



**SUPERIOR LAKE**

R E S O U R C E S

ABN 64 139 522 553

## **Interim Financial Report**

for the half year ended 30 June 2020

## Corporate Information

**ABN 64 139 522 553**

### **Directors**

Mr Keong Chan (Non-Executive Chairman) (resigned 1 July 2020)  
Mr Grant Davey (Executive Director)  
Mr Peter Williams (Non-Executive Director) (resigned 1 July 2020)  
Mr Alf Gilman (appointed 1 July 2020)  
Mr Chris Knee (appointed 1 July 2020)

### **Company Secretary**

Mr Stuart McKenzie

### **Registered Office and Principal Place of Business**

Level 1 Emerald House  
1202 Hay Street  
WEST PERTH WA 6005  
Tel: (08) 6117 0479

### **Share Registry**

Automic Registry Services  
Level 5, 126 Philip Street  
SYDNEY NSW 2000  
Tel: (02) 9698 5414

### **Auditors**

Bentleys Audit & Corporate (WA) Pty Ltd  
London House,  
Level 3, 216 St Georges Terrace  
PERTH WA 6000  
Tel: (08) 9226 4500  
Fax: (08) 9226 4300

### **Website**

[www.superiorlake.com.au](http://www.superiorlake.com.au)

### **Securities Exchange Listing**

Superior Lake Resources Limited (SUP) shares are listed on the Australian Securities Exchange.

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## Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the **Group**) comprising Superior Lake Resources Ltd (**Superior Lake** or the **Company**) and the entities it controlled at the end of, or during, the half year ended 30 June 2020 and the auditor's report thereon. Superior Lake is a company limited by shares that is incorporated and domiciled in Australia.

### DIRECTORS AND COMPANY SECRETARY

The following persons were Directors of Superior Lake (**Directors**) during the half year ended 30 June 2020 and up to the date of this report:

Mr Keong Chan (Chairman) (resigned 1 July 2020)

Mr Grant Davey

Mr Peter Williams (resigned 1 July 2020)

Mr Alf Gilman (appointed 1 July 2020)

Mr Christopher Knee (appointed 1 July 2020)

Company Secretary

Mr Stuart McKenzie

### PRINCIPAL ACTIVITIES

The principal continuing activity of the Company during the financial year was the exploration and evaluation of its Pick Lake and Winston Lake zinc projects in Ontario Canada.

### BASIS OF PREPARATION

The attached Interim Financial Report for the half year ended 30 June 2020 contains an independent auditor's review report which includes an unqualified, unmodified review opinion.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant or material changes to the Company's state of affairs not otherwise disclosed in this report.

### REVIEW OF OPERATIONS

A review of the Company operations for the half year ended 30 June 2020 is set out below.

#### Results of operations

A summary of results for the half year ended 30 June 2020 is as follows:

	June 2020	June 2019
	\$	\$
Net loss after income tax	(725,708)	(3,960,839)
<b>attributable to:</b>		
Tenement and exploration expense	(55,967)	(2,837,601)
Corporate and transaction expense	-	-
Administrative expense	(191,198)	(265,675)
Employee benefit expense	(216,103)	(237,058)

### Acquisition of additional Project interest

During the half-year, shareholders approved the acquisition of an additional 17.5% of Ophiolite Holdings Pty Ltd (**Ophiolite**), which holds the Superior Lake Zinc Project, increasing the Company's ownership of the Project to 87.5% (**Ophiolite Acquisition**). The Ophiolite Acquisition was given effect in April, when the Company issued 21,611,617 shares as consideration for the acquisition.

Two remaining minority shareholders of Ophiolite – entities controlled by Mr Evan Cranston and Mr Tolga Kumova who hold 12.5% of Ophiolite – elected not to exchange their Project interest for Superior shares and as a result are now required to contribute funding of Project expenditure on a *pro rata* basis. Aside from certain matters that require the approval of a special majority of directors or shareholders, voting is in accordance with the respective holdings of Ophiolite shareholders.

### Optimisation study

Following completion of a bankable feasibility study (**BFS**) (ASX Announcement 28 August 2019), which delivered robust financial returns (pre-tax NPV<sub>8</sub> of A\$224M), driven by low operating costs (C1 US\$0.35/lb) and low upfront capital expenditure (US\$87M), the Company commenced work on options to further improve Project economics. The objective of the Study was to improve the economic returns and to further increase the Project's debt carrying capacity.

The key areas of focus for the Study were:

- 1) Examining the potential to mine higher grade ore and / or more tonnes earlier in the Project's life. (In the BFS, during the first two years of production, the average grade mined is less than the reserve grade of 13.9% Zn).
- 2) Assessing the benefits of using a mining contractor that could achieve higher mining rates based on a more experienced team, procedures and systems.
- 3) Identifying capital costs that could be deferred until later in the Project's life.
- 4) Staging the Project by looking at options whereby a mining contractor would undertake the mine development work for equity or enter into a project financing agreement to cover these costs.

### Mining schedules

The Company investigated options for mining higher grade ore or increased tonnes in years one and two, aimed at improving the Project's debt carrying capacity. The mining schedules for the BFS and two Optimisation cases are shown in Table 1.

The accelerated mining rates were successful in bringing tonnes forward in the mining schedule. In Option 1, with production capped in Year 1, approximately 18,000 tonnes of additional metal were mined in the first two years with a smoother production profile and a smaller dip in month 25.

In Option 2, unconstrained in Year 1, approximately 21,000 tonnes of additional metal were mined in the first two years, but with a peak and trough in the period similar to the BFS schedule. This could be further managed on the RoM pad to develop a smoother production schedule.

In both cases the life-of-mine was reduced by one year (but with the same life-of mine metal production) and a flatter mining profile.

**Table 1: Mining Schedule Scenarios**

	Total	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9
<b>BFS Schedule</b>										
Ore tonnes (t)	2,202,631	51,584	178,335	312,511	329,400	328,500	328,500	327,910	192,928	152,693
Zn Grade (%)	13.7	10.0	9.6	10.4	13.1	16.4	14.1	13.7	15.9	18.7
Zn Metal (t)	290,076	4,997	16,389	31,265	41,451	51,693	44,450	43,002	29,420	27,410
<b>Optimisation Study – Option 1</b>										
Ore tonnes (t)	2,202,632	144,544	282,068	328,500	325,837	326,450	325,380	325,500	141,352	
Zn Grade (%)	13.7	9.6	9.7	12.8	15.2	16.3	15.3	14.5	13.1	
Zn Metal (t)	290,344	13,332	26,399	40,342	47,722	51,123	47,785	45,865	17,776	
<b>Variance (t)</b>	<b>268</b>	<b>8,335</b>	<b>10,010</b>	<b>9,078</b>	<b>6,271</b>	<b>-570</b>	<b>3,335</b>	<b>2,863</b>	<b>-11,644</b>	
<b>Optimisation Study – Option 2</b>										
Ore tonnes (t)	2,202,632	165,699	284,957	328,500	324,813	326,629	324,166	328,500	119,369	
Zn Grade (%)	13.7	9.2	10.2	12.6	15.5	15.8	15.5	14.6	13.6	
Zn Metal (t)	290,453	14,686	28,009	39,897	48,441	49,626	48,160	46,095	15,538	
<b>Variance (t)</b>	<b>377</b>	<b>9,689</b>	<b>11,620</b>	<b>8,632</b>	<b>6,989</b>	<b>-2,066</b>	<b>3,710</b>	<b>3,094</b>	<b>-13,882</b>	

