

K20 MINERALS PTY LTD

ABN 17 159 782 537

SPECIAL PURPOSE FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2017

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Director's Report

For the year ended 30 June 2017

Your directors present their report on K2O Minerals Pty Ltd (the **Company** or **K2O**) for the year ended 30 June 2017.

Directors

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

Matthew Wheeler, appointed 7 September 2016

Julian Stephens, appointed 4 August 2012, resigned 8 September 2016

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

During the year the Company focussed its activities on the identification and evaluation of mineral exploration projects. In summary:

- National Native Title Tribunal determined that the expedited procedure does not apply to the exploration licence application for the Lake Throssell Prospect (E38/3065) but that the right to negotiate applies.
- K2O commenced negotiations with Trigg Mining Pty Ltd in respect of a farm-in agreement for the Lake Throssell Prospect and Lake Rason Prospect (E38/3089).

Results

The loss of the Company for the financial year after providing for income tax amounted to \$21,443 (2016: \$22,176).

Significant Changes in the State of Affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the Company during the financial year consisted of the identification and evaluation of mineral exploration projects.

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

Events Subsequent to the End of the Reporting Period

Other than disclosed in Note 5 to the financial statements, there are no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the company in future financial years.

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.

Environmental Regulation

The Company is subject to and is compliant with all aspects of environmental regulation of its exploration and mining activities. The directors are not aware of any environmental law that is not being complied with.

Dividends

No dividends were paid since the start of the financial year (2016:\$Nil).

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 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

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

Director's Report (cont'd)
For the year ended 30 June 2017
Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out on page 5.

This director's report is signed in accordance with a resolution of the sole director:

Director



Matthew Wheeler

Dated this

TWENTY EIGHTH

day of

MARCH

2018

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF K20 MINERALS PTY LTD

As lead auditor of K20 Minerals Pty Ltd for the year ended 30 June 2017 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.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 28 March 2018

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

	Notes	2017	2016
Income			
Interest Income		-	69
Total Income		-	69
Expenses			
Administrative Expenses		10	215
Exploration Expenditure		20,860	20,076
Legal and Professional Fees		574	940
Travel and Entertainment		-	1,013
Total Expenses		21,444	22,245
Profit/(Loss) before Taxation		(21,444)	(22,176)
Income Tax		-	-
Net Profit/(Loss) After Tax		(21,444)	(22,176)

The accompanying notes form part of these financial statements.

Statement of Financial Position
As at 30 June 2017

	Notes	30 Jun 2017	30 Jun 2016
Assets			
Current Assets			
Cash and cash equivalents	3	761	3,508
Total Current Assets		761	3,508
Total Assets		761	3,508
Liabilities			
Current Liabilities			
Trade and other payables	2	58,467	39,869
Total Current Liabilities		58,467	39,869
Total Liabilities		58,467	39,869
Net Assets		(57,706)	(36,361)
Equity			
Accumulated Losses		(57,806)	(36,362)
Share Capital	4	100	1
Total Equity		(57,706)	(36,361)

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2017

	Note	Contributed Equity	Accumulated Losses	Total
		\$	\$	\$
Balance at 1 July 2015		1	-	1
Losses for the year		-	(22,175)	(22,175)
Other comprehensive loss for the year		-	(14,187)	(14,187)
Total comprehensive loss for the year attributable to members of the entity		-	(36,362)	(36,362)
Transactions with owners, in their capacity as owners				
Shares issued during the period		-	-	-
Security issue expenses		-	-	-
Balance at 30 June 2016		1	(36,362)	(36,361)
 Balance at 1 July 2016		 1	 (36,362)	 (36,361)
Loss for the year		-	(21,444)	(21,444)
Other comprehensive loss for the year		-	-	-
Total comprehensive loss for the year attributable to members of the entity		-	(21,444)	(21,444)
Transactions with owners, in their capacity as owners				
Shares issued during the period		99	-	99
Security issue expenses		-	-	-
Balance at 30 June 2017		100	(57,806)	(57,706)

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2017

	Note	30/06/2017
		\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees		(21,444)
Net cash used in operating activities		(21,444)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings		18,597
Proceeds from equity issues		99
Net cash provided by financing activities		18,696
Net decrease in cash held		(2,747)
Cash at beginning of financial year		3,508
Cash at end of financial year	3	761

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The sole director has determined that the Company is not a reporting entity and accordingly, this financial report is a special purpose report prepared for the sole purpose of distributing a financial report to members and must not be used for any other purpose. The sole director have determined that the accounting policies adopted are appropriate to meet the needs of the members.

