

CAPRICE RESOURCES LTD

ABN 96 624 970 725

FINANCIAL REPORT

FOR THE PERIOD ENDED

30 JUNE 2018

DIRECTORS' REPORT

The Directors present their report on Caprice Resources Limited (**the Company**), for the period ended 30 June 2018. The Company was incorporated on 20 March 2018. References to the results of the Company in this financial report for the period ended 30 June 2018 refer to the period 20 March 2018 to 30 June 2018.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

- Bryn Hardcastle (Non-Executive Chairman) – appointed 20 March 2018
- Scott Patrizi (Executive Director) – appointed 12 June 2018
- Adam Miethke (Non-Executive Director) – appointed 18 July 2018
- Matthew Gavshon (Non-Executive Director) – appointed 20 March 2018; resigned 18 July 2018
- Adrian Costello (Non-Executive Director) – appointed 20 March 2018; resigned 24 April 2018

Principal Activities

The principal activities of the Company are mining and mineral exploration.

No significant change in the nature of these activities occurred during the period.

Review of Operations

The Company was incorporated on 20 March 2018 and during the period, the Company raised \$100,000 of seed capital and has undertaken activities in relation to an initial public offering to list on the Australian Securities Exchange.

Significant Changes in the State of Affairs

1. The Company was incorporated on 20 March 2018.
2. On 6 June 2018, the Company issued seed capital of 5,000,000 shares at \$0.02 per share to raise \$100,000.
3. During the period, the Company entered into an agreement with Excedo Exploration Pty Ltd to acquire 100% legal and beneficial ownership of two exploration licences in the Northern Territory comprising the Wild Horse Hill Project which is considered to be prospective for gold. In consideration of the acquisition of the tenements, the Company has agreed to issue 375,000 shares at the public offer price and 325,000 options to Excedo Exploration Pty Ltd (or its nominees). Excedo Exploration Pty Ltd is not a related party of the Company.

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

Events Subsequent to the End of the Reporting Period

1. On 5th July 2018, the Company entered into an agreement with Red Field Pty Ltd to acquire 100% legal and beneficial ownership of two exploration licences in Western Australia comprising the Northampton Project which is considered to be prospective for lead, zinc and copper. In consideration of the acquisition of the tenements, the Company has agreed to issue 875,000 shares at the public offer price to Red Field Pty Ltd (or its nominees). Red Field Pty Ltd is not a related party of the Company.
2. On 10th July 2018, the Company completed a seed capital share issue to raise \$320,000 (before costs) via the issue of 4,000,000 shares at \$0.08 per share in order to capitalise the Company and facilitate the proposed listing on ASX.
3. On 6th September 2018, the Company lodged a prospectus with the Australian Securities and Investments Commission in relation to an initial public offering with a view to listing on the Australian Securities Exchange.

No other matters or circumstances have arisen since the end of the financial year that significantly affect 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 years.

DIRECTORS' REPORT

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 years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Dividends

No dividends have been paid or declared by 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.

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year, and there were no options outstanding as at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

To the extent permitted by law, the Company indemnifies every person who is or has been:

- an Officer against any liability to any person (other than the Company) incurred while acting in that capacity and in good faith; and
- an Officer of the Company, against costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters.

The Company has entered into a Deed of Indemnity, Access and Insurance with each of its Directors and the Company Secretary. Under the Deeds of Indemnity, Access and Insurance the Company will indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Deeds of Indemnity, Access and Insurance also provide for the right to access Board papers and other Company records.

No indemnification has been obtained for the auditors of the Company.

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.

Information on Current Directors

Mr Bryn Hardcastle – Non-Executive Chairman

Mr Hardcastle is principal of Perth-based law firm, Bellanhouse, specialising in corporate, commercial and securities law. Mr Hardcastle advises on equity capital markets, takeovers, schemes and corporate acquisitions, reconstructions and disposals predominantly in the energy and resources sector. Mr Hardcastle is also Non-Executive Director of New Century Resources Limited.

DIRECTORS' REPORT

Scott Patrizi – Executive Director

Mr Patrizi is a corporate finance professional being previously employed with Deloitte. Mr Patrizi holds a Bachelor of Commerce from the University of Western Australia and is a Non-Executive Director of Clancy Exploration Limited (ASX: CLY) and Elixir Petroleum (ASX: EXR). During his time at Deloitte, Mr Patrizi worked across a wide range of industries including mining, oil and gas, healthcare, education and private equity providing merger and acquisition, valuation and due diligence services. Prior to Deloitte, Mr Patrizi worked for Argonaut, a full service advisory, stockbroking & research and investment house focused on clients in the natural resources sector where he gained significant equity capital market experience. Mr Patrizi is also Non-Executive Director of Clancy Exploration Limited and Elixir Petroleum Limited.

Adam Miethke – Non-Executive Director

Mr Miethke is Managing Director of Perth-based corporate advisory firm, Discovery Capital Partners Pty Ltd, and is a geologist with over 16 years' experience in the metals and mining industry, including funds management and corporate advisory.