### Contract mining

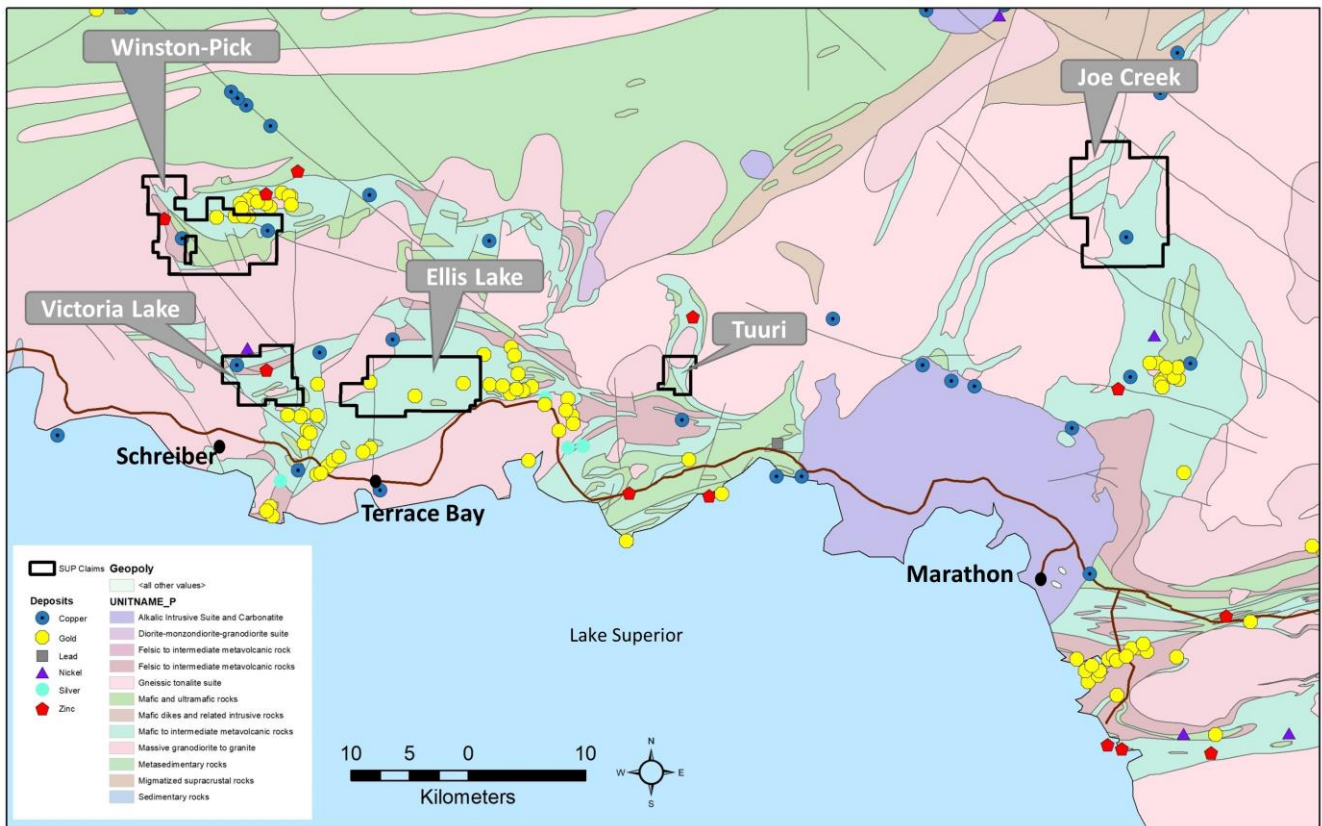
In the BFS, an owner operator model was used with an acknowledgement that new systems, training and procedures will need to be implemented at the start of the Project which would limit mining rates. A conservative mining rate of 210m/month was therefore assumed. A mining contractor with a well-established capability in place is expected to enable a higher mining rate to be achieved in the initial stages.

### Regional exploration

The Company expanded its exploration efforts across the Company's total holding in the Superior Lake region (217km<sup>2</sup>) (Image 1), which resulted in the identification of the following new targets:

- 1) Multiple near mine targets – along trend from the Pick, Winston and Zenith deposits.
- 2) Joe Creek – untested brownfield targets associated with structural and aeromagnetic anomalies in regionally attractive mafic volcanic rocks.
- 3) Victoria Lake – untested aeromagnetic anomalies in mafic volcanic rocks along trend of historical assays of 0.12% Zn over 20m and surface grab samples of 1100ppm Zn.
- 4) Ellis Lake – potential for gold mineralisation along trend of the Schriber Pyramid Gold mine.