The financial report has been prepared on an accrual basis and under the historical cost convention, except for certain assets, which, as noted, have been written down to fair value as a result of impairment. Unless otherwise stated, the accounting policies adopted are consistent with those of the prior year.

The accounting policies that have been adopted in the preparation of the statements are as follows:

Accounting Policies

a. Income Tax

The income tax expense for the year comprises current income tax expense. The Company does not apply deferred tax. Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at 30 June 2016. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

b. Exploration and evaluation expenditure

Exploration and evaluation costs, comprising net direct costs (including the costs of acquiring licences) and an appropriate portion of related overhead expenditure directly attributable to the exploration property, relating to current areas of interest.

Expenditure on exploration and evaluation activities in relation to areas of interest which have not yet reached a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves are expensed as incurred in accordance with the Company's policy on accounting for exploration and evaluation expenditure.

c. Commitments

i) Exploration Expenditure Commitments

The Company has certain obligations to perform minimum exploration work on tenements held. These obligations may vary over time, depending on the Company's exploration program and priorities, and are also subject to variations by negotiation, joint venturing and relinquishing some of the tenements.

At balance date, total exploration expenditure commitments of the Company which have not been provided for in the financial statements are estimated at \$105,000 for the subsequent 12 months.

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2017

d. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

e. Going Concern

For the year ended 30 June 2017, the Company recorded a loss of \$21,443 and had a net current asset deficiency of \$57,806 and net cash outflows from operating activities of \$21,443. The ability of the entity to continue as a going concern is dependent on funding from Trigg Mining Pty Ltd (**Trigg Mining**). The Company will be acquired by Trigg Mining Pty prior to being admitted to the official list of ASX. These conditions indicate a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe that there are sufficient funds to meet the Company's working capital requirements as at the date of this report.

The Company's financial statements have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- Trigg Mining is on track in its listing process and expects to be listed in the first half of 2018; and
- Trigg Mining Pty Ltd is undertaking an IPO of between AU\$4m and AU\$6m.

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

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2017

	30/06/17	30/06/16
NOTE 2. Payables		
Current		
Director Loan	33,514	14,916
Shareholder Loan	24,952	24,952
Total Payables	58,467	39,869

	30/06/17	30/06/16
NOTE 3. Cash & Cash Equivalents		
Cash & Cash Equivalents		
Cash on Hand	100	1
K20 Bank Account	661	3,507
Total Cash & Cash Equivalents	761	3,508

	30/06/17	30/06/16
NOTE 4. Issued Capital		
	\$	\$
100 (30 June 2016:1) fully paid ordinary shares	100	1

The Company has ordinary shares of no par value and does not have a limited amount of authorised capital.

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.

NOTE 5: Events Subsequent to Balance Date

Subsequent to balance date:

- The following exploration licences were granted:
 - E38/3259 on 9 February 2018 with annual expenditure commitment of \$71,000; and
 - E39/2047 on 26 February 2018 with annual expenditure commitment of \$200,000.
- Applications for exploration licences E38/3298, E38/3299, E38/3300, E38/3301 & E38/3302 were submitted with a combined annual expenditure commitment of \$404,000 expected upon grant.
- Director and Shareholder Loans advanced to the Company were repaid.
- Trigg Mining Pty Ltd earned a 44% interest in K2O's potash brine potash brine mineral exploration projects under the farm-in agreement with Trigg Mining having achieved \$330,000 of expenditure.
- The Company entered into a share purchase agreement with Trigg Mining whereby Trigg Mining will acquire 100% of the issued capital of K2O by issue of shares in Trigg Mining to shareholders of K2O.

The financial effect of the above transactions has not been brought to account in the financial statements for the year.

Director's Declaration

For the year ended 30 June 2017

The sole director has determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The sole director of the Company declares that:

1. The financial statements and notes, present fairly the Company's financial position as at 30 June 2017 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
2. In the director's opinion 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 sole director.



Matthew Wheeler
Sole Director

Date: 28/03/2018.

INDEPENDENT AUDITOR'S REPORT

To the members of K20 Minerals Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of K20 Minerals Pty Ltd (the Entity), which comprises the statement of financial position as at 30 June 2017, 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 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 30 June 2017 and of its financial performance and its cash flows for the year 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 (e) 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 distribution to members. 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 Director's 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 directors and those charged with governance for the Financial Report

Directors are 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 needs of the members and for such internal control as directors 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, directors are 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 directors either intend 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



Glyn O'Brien

Director

Perth, 28 March 2018