

K2O MINERALS PTY LTD

ABN 17 159 782 537

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2018

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Director's Report

For the 6 months ended 31 December 2018

The sole director presents the report on K2O Minerals Pty Ltd (the **Company** or **K2O**) for the half year ended 31 December 2018.

Director

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

Matthew Wheeler

The sole director has been in office since the start of the period to the date of this report unless otherwise stated.

Review of Operations

During the period, the Company focussed its activities on the identification and evaluation of mineral exploration projects via its joint venture partner Trigg Mining Limited (**Trigg Mining**). In summary:

- K2O 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; and
- exploration licences were granted as follows:
 - 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 27/09/18.

Results

The loss of the Company for the period after providing for income tax amounted to \$196 (2017: profit of \$44,156).

Significant Changes in the State of Affairs

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

Principal Activities

The principal activities of the Company during the period consisted of the identification and evaluation of mineral exploration projects via its joint venture (**JV**) partner, Trigg Mining, who act as manager of the JV on the Laverton Links and Lake Throssell Projects.

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

Events Subsequent to the End of the Reporting Period

There are no matters or circumstances that have arisen since the end of the period 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 periods.

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

Dividends

No dividends were paid since the start of the financial period (2017:\$Nil).

Options

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

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

Director's Report (continued)

For the 6 months ended 31 December 2018

Indemnification of Officers

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

Proceedings on Behalf of the 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.

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 24th day of April 2019

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

As lead auditor for the review of K2O Minerals Pty Ltd for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 24 April 2019

Statement of Profit or Loss and Other Comprehensive Income

For the 6 months ended 31 December 2018

	Notes	31/12/2018	31/12/2017
Income			
Interest Income		-	2
Other Income		-	45,000
Total Income		-	45,002
Total Income		-	45,002
Expenses			
Administrative Expenses		196	4
Exploration Expenditure		-	842
Total Expenses		196	846
Profit/(Loss) before Taxation		(196)	44,156
Net Profit/ (Loss) After Tax		(196)	44,156

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 31 December 2018

	Notes	31/12/2018	30/06/2018
Assets			
Current Assets			
Cash and cash equivalents	2	9,359	9,555
Other receivables	3	19	19
Total Current Assets		9,378	9,574
Total Assets		9,378	9,574
Liabilities			
Current Liabilities			
Trade and other payables		-	-
Current tax liabilities		2,712	2,712
Total Current Liabilities		2,712	2,712
Total Liabilities		2,712	2,712
Net Assets		6,666	6,862
Equity			
Accumulated Losses		6,566	6,762
Share Capital	4	100	100
Total Equity		6,666	6,862

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the 6 months ended 31 December 2018

	Note	Contributed Equity	Accumulated Losses	Total
		\$	\$	\$
Balance at 1 July 2017		100	(57,806)	(57,706)
Profit for the period		-	44,156	44,156
Other comprehensive income for the period		-	-	-
Total comprehensive loss for the period attributable to members of the entity		-	44,156	44,156
<i>Transactions with owners, in their capacity as owners</i>				
Shares issued during the period		-	-	-
Security issue expenses		-	-	-
Balance at 31 December 2017		100	(13,650)	(13,550)

	Note	Contributed Equity	Accumulated Losses	Total
		\$	\$	\$
Balance at 1 July 2018		100	6,762	6,862
Loss for the period		-	(196)	(196)
Other comprehensive loss for the period		-	-	-
Total comprehensive loss for the period attributable to members of the entity		-	(196)	(196)
<i>Transactions with owners, in their capacity as owners</i>				
Shares issued during the period		-	-	-
Security issue expenses		-	-	-
Balance at 31 December 2018		100	6,566	6,666

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the 6 months ended 31 December 2018

	Note	31/12/2018	31/12/2017
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(196)	(846)
Interest received		-	1
Net cash used in operating activities		(196)	(844)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from farm-in vendor fees		-	45,000
Net cash provided by investing activities		-	45,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	(11,500)
Net cash provided by (used in) financing activities		-	(11,500)
Net increase/ (decrease) increase in cash held		(196)	32,656
Cash at beginning of the period		9,555	761
Cash at end of the period	2	9,359	33,417

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the 6 months ended 31 December 2018

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 interim 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 interim 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 period.

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 period 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 31 December 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. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at 31 December 2018. Trade payables are recognised at their transaction price. They are subject to normal credit terms and do not bear interest.

Notes to the Financial Statements (cont'd)

For the 6 months ended 31 December 2018

d. Commitments and contingent liabilities

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.

K2O Minerals Pty Ltd (**K2O**) has entered into a Joint Venture with Trigg Mining Limited (**Trigg Mining**) in respect of the Laverton Links and Lake Throssell Projects, in which K2O has a 20% beneficial interest and Trigg Mining is manager, retaining an 80% beneficial interest.

At balance date, total exploration expenditure commitments of K2O which have not been provided for in the financial statements are estimated at \$175,600 for the next 12 months.

Other than the above, there are no other commitments or contingency liabilities.

e. 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.

f. Going Concern

For the half year ended 31 December 2018, the Company recorded a loss of \$196 (2017: profit of \$44,156) and had a net current asset position of \$6,666 (30 June 2018: \$6,862) and net cash outflows from operating activities of \$196 (2017: \$844). The ability of the entity to continue as a going concern is dependent on funding from Trigg Mining, who acts as manager of the Joint Venture in respect of the Laverton Links and Lake Throssell Projects in which K2O has a 20% beneficial interest. 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 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 completed a seed capital raising of \$0.4 million;
- Trigg Mining received an R&D tax incentive rebate of \$0.3 million for the financial period ended 30 June 2018;
- 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 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 6 months ended 31 December 2018

	31/12/18	30/06/18
	\$	\$
Note 2: Cash & Cash Equivalents		
Cash on Hand	100	100
K2O Bank Account	9,259	9,455
Total Cash & Cash Equivalents	9,359	9,555

Note 3: Other Receivables

Current

Director Loan	19	19
Total Other Receivables	19	19

NOTE 4. Issued Capital

100 (30 June 2018:100) fully paid ordinary shares	100	100
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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.

Directors Declaration

For the 6 months ended 31 December 2018

In the opinion of the sole director of K2O Minerals Pty Ltd:

- (a) the financial statements and notes set out on pages 6 to 12 present fairly:
 - (i) the Company's financial position as at 31 December 2018 and its performance for the period ended on that date; and
 - (ii) complying with Accounting Standards *AASB 134 Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Matthew Wheeler
Sole Director

Date: 24 April 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of K2O Minerals Pty Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of K2O Minerals Limited (the Entity), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year period then ended, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Entity does not present fairly, in all material respects, the financial position of the Entity as at 31 December 2018, and of its financial performance and its cash flows for the period ended on that date, in accordance with the Australian Accounting Standards to the extent described in Note 1.

Emphasis of matter - Material uncertainty relating 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 conclusion is not modified in respect of this matter.

Directors' responsibility for the Financial Report

The directors of the Entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with the Australian Accounting Standards to the extent described in Note 1 and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not presented fairly, in all material respects, in accordance with the Australian Accounting Standards to the extent described in Note 1. As the auditor of the Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'J Prue', written over the printed name 'Jarrad Prue'.

Jarrad Prue

Director

Perth, 24 April 2019