Image 1: Geology and location of exploration targets



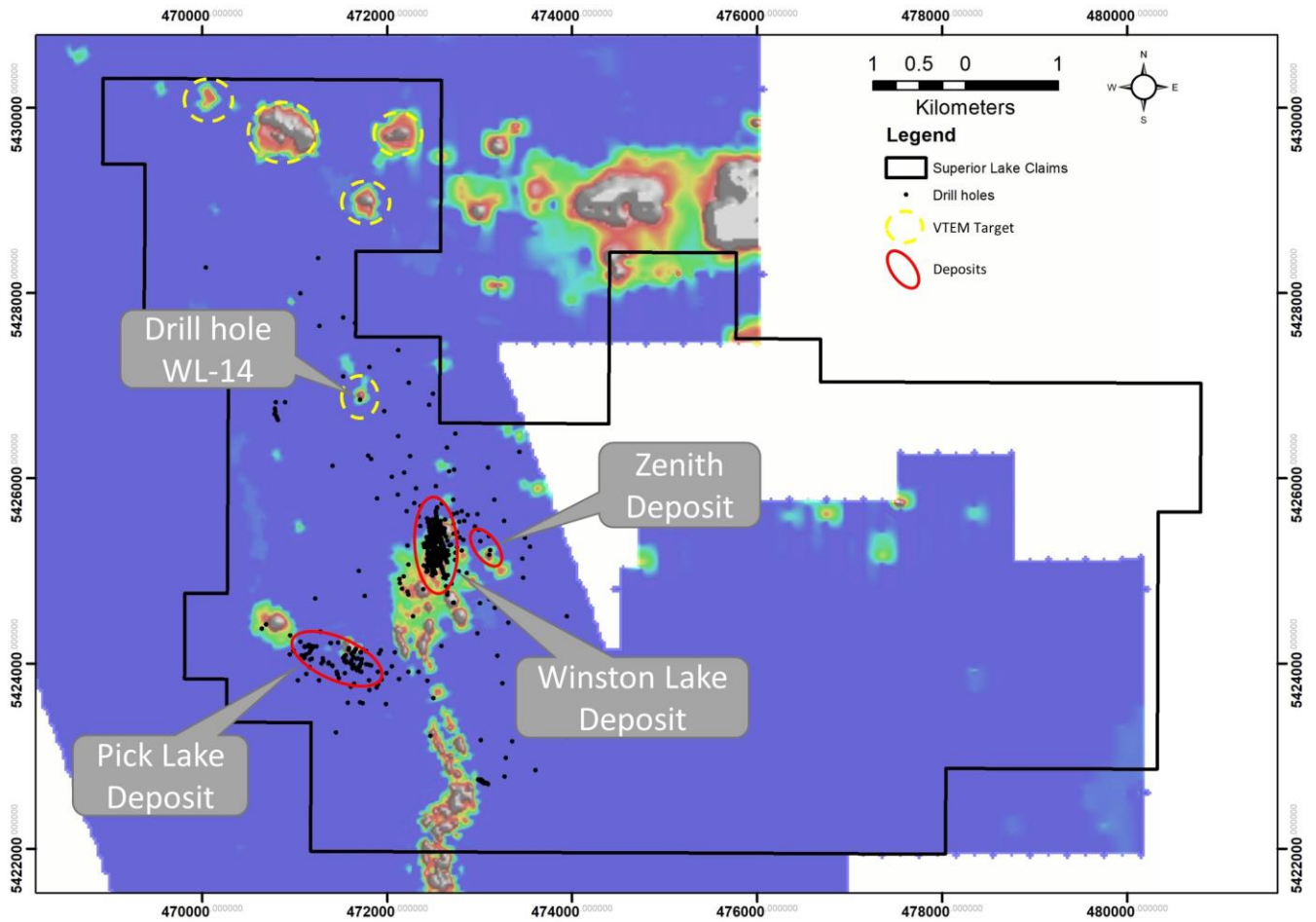
### Near Mine Targets

In addition to the previously identified targets adjacent to the Pick and Winston deposits (ASX announcement 29 October 2019), the Company has expanded and re-examined historical information surrounding the known mineralisation to generate additional targets. Information on each target is set out below.

### VTEM Anomalies

In 2011, a Versatile Time Domain Electromagnetic (VTEM) survey was completed over the Project with the results shown in Image 2 below (ASX announcement 28 April 2020). The VTEM survey clearly identified the known deposits at Winston and Zenith, as well as numerous other potential targets in the northern area of the tenements that have received little to no historical exploration work. The Pick deposit, being located at depth, does not produce a strong signature in the VTEM survey.

Image 2 – VTEM survey over Superior Lake Project

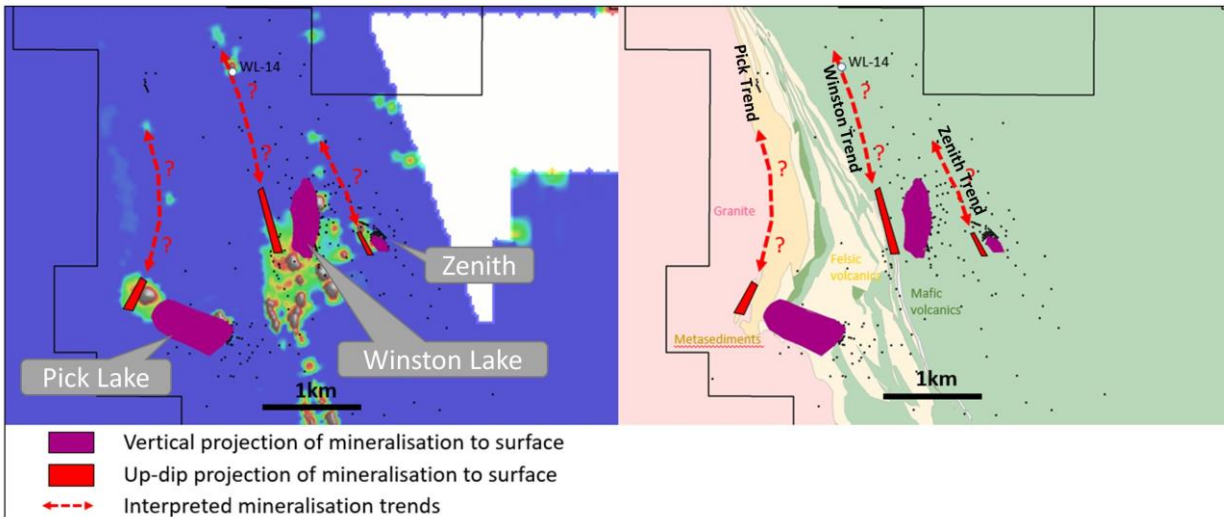


In the northern area of the VTEM survey, approximately 2km from the Winston Lake mine, four strong conductors have been identified. While these targets have a number of similarities when compared to the known deposits, no drilling or other follow up work has been undertaken. Further work is required at these targets, including field reconnaissance work, soil sampling, additional compilation of historical near-mine drill data and incorporation in the current GIS data set to allow for detailed targeting.

A second coincident VTEM anomaly (WL-14) has also been identified approximately 1km north of the Winston mine. This target was historically drilled, with logging indicating laminated zinc sulphides (approximately 5% sulphides) with the sulphides comprising up to 10% sphalerite from 20m (ASX announcement 28 April 2020). The logged sulphides were however never sampled, and no further drilling was undertaken to test this zone.

The mineralisation is approximately 500m along trend of the Winston/Zenith deposits and is interpreted to be related to the systems that host these deposits. The interpreted VTEM conductor trends, as highlighted by the red dashed lines in Image 3 below, illustrate a strong correlation to mapped geology and anomalism seen in several historical drill holes (e.g. WL-14, Image 2). Further work is required at these targets, including field reconnaissance work, soil sampling, mapping, additional compilation of historical near-mine drill data and incorporation in the current GIS data set to allow for detailed drilling targeting.

