnel expenses' (see Note 2) is as follows:

	31 July 2018 \$
Short-term employee benefits	13,239
Post-employment benefits	1,258
Long term benefits	1,018
	<u>15,515</u>

Norwest Minerals Pty Ltd
Notes to the Financial Statements
For the Period Ending 31 July 2018

Transactions with related parties

The terms and conditions of the transactions with related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate amounts recognised during the period relating to related parties were as follows:

		31 July 2018 \$
Directors/Entity	Transaction	
Mr Marinelli & Mr Ramsden	Advisory Fees (i)	18,010
Mr Marinelli & Mr Ramsden	Placement Fees (ii)	60,000
Australian Mines Limited	Loan Payable (iii)	15,962

- (i) The Company used Terrain Capital for advisory services. Mr D Marinelli and Mr M Ramsden are Directors of Terrain Capital Ltd. These fees were owing at 31 July 2018.
- (ii) The Company used Terrain Capital to assist with the placement of shares. Mr D Marinelli and Mr M Ramsden are Directors of Terrain Capital Ltd. These fees were owing at 31 July 2018.
- (iii) The Company was initially funded by the parent entity by way of an interest free loan. An amount of \$301,914.20 was forgiven on 23 July 2018 in accordance with the deed of forgiveness and release of debt.

Share based compensation

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Key Management Personnel	Vesting Date	Exercise price	Number of options
Charles Schaus	Upon Completion of IPO	\$0.20	1,010,000
Charles Schaus	12 months from IPO	\$0.25	1,010,000

The options are subject to a unanimous shareholder approval with the proposed date for the meeting being 7 September 2018. The IPO is proposed to be completed by 31 October 2018. The options granted carry no dividend or voting rights.

Note 16: Commitments

There were no contracted commitments as at the reporting date.

Norwest Minerals Pty Ltd

Directors' declaration

The directors of Norwest Minerals Pty Ltd ('the Company') declare that:

- (a) The financial statements and notes, as set out on Pages 1 to 15, comply with Accounting Standards and other mandatory professional reporting requirements;
- (b) The financial statements and notes presents fairly the Company's financial position as at 31 July 2018 and of its performance for the period ended 31 July 2018; and

In the directors' opinion:

- (i) At the of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

This declaration is made in accordance with a resolution of the Boards of Directors.


DOMINIC MARINELLI
Director

Melbourne
3 September 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Norwest Minerals Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Norwest Minerals Pty Ltd (the Entity), which comprises the statement of financial position as at 31 July 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial report, including a summary of significant accounting policies, and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Entity as at 31 July 2018 and of its financial performance and its cash flows for the period then ended in accordance with the basis of accounting described in note 1.

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 Entity in accordance with 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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of an Investigating Accountants Report for inclusion in a prospectus. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' Report, 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 on the other information obtained prior to the date of this auditor's report, 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 management and those charged with governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report, and have determined that the basis of preparation described in Note 1 is appropriate to meet the requirements for initial public offering and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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 the 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 report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink that reads 'BDO' on the top line and 'J Prue' on the bottom line.

Jarrad Prue

Director

Perth, 3 September 2018