

**K2O MINERALS PTY LTD**

ABN 17 159 782 537

**ANNUAL REPORT**

FOR THE YEAR ENDED 30 JUNE 2018

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## **Director's Report**

For the year ended 30 June 2018

The sole director presents his report on K2O Minerals Pty Ltd (the **Company** or **K2O**) for the year ended 30 June 2018.

### **Director**

The name of the sole director in office at any time during or since the end of the year is:

Matthew Wheeler

The director has 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 focused its activities on the identification and evaluation of mineral exploration projects. In summary, K2O:

- entered into a farm-in agreement with Trigg Mining Limited (**Trigg Mining**) pursuant to which Trigg Mining may earn up to an 80% interest in the Laverton Links and Lake Throssell Projects by spending a total of \$800,000 within 2 years, the earn-in of which was achieved during the year such that Trigg Mining now has an 80% beneficial interest;
- 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;
- completed negotiations with the native title party under the right to negotiate procedure for the grant of the exploration licence application and signed a native title access agreement for the Lake Throssell Project;
- submitted exploration licence applications for the Lake Hope Campbell Prospect (E38/3259 and E39/2047) which were granted in February 2018;
- submitted exploration licence applications for exploration licences E38/3298, E38/3299, E38/3300, E38/3301 and E38/3302 (the East Laverton Prospect); and
- made all statutory filings in relation to the Projects with the Department of Mines, Industry Regulation and Safety (previously the Department of Mines and Petroleum).

### **Results**

The profit of the Company for the financial year after providing for income tax amounted to \$64,568 (2017: loss of \$21,444).

### **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 6 to the financial statements, 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.

## Director's Report (cont'd)

For the year ended 30 June 2018

### Dividends

No dividends were paid since the start of the financial year (2017:\$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.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out on page 3.

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

Director



Matthew Wheeler

Dated this

Tenth

day of

October

2018

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF K2O MINERALS PTY LTD

As lead auditor of K2O Minerals Pty Ltd for the year ended 30 June 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 K2O Minerals Pty Ltd.



Jarrad Prue  
Director

BDO Audit (WA) Pty Ltd  
Perth, 10 October 2018

## **Statement of Profit or Loss and Other Comprehensive Income**

For the year ended 30 June 2018

	Notes	2018	2017
<b>Income</b>			
Interest Income		2	-
Revenue from continuing operations		70,000	
<b>Total Income</b>		<b>70,002</b>	<b>-</b>
<b>Expenses</b>			
Administrative Expenses		(585)	(10)
Exploration Expenditure		(1,202)	(20,860)
Legal and Professional Fees		(935)	(574)
<b>Total Expenses</b>		<b>(2,722)</b>	<b>(21,444)</b>
<b>Profit/(Loss) before Taxation</b>		<b>67,280</b>	<b>(21,444)</b>
Income Tax Expense		(2,712)	-
<b>Net Profit/(Loss) After Tax</b>		<b>64,568</b>	<b>(21,444)</b>

The accompanying notes form part of these financial statements.

## Statement of Financial Position

As at 30 June 2018

	Notes	30 Jun 2018	30 Jun 2017
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	9,555	761
Other receivables	4	19	-
<b>Total Current Assets</b>		<b>9,574</b>	<b>761</b>
<b>Total Assets</b>		<b>9,574</b>	<b>761</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	2	-	58,467
Current tax liabilities		2,712	-
<b>Total Current Liabilities</b>		<b>2,712</b>	<b>58,467</b>
<b>Total Liabilities</b>		<b>2,712</b>	<b>58,467</b>
<b>Net Assets</b>		<b>6,862</b>	<b>(57,706)</b>
<b>Equity</b>			
Accumulated Losses		6,762	(57,806)
Share Capital	5	100	100
<b>Total Equity</b>		<b>6,862</b>	<b>(57,706)</b>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