Image 3: (LHS) VTEM geophysical anomalies and interpreted trends of mineralisation along strike from deposits; (RHS) Interpreted trends overlain on regional geology



Pick Target

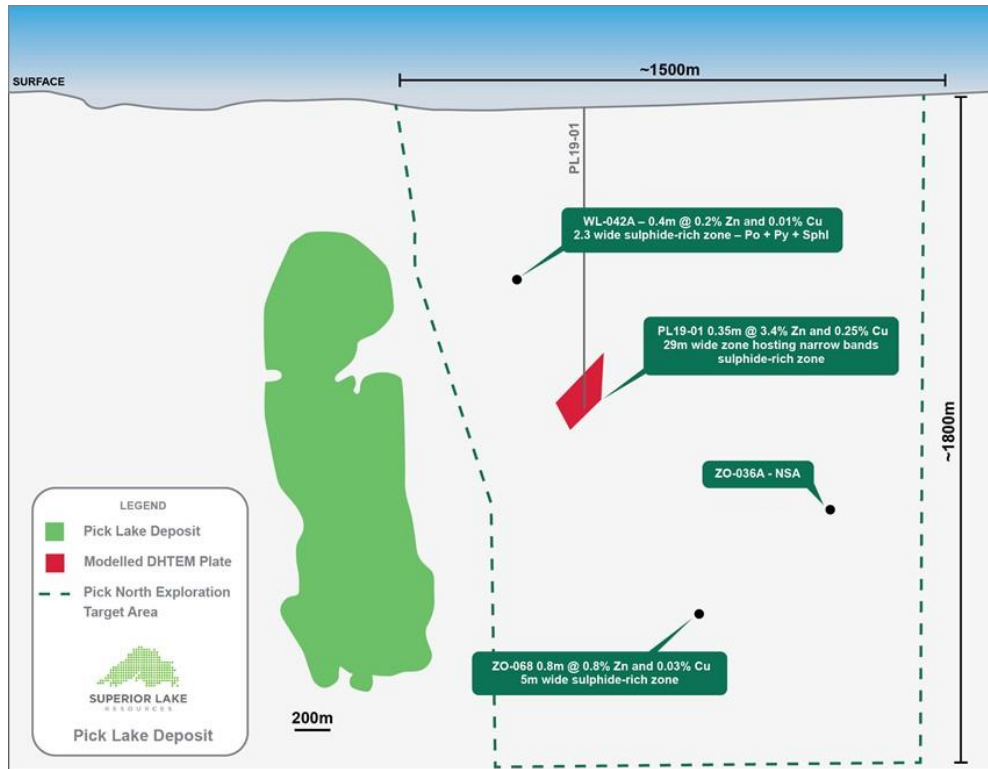
Diamond drilling north of the Pick Deposit, encountered sulphide mineralisation grading 3.4% Zn and 0.25% Cu over 0.35m from 608m in hole PL19-01 (ASX Announcement 26 November 2019). This mineralisation was within a broader 29m wide zone hosting narrow bands of massive and semi-massive pyrrhotite and pyrite.

Follow-up Down-Hole Transient Electromagnetic (DHTEM) survey work indicated a conductive plate associated with the new sulphide intercepts, and drill hole assays and geochemical analysis confirmed the existence of typical VMS systems markers being iron, zinc, and copper bearing sulphide minerals.

Importantly, further work completed by the Company indicates that the mineralisation encountered in hole PL19-01 is interpreted to occur on the same prospective horizon that hosts the Pick Lake deposit. The tenor and thickness of the sulphide mineralisation in hole PL19-01 is significantly higher than any of the historical drill holes in the area along strike from the Pick Lake deposit.

In addition, a review of the historical drilling database found that only three drill holes have intersected this prospective horizon. A target region of approximately 1800m x 1500m has been established as shown in Image 4 below and is a priority for future exploration programs.

**Image 4: Pick Lake long section showing exploration target area – tested by only 4 drill holes**



Zenith Deposit

The historic Zenith operation is located approximately 500m east of the Winston Lake deposit and was the first major zinc deposit discovered in the Superior Lake region. Zenith has been an operating mine at various stages since the 1880s, most recently by Falconbridge Copper who discovered the Winston Lake deposit.

Whilst it is probable that the majority of previously identified mineralisation at Zenith has been depleted, there remains a strong possibility of some remnant resource remaining. Further work at the deposit is expected to focus on compiling the historical data to quantify any remnant mineralisation that may be accessible through the proposed decline. For example, a summary report indicates that intercepts of up to 2.1m @ 19% Zn (ASX announcement 28 April 2020) near the Zenith deposit, which suggests potential for down-plunge potential for the Zenith deposit.

Joe Creek Prospect

The Joe Creek Prospect is located within the Schreiber-Hemlo Greenstone Belt, 75km east of Pick/Winston (Image 1) and comprises mafic volcanic flows, tuffs and metasediments interbedded with minor felsic volcanics, and intruded by later granodiorite.

The Company's interpretation of data from historic airborne EM and magnetic surveys indicates two strong magnetic highs along structures in the mafic volcanoclastic sediments which are a known host horizon (ASX announcement 28 October 2019). In addition, the confluence of N-S and NE-SW trending volcanic sequences, is a favourable structural target for both base metal and gold mineralisation.

Victoria Lake Prospect

The Victoria Lake Prospect is located 20km south of the Pick Lake deposit (Image 1) and comprises a thick sequence of metavolcanic and metasedimentary units which have been folded about an E-W trending syncline axis. An airborne aeromagnetic survey was completed by Noranda in 1983 which identified several anomalies which were subsequently tested with limited drilling.



Drill results included a sulphide-bearing basalt sequences with assay results returning 0.12% Zn over 20m and 40m of >400ppm Zn. Whilst further drilling encountered 6m at >400ppm Zn, the drill hole did not reach the target depth and the majority of the conductors were not followed up with drilling (ASX announcement 28 April 2020). Planned work to be completed at this prospect includes ongoing compilation of historical data, reconnaissance mapping, soils, rock chips and review of historical core.

Ellis Lake Prospect

The Ellis Lake Prospect is located 25km southeast of Pick/Winston (Image 1) and comprises of a thick sequence of metavolcanics and metasedimentary units folded about an E-W trending syncline as found in the Victoria Lake Prospect.

Although only limited historical work has been completed, the tenement is prospective for both gold and base metal mineralisation. Mapping and aeromagnetic surveys indicate similarities with the Winston Lake sequences. The volcanic sequence remains largely untested by drilling but remains a highly prospective greenfields target given the proximity to the Schrieber Pyramid Gold Mine (approximately 6km SE) where a review of government data repositories found that mining of lode-style, base-metal rich, veining of up to 30g/t Au has been reported. Follow up work is planned to include ongoing compilation of historical data, reconnaissance mapping, soils and rock chips.