Mr Miethke initially worked for Rio Tinto's iron ore division before joining Snowden Mining Consultants where he worked across all commodities in Australia, Africa, Eastern Europe and South America. After completing an MBA in 2008, he joined Regent Pacific Group in Hong Kong as technical director, overseeing the group's investment portfolio. Between 2011 and 2016, Mr Miethke was a director of the corporate finance team at Argonaut Capital Limited and led Argonaut's metals and mining division. Mr Miethke is also Non-Executive Director of Calidus Resources Limited (ASX:CAI). Mr Miethke holds a Bachelor of Applied Science with First Class Honours in Geology from the Queensland University of Technology and an MBA from Curtin University.

Directors' Meetings

During the period, no meetings of directors were held.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Oonagh Malone

Ms Malone is a principal of a corporate advisory firm which provides company secretarial and administrative services. She has almost 10 years' experience in administrative and company secretarial roles for listed companies and is a member of the Governance Institute of Australia. She currently acts as company secretary for ASX-listed companies Boss Resources Ltd, Bunji Corporation Limited, Clancy Exploration Limited, Matador Mining Ltd and New Century Resources Ltd, and is a non-executive director and company secretary of Carbine Resources Limited and Hawkstone Mining Limited.

Auditor's Independence Declaration

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

No officer of the Company is or has been a partner/director of any auditor of the Company.

This directors' report is signed in accordance with a resolution of the Board of Directors:



Scott Patrizi
Executive Director

Dated this 1st day of October 2018

RSM Australia Partners

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Caprice Resources Limited for the period ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

RSM**RSM AUSTRALIA PARTNERS**A handwritten signature in dark ink, appearing to read "A Whyte".

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 1 October 2018

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2018

	Note	2018 \$
Revenue	2(a)	73
Administration expenses		(11,001)
Consultants & management expenses		(11,267)
Legal expenses		(2,100)
Exploration expenses		(4,906)
Transaction costs	2(b)	(26,076)
Total expenses		<u>(55,350)</u>
Loss before income tax		<u>(55,277)</u>
Income tax expense		-
Loss after income tax for the period		<u>(55,277)</u>
Total comprehensive loss for the period		<u><u>(55,277)</u></u>
Loss attributable to:		
Members of the Company		<u><u>(55,277)</u></u>

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	4	379,483
Trade and other receivables	5	2,111
TOTAL CURRENT ASSETS		<u>381,594</u>
TOTAL ASSETS		<u>381,594</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	6	336,868
TOTAL LIABILITIES		<u>336,868</u>
NET ASSETS		<u>44,726</u>
EQUITY		
Contributed equity	8	100,003
Accumulated losses		<u>(55,277)</u>
TOTAL EQUITY		<u>44,726</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2018**

	Note	Ordinary Share Capital	Retained Earnings	Total
		\$	\$	\$
Opening Balance at 20 March 2018 (date of incorporation)		-	-	-
Loss after income tax for the period		-	(55,277)	(55,277)
Total comprehensive loss for the period		-	(55,277)	(55,277)
Transactions with owners, in their capacity as owners				
Share issues	8	100,003	-	100,003
Balance at 30 June 2018		100,003	(55,277)	44,726

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2018**

	Note	2018 \$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Payments to suppliers and employees		(5,793)
Interest received		73
Net cash from operating activities	9	<u>(5,720)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash from investing activities		<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares		100,003
Application funds received		285,200
Net cash from financing activities		<u>385,203</u>
Net increase in cash held		379,483
Opening cash and cash equivalents		<u>-</u>
Cash and cash equivalents at end of period	4	<u>379,483</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

The financial statements and notes represent those of Caprice Resources Limited, which is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 1st October 2018 by the directors of Caprice Resources Limited.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Caprice Resources Limited. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of Caprice Resources Limited.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Accounting Policies

a. Accounting Principles

The financial statements incorporate all of the assets, liabilities and results of the Caprice Resources Limited. The Company has no subsidiaries.

b. 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 three months or less, and bank overdrafts. Bank overdrafts are shown as borrowings in current liabilities on the statement of financial position.

c. Revenue and Other Income

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

d. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

e. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company 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.

f. Issued Capital

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.

g. 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 Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from financing and investing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

h. Comparative Figures

No comparative figures are available as these are the first financial statements since incorporation.

i. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

j. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

k. **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2018. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below:

– *AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI').

For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance.

Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Company will adopt this standard from 1 July 2018 and the impact of its adoption is expected to be minimal on the Company.

– *AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Company will adopt this standard from 1 July 2018 and the impact of its adoption is expected to be minimal on the Company.

– *AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16.

For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Company will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

NOTE 2: LOSS BEFORE INCOME TAX

	2018
	\$
a. Revenue	
Interest received	73

b. Transaction costs

During the period, \$26,076 of transactions costs in relation to the formation, initial public offering and listing of the Company have been expensed to the Statement of Profit or Loss and Other Comprehensive Income.