For the year ended 30 June 2018

	Note	Contributed Equity	Accumulated Losses	Total
		\$	\$	\$
<b>Balance at 1 July 2016</b>		<b>1</b>	<b>(36,362)</b>	<b>(36,361)</b>
Losses 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)
<b><i>Transactions with owners, in their capacity as owners</i></b>				
Shares issued during the period		99	-	99
Security issue expenses		-	-	-
<b>Balance at 30 June 2017</b>		<b>100</b>	<b>(57,806)</b>	<b>(57,706)</b>
<b>Balance at 1 July 2017</b>		<b>100</b>	<b>(57,806)</b>	<b>(57,706)</b>
Loss for the year		-	64,568	64,568
Other comprehensive loss for the year		-	-	-
Total comprehensive loss for the year attributable to members of the entity		-	64,568	64,568
<b><i>Transactions with owners, in their capacity as owners</i></b>				
Shares issued during the period		-	-	-
<b>Balance at 30 June 2018</b>		<b>100</b>	<b>6,762</b>	<b>6,862</b>

The accompanying notes form part of these financial statements.



## **Statement of Cash Flows**

For the year ended 30 June 2018

	30 Jun 2018	30 Jun 2017
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from joint venture partner	70,000	-
Interest received	2	
Payments to suppliers and employees	(2,722)	(21,444)
Net cash used in operating activities	67,280	(21,444)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	0	18,597
Repayment of borrowings	(58,467)	-
Advancement of borrowings	(19)	
Proceeds from equity issues	-	99
Net cash provided by financing activities	(58,486)	18,696
Net decrease in cash held	8,794	(2,747)
Cash at beginning of financial year	761	3,508
Cash at end of financial year	9,555	761

The accompanying notes form part of these financial statements.

## **Notes to the Financial Statements**

For the year ended 30 June 2018

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### **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 has 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 2018. 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 \$75,200 for the subsequent 12 months.

## Notes to the Financial Statements (cont'd)

For the year ended 30 June 2018

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**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 2018, the Company recorded a profit of \$64,568 (2017: loss of \$21,444) and had a net current asset position of \$6,862 (2017: deficiency of \$57,806) and net cash inflows from operating activities of \$67,280 (2017: cash outflows of \$21,444). The ability of the entity to continue as a going concern is dependent on funding from Trigg Mining Limited (**Trigg Mining**). The Company will be acquired by Trigg Mining 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 believes 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 undertaking a seed capital raising of up to \$0.4 million;
- Trigg Mining is on track in its listing process; and
- Trigg Mining is undertaking an IPO to raise A\$4.5 million.

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 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.

## Notes to the Financial Statements (cont'd)

For the year ended 30 June 2018

	30 June 2018	30 June 2017
<b>NOTE 2. Payables</b>		
<b>Current</b>		
Director Loan	-	33,514
Shareholder Loan	-	24,952
<b>Total Payables</b>	<b>-</b>	<b>58,466</b>

## NOTE 3. Cash & Cash Equivalents

<b>Cash &amp; Cash Equivalents</b>		
Cash on Hand	100	100
K2O Bank Account	9,455	661
<b>Total Cash &amp; Cash Equivalents</b>	<b>9,555</b>	<b>761</b>

## NOTE 4. Receivables

<b>Current</b>		
Director Loan	19	-
<b>Total Payables</b>	<b>19</b>	<b>-</b>

## NOTE 5. Issued Capital

	\$	\$
100 (30 June 2017: 100) fully paid ordinary shares	100	100

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 6: Events Subsequent to Balance Date

**K2O MINERALS PTY LTD**  
**ABN 17 159 782 537**

Subsequent to balance date:

- The following exploration licences were granted:
  - Lake Throssell - E38/3065 on 01/08/2018
  - East Laverton – E38/3301 E38/3302 on 02/08/18
  - East Laverton – E38/3299 and E38/3300 on 22/08/18
- Lake Rason Ext – E38/3298 on 27/09/18The Company agreed to a variance of the terms of the 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 2018

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 2018 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: 10 October 2018

## INDEPENDENT AUDITOR'S REPORT

To the members of K2O Minerals Pty Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of K2O Minerals Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 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 year then ended, and notes to the financial report, including a summary of significant accounting policies, and the director's declaration.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Company as at 30 June 2018 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 Company 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 Company's ability to continue as a going concern and therefore the Company 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 (e) 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 Company'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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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](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. The first part of the signature is 'BDO' in a stylized, blocky font. Below it, the name 'J Prue' is written in a cursive script.

Jarrad Prue

Partner

Perth, 10 October 2018