Tuuri Prospect

The Tuuri Prospect is located 40km southeast of the Pick/Winston Project (Image 1) and comprises mafic-intermediate metavolcanics and metasediments and granite intrusions and cross-cut by mafic dykes. While exploration work completed at the Tuuri Prospect has been limited, aeromagnetic data shows a strong magnetic high corresponding to the trend of mapped geology within the tenement. This has the potential for structurally hosted gold mineralisation. Follow up work is expected to include ongoing compilation of historical data, reconnaissance mapping, and soils and rock chips sampling.

**Exclusivity agreements on USA uranium projects**

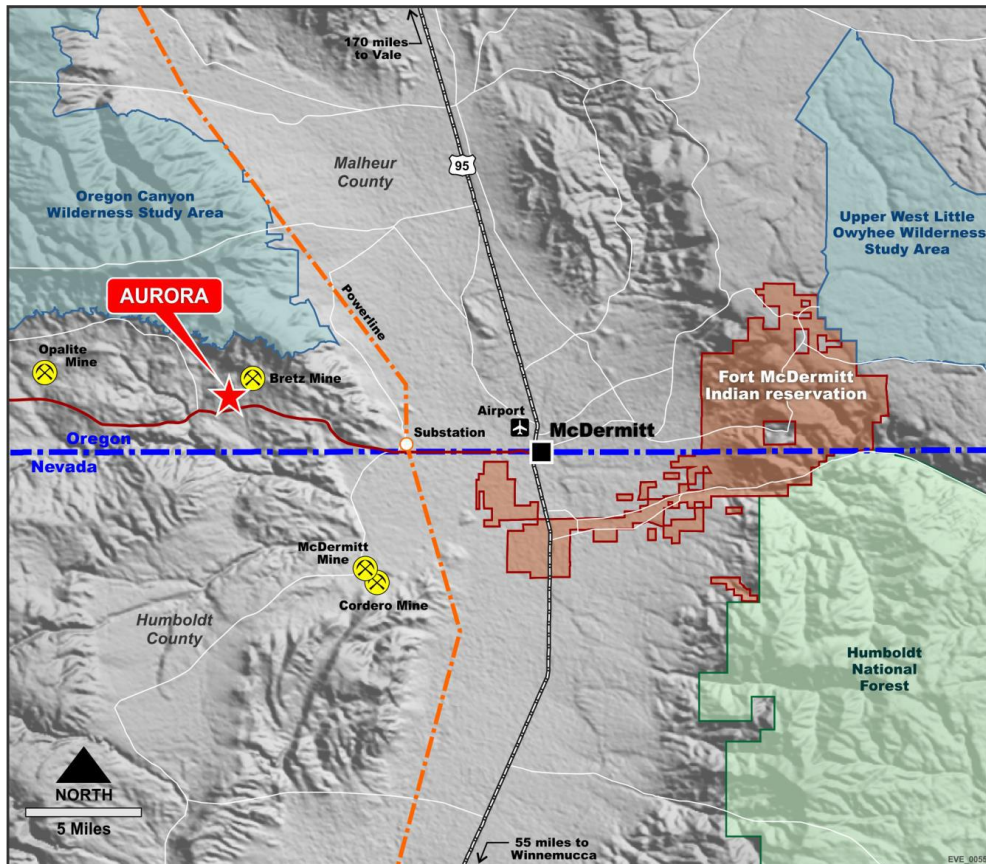
During the half-year, the Company entered into two agreements under which it has exclusivity for a period of three months to conduct due diligence and, subject to the outcome of that due diligence and if considered to be commercially prudent, negotiate the acquisition of one or both projects.

Aurora Uranium Project

The Aurora Project is located in southern Oregon, approximately 5km from the Nevada border and about 15km west of the border town of McDermitt. The Aurora Project is supported by excellent surrounding infrastructure including Highway 95, power transmission lines and substation and an airport, all within 15km of the project as highlighted in Image 5 below.

The Aurora Project was first discovered during the 1970s and since then, an estimated \$20m spent on exploration and development with a current uranium resource of approximately 38Mlbs U3O8 as shown in Table 2 below (ASX announcement 28 July 2020). The total existing resource is located within 100m of surface, with the higher-grade material generally being approximately 50m from surface.

**Image 5: Location of Aurora Project**



**Table 2: Uranium Resource – Main zone estimated using a 300ppm eU<sub>3</sub>O<sub>8</sub> cut-off. Halo Zone estimated using a 100ppm eU<sub>3</sub>O<sub>8</sub> cut-off (reported on 12 January 2011 in accordance with the JORC Code 2004).**

Classification	Tonnes (Mt)	eU <sub>3</sub> O <sub>8</sub> ppm	Mib eU <sub>3</sub> O <sub>8</sub>
Main Zone – Indicated	18.4	444	18.0
Main Zone – Inferred	-	-	-
<b>Main Zone – total</b>	<b>18.4</b>	<b>444</b>	<b>18.0</b>
Halo Zone – Indicated	47.3	179	18.7
Halo Zone – Inferred	3.6	151	1.2
<b>Halo Zone – total</b>	<b>50.9</b>	<b>177</b>	<b>19.9</b>
<b>Indicated – total</b>	<b>65.7</b>	<b>253</b>	<b>36.7</b>
<b>Inferred – total</b>	<b>3.6</b>	<b>151</b>	<b>1.2</b>
<b>Total</b>	<b>69.3</b>	<b>248</b>	<b>37.9</b>

The information in Table 2 that relates to the historical Mineral Resource Estimate for the Aurora Project (**Aurora MRE**) was announced on 9 June 2020. The Aurora MRE was not reported in accordance with the 2012 JORC Code; a competent person has not done sufficient work to classify the Aurora MRE as mineral resources in accordance with the 2012 JORC Code; and it is uncertain that following evaluation and/or further exploration work that the Aurora MRE will be able to be reported as mineral resources in accordance with the 2012 JORC Code. The Company confirms that it is not in possession of any new information or data relating to the Aurora MRE that materially impacts on the reliability of the Aurora MRE or Superior's ability to verify the Aurora MRE as mineral resources in accordance with Appendix 5A of the 2012 JORC Code and the supporting information provided in the announcement of 9 June 2020 continues to apply and has not materially changed.

Sweetwater Project and Uravan Project

The Company secured an exclusive right to conduct due diligence on Premier Uranium LLC's USA uranium assets. Premier is held by leading global uranium fund SACHEM COVE PARTNERS LLC, a uranium/nuclear energy dedicated fund led by respected uranium expert Mike Alkin. Premier owns the rights to two highly prospective uranium projects which are strategically located close to existing and historical uranium operations within the major uranium producing states of Wyoming and Utah in the USA.