NOTE 3: AUDITOR'S REMUNERATION

	2018
	\$
Remuneration of the auditor for:	
Audit or review of the financial report of the Company and controlled entities:	3,500

NOTE 4: CASH AND CASH EQUIVALENTS I

	2018
	\$
Cash on hand	379,483

NOTE 5: TRADE AND OTHER RECEIVABLES

	2018
	\$
GST paid	2,111

NOTE 6: TRADE AND OTHER PAYABLES

	2018
	\$
Unsecured liabilities:	
Trade payables	43,509
Application funds received	285,200
Accrued expenses	8,159
	336,868

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

NOTE 7: INTERESTS IN SUBSIDIARIES

The Company has no subsidiaries.

NOTE 8: ISSUED CAPITAL

(a) Share capital

2018

\$

Fully paid ordinary shares

100,003

Total share capital

100,003

The issued capital was allotted on incorporation of the Company on 20th March 2018.

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

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue Price	\$
20 March 2018	Shares issued on incorporation	3	\$1.00	3
6 June 2018	Issue of seed capital shares	5,000,000	\$0.02	100,000
30 June 2018	Balance as at 30 June 2018	<u>5,000,003</u>		<u>100,003</u>

NOTE 9: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss after income tax

2018

\$

Loss after income tax expense for the period

(55,277)

Changes in operating assets and liabilities:

Increase in trade and other receivables

(2,111)

Increase in trade and other payables

51,668

Net cash used in operating activities

(5,720)

NOTE 10: CAPITAL AND LEASING COMMITMENTS

The Company has no capital or leasing commitments.

NOTE 11: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company has no contingent liabilities or contingent assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

NOTE 12: EVENTS AFTER THE REPORTING PERIOD

1. On 5th July 2018, the Company entered into an agreement with Red Field Pty Ltd to acquire 100% legal and beneficial ownership of two exploration licences in Western Australia comprising the Northampton Project which is considered to be prospective for lead, zinc and copper. In consideration of the acquisition of the tenements, the Company has agreed to issue 875,000 shares at the public offer price to Red Field Pty Ltd (or its nominees). Red Field Pty Ltd is not a related party of the Company.
2. On 10th July 2018, the Company completed a seed capital share issue to raise \$320,000 (before costs) via the issue of 4,000,000 shares at \$0.08 per share in order to capitalise the Company and facilitate the proposed listing on ASX.
3. On 6th September 2018, the Company lodged a prospectus with the Australian Securities and Investments Commission in relation to an initial public offering with a view to listing on the Australian Securities Exchange.

No other matters or circumstances have arisen since the end of the financial year that significantly affect 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 years.

NOTE 13: RELATED PARTY TRANSACTIONS

On incorporation of the Company, one ordinary share was issued to Matthew Gavshon and one ordinary share was issued to Bryn Hardcastle, who subsequently transferred this share.

The Company has entered into the following related party transactions on arms' length terms:

- (a) Executive services agreement or letters of appointment with each of its Directors on standard terms.
- (b) Mandate with Discovery Capital Partners Pty Ltd (Discovery) (of which Mr Miethke is a director) on standard terms. The Company will pay Discovery the following fees which are subject to the Company being admitted to the official list of ASX Limited (Official List):
 - (i) prior to admission to the Official List, a monthly fee of \$5,000 for the performance of corporate advisory services;
 - (ii) following admission to the Official List, a monthly fee of \$10,000 for the performance of corporate advisory services for a minimum of 12 months post-listing on the Official List;
 - (iii) the right to subscribe for up to 1,000,000 Lead Manager Options at an issue price of 0.001 cents per Option, exercisable at \$0.25 each and expiring on the date that is 3 years after the issue date; and
 - (iv) a capital raising success fee of 6% of all funds raised.
- (c) Deeds of indemnity, insurance and access with each of its Directors on standard terms.

There were no other related party transactions during the period.

DIRECTORS' DECLARATION

In the Directors' Opinion:

- The company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the *Corporations Act 2001* requirements to prepare and distribute financial statements to the owners of Caprice Resources Limited;
- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards as described in note 1 to the financial statements and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at Caprice Resources Limited and of its performance for the financial period 20 March 2018 to 30 June 2018; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Scott Patrizi
Executive Director

Dated this 1st day of October 2018

RSM Australia Partners

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000

GPO Box R1253 Perth WA 6844

T +61 (0) 8 92619100

F +61 (0) 8 92619111

www.rsm.com.au**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CAPRICE RESOURCES LIMITED****Opinion**

We have audited the financial report of Caprice Resources Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period 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:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the period then ended; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 1 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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 fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING**

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation 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.

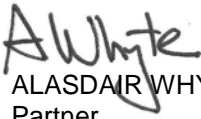
Auditor's responsibilities for the audit of the financial report

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 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 at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM
RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 1 October 2018


ALASDAIR WHYTE
Partner