1) Sweetwater Uranium Project, Wyoming

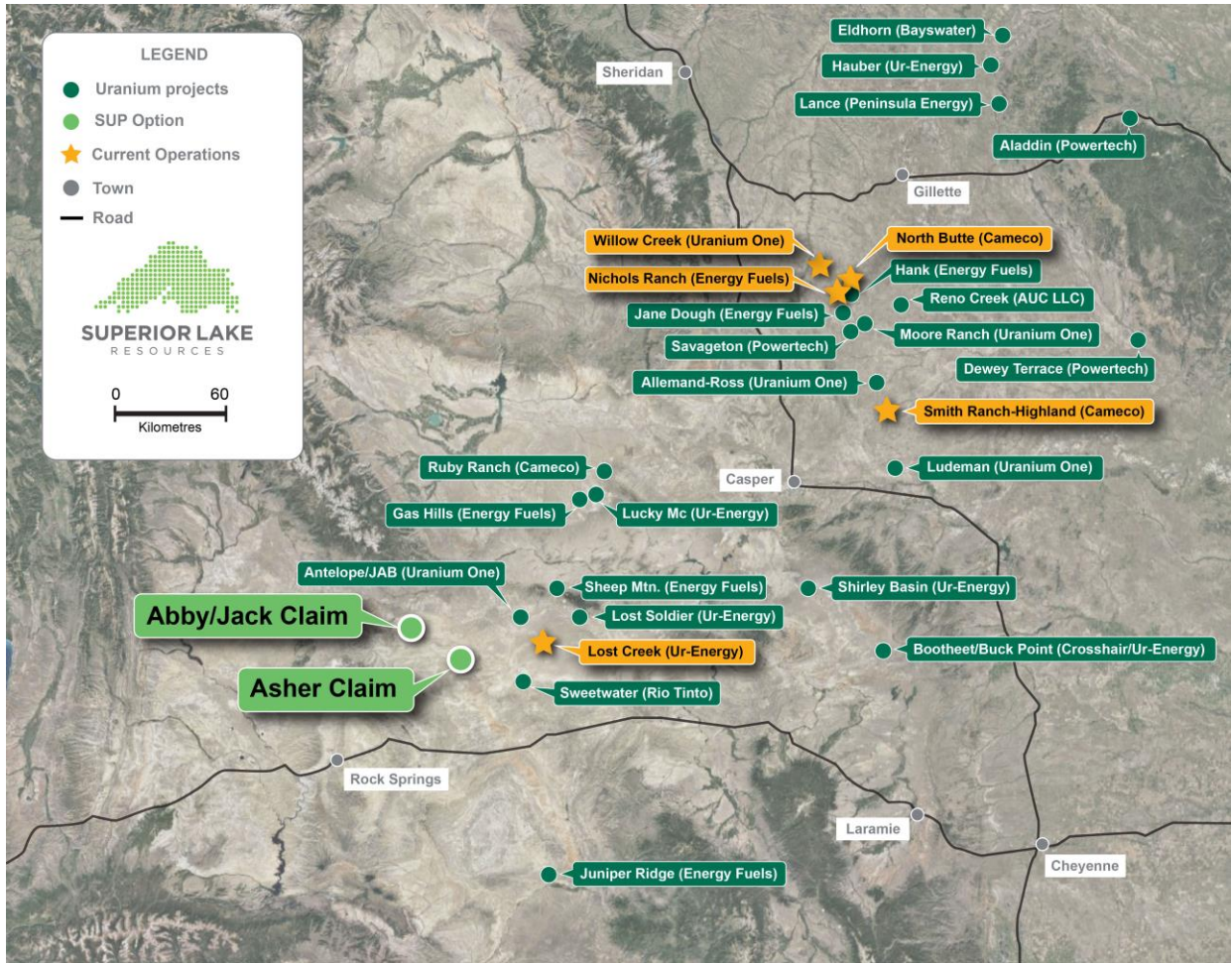
Sweetwater Uranium Project is located in Wyoming, within the Great Divide Basin. The project area is 40 to 50 miles northwest of Rawlins, Wyoming and 15 miles from the Sweetwater Uranium Mill (Image 2). The Sweetwater Mill is controlled by Rio Tinto and was a conventional open pit mine. The mill has a US NRC Source Materials License but has not operated since the early 1980s.

Uranium mineral resources in, and within the vicinity of Premier's projects, are found in the Eocene Battle Springs Formation and the Eocene Wasatch Formation. The Battle Springs Formation is, in order of predominance, composed of medium to coarse grained arkosic sandstone grading to fine sandstones and claystones with local carbonaceous shales. The Battle Springs Formation is interpreted to have formed through the coalescing of alluvial fans and piedmont facies that transition basinward to form the Wasatch Formation.

Battle Springs has a thickness of more than 4,500 feet. Uranium mineralisation within the project is typical of the Wyoming roll-front sandstones. Dribus and Hanna (1982) referring to the Battle Springs and Wasatch Formations in the Great Divide Basin, state that "environments within massive cross-bedded, well to poorly sorted arkoses and other sandstones are favourable for Wyoming roll-type uranium deposits".

Premier Uranium's claims cover the underexplored Western part of the Great Divide Uranium district and contains favourable and prospective stratigraphy that elsewhere is the basin host deposit such as Lost Creek.

Image 6: Premier’s Wyoming project locations



Uranium mineral resources in, and within the vicinity of Premier’s projects, are found in the Eocene Battle Springs Formation and the Eocene Wasatch Formation. The Battle Springs Formation is, in order of predominance, composed of medium to coarse grained arkosic sandstone grading to fine sandstones and claystones with local carbonaceous shales. The Battle Springs Formation is interpreted to have formed through the coalescing of alluvial fans and piedmont facies that transition basinward to form the Wasatch Formation.

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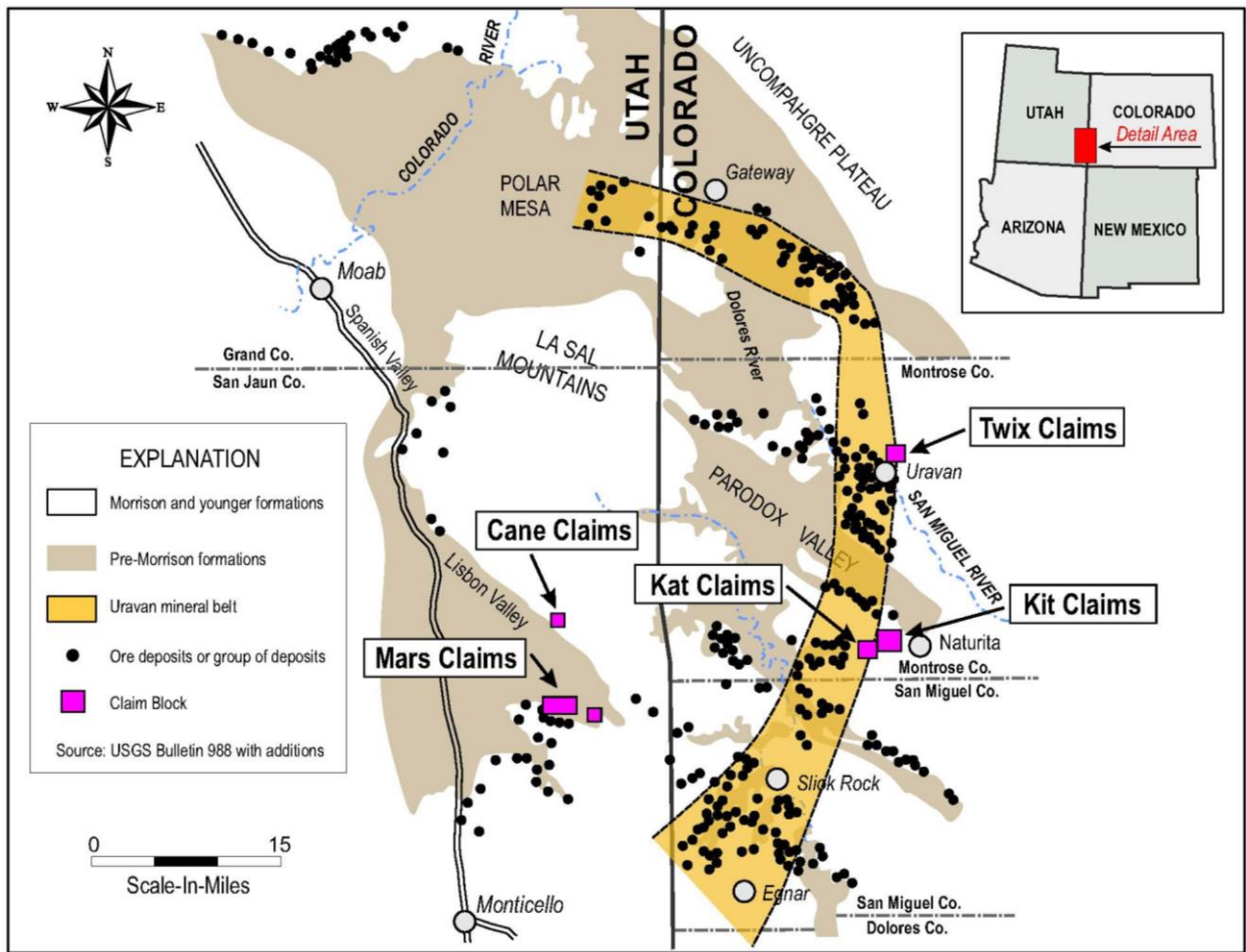
2) Uravan Uranium Project, Utah

The Uravan Mineral Belt and adjacent uranium-vanadium mining districts of the Colorado Plateau have experienced significant cycles of exploration and mining over the past 100 years. Available records and reports indicate that more than 85Mlbs of uranium and 660Mlbs of vanadium have historically been produced from Salt Wash ores from the Colorado Plateau (Thamm, et al., 1981).

Energy Fuels’ White Mesa mill, the only fully licensed and fully operating conventional uranium/vanadium mill in the United States, is located within trucking distance (50km) of a number of the claims. It has historically been the largest producer of uranium in the USA and a major producer of high purity vanadium.

Energy Fuels has historically accepted toll milling agreements, as well as purchase programs, for processing ores from third party mines. This may represent a low-cost opportunity for developers in the region to utilise existing infrastructure, eliminating the significant capital requirement of developing a mill. The White Mesa mill operates as a conventional acid leach process with solvent extraction recovery of uranium (yellow cake) and vanadium (vanadium pentoxide/black flake). The mill is licenced to produce up to 8Mlbs of uranium per annum.

Image 7 – Premier’s Utah project locations



**Consolidation of share capital**

During the half-year, the Company completed a consolidation of its share capital on a one for ten basis (**Consolidation**). On completion of the Consolidation, the Ophiolite Acquisition and a placement of 12,000,000 shares to raise \$0.6 million, the Company had 130,936,149 shares on issue at 30 June 2020.

**Reference to previous ASX announcements**

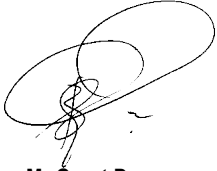
In relation to prior exploration results reported in this announcement, Superior confirms that it is not aware of any new information or data that materially affects the information included in those announcements.

In relation to the Ore Reserve estimate previously reported on 28 August 2019, Superior Lake confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 28 August 2019 and that all material assumptions and technical parameters underpinning the Ore Reserve estimate in the announcement of 28 August 2019 continue to apply and have not materially changed.

In relation to the results of the Bankable Feasibility Study that were announced on 28 August 2019, Superior Lake confirms that all material assumptions underpinning the technical and financial information from the 28 August 2019 announcement continue to apply and have not materially changed.

**AUDITORS INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307 of the Corporation Act 2001 is set out on page 13. This Interim Financial Report is made in accordance with a resolution of the Directors.



**Mr Grant Davey**  
Non-Executive Director  
10 September 2020

**Bentleys Audit & Corporate  
(WA) Pty Ltd**

London House

Level 3,

216 St Georges Terrace

Perth WA 6000

PO Box 7775

Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500

F +61 8 9226 4300

[bentleys.com.au](http://bentleys.com.au)

To the Board of Directors

### **Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

As lead audit partner for the review of the financial statements of Superior Lake Resources Limited for the period ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



**BENTLEYS**  
**Chartered Accountants**



**CHRIS NICOLOFF CA**  
**Partner**

Dated at Perth this 10<sup>th</sup> day of September 2020

# Financial Report

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

HALF YEAR ENDED 30 JUNE 2020

	Notes	Group 30-Jun 2020 \$	Group 30-Jun 2019 \$
Other income		17,281	45,241
Depreciation expense		(1,207)	(852)
Tenement and exploration expenses		(55,967)	(2,837,601)
Accounting, tax and audit fees		(42,931)	(149,683)
Occupancy expenses		(48,347)	(49,593)
Administrative expenses		(191,198)	(265,675)
Employee benefit expenses and consultancy fees		(216,103)	(237,058)
Share based payments		(129,070)	(353,162)
Business development		(58,166)	(102,073)
Other expenses		-	(10,383)
<b>LOSS BEFORE INCOME TAX</b>		<b>(725,708)</b>	<b>(3,960,839)</b>
Income tax expense		-	-
<b>LOSS FOR THE HALF YEAR</b>		<b>(725,708)</b>	<b>(3,960,839)</b>
<b>LOSS FOR THE HALF YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF SUPERIOR LAKE RESOURCES LIMITED</b>		<b>(725,708)</b>	<b>(3,960,839)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) NET OF TAX</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of a foreign operation		(8,238)	-
		<b>(8,238)</b>	<b>-</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Changes in fair value of financial assets		(166,666)	83,000
		(166,666)	83,000
<b>Other Comprehensive (loss)/income for the year</b>		<b>(174,238)</b>	<b>83,000</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR</b>		<b>(899,946)</b>	<b>(3,877,839)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF SUPERIOR LAKE RESOURCES LIMITED</b>		<b>(899,946)</b>	<b>(3,877,839)</b>
Basic and diluted loss per share (cents per share)		(0.64)	(0.46)

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

## Financial Report

### Condensed Consolidated Statement of Financial Position

AS AT 30 JUNE 2020

	Notes	Group 30-Jun 2020 \$	Group 31-Dec 2019 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		227,223	761,513
Other financial assets	4	-	183,730
Trade and other receivables		67,110	22,394
<b>TOTAL CURRENT ASSETS</b>		<b>294,333</b>	<b>967,637</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	4	5,000	191,000
Exploration & evaluation assets	5	1,643,439	1,312,601
Property, plant and equipment		5,846	7,053
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,654,285</b>	<b>1,510,663</b>
<b>TOTAL ASSETS</b>		<b>1,948,618</b>	<b>2,478,300</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		282,636	601,086
Funds received for shares to be issued	7	-	200,000
Provisions		-	22,356
<b>TOTAL CURRENT LIABILITIES</b>		<b>282,636</b>	<b>823,442</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>282,636</b>	<b>823,442</b>
<b>NET ASSETS</b>		<b>1,665,982</b>	<b>1,654,858</b>
<b>EQUITY</b>			
Contributed equity	7	25,166,247	22,871,434
Share based payments reserve	6	2,257,784	2,128,714
Investment revaluation reserve		(249,000)	(83,000)
Foreign currency translation reserve		(8,727)	(489)
Transactions with minority shareholders	8	(1,512,813)	-
Accumulated losses		(23,987,509)	(23,261,801)
<b>TOTAL EQUITY</b>		<b>1,665,982</b>	<b>1,654,858</b>

The above condensed statement of financial position is to be read in conjunction with the accompanying notes.



## Financial Report

### Condensed Consolidated Statement of Changes in Equity

HALF YEAR ENDED 30 JUNE 2020	Contributed Equity	Accumulated Losses	Share Based Payments Reserve	Investment Revaluation Reserve	Foreign currency translation reserve	Transactions with minority shareholders	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 January 2020</b>	22,871,434	(23,261,801)	2,128,714	(83,000)	(489)	-	1,654,858
Loss for the half year	-	(725,708)	-	-	-	-	(725,708)
Foreign exchange translation differences	-	-	-	-	(8,238)	-	(8,238)
Changes in fair value of financial assets	-	-	-	(166,000)	-	-	(166,000)
<b>Total comprehensive (loss)/income for the year</b>	-	(725,708)	-	(166,000)	(8,238)	-	(899,946)
<b>Transactions with owners in their capacity as owners</b>							
Issue of shares	800,000	-	-	-	-	-	800,000
Less: Share issue costs	(18,000)	-	-	-	-	-	(18,000)
Transaction with minority shareholders	8 1,512,813	-	-	-	-	(1,512,813)	-
Share based payments	-	-	129,070	-	-	-	129,070
<b>Balance at 30 June 2020</b>	<b>25,166,247</b>	<b>(23,987,509)</b>	<b>2,257,784</b>	<b>(249,000)</b>	<b>(8,727)</b>	<b>(1,512,813)</b>	<b>1,665,982</b>

# Financial Report

## Condensed Consolidated Statement of Changes in Equity

HALF YEAR ENDED 30 JUNE 2019	Contributed Equity	Accumulated Losses	Share Based Payments Reserve	Investment Revaluation Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 January 2019</b>	19,002,847	(16,244,767)	1,621,028	(124,500)	4,254,608
Loss for the half year	-	(3,960,839)	-	-	(3,960,839)
Changes in fair value of financial assets	-	-	-	83,000	83,000
<b>Total comprehensive (loss)/income for the year</b>	-	(3,960,839)	-	83,000	(3,877,839)
<b>Transactions with owners in their capacity as owners</b>					
Issue of shares	300,000	-	-	-	300,000
Less: Share issue costs	(2,960)	-	-	-	(2,960)
Share based payments	-	-	353,161	-	353,161
<b>Balance at 30 June 2019</b>	<b>19,299,887</b>	<b>(20,205,606)</b>	<b>1,974,189</b>	<b>(41,500)</b>	<b>1,026,970</b>

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

## Financial Report

### Condensed Consolidated Statement of Cash Flows

HALF YEAR ENDED 30 JUNE 2020

Notes	Group Year ended 30-Jun 2020 \$	Group Year ended 30-Jun 2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees (inclusive of GST)	(662,755)	(669,074)
Interest received	17,054	27,305
Other income received	227	17,937
Payments for exploration and evaluation activities	(139,988)	(2,950,306)
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>(785,462)</b>	<b>(3,574,138)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash acquired through business combination	-	-
Purchase of property, plant and equipment	-	-
Payments for exploration: acquisition costs	(330,828)	(52,622)
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<b>(330,828)</b>	<b>(52,622)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	582,000	-
Payment received for shares issued after year end	-	1,047,540
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	<b>582,000</b>	<b>1,047,540</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(534,290)</b>	<b>(2,579,220)</b>
Cash and cash equivalents at the beginning of the year	761,513	4,229,052
Effects of exchange rate changes on cash and cash equivalents	-	(10,389)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>227,223</b>	<b>1,639,443</b>

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

## Notes to the Condensed Consolidated Financial Statements

### 1. CORPORATE INFORMATION

Superior Lake Resources Ltd (**Superior lake** or the **Company**) is a company incorporated in Australia and limited by shares. Superior Lake shares are traded on the Australian Securities Exchange under the stock code SUP. The Condensed Consolidated Interim Financial Report of the Company as at, and for the half year ended, 30 June 2020 comprise the Company and its subsidiaries (together the **Group**).

During the half year, the principal continuing activities of the Group consisted of exploration and development of the Pick Lake and Winston Lake zinc projects in Ontario Canada.

The Consolidated Financial Statements of the Group as at and for the year ended 31 December 2019 are available online at [www.superiorlake.com.au](http://www.superiorlake.com.au) or upon request from the Company's registered office located at Level 1, Emerald House, 1202 Hay Street, West Perth 6005, Australia.

This financial report was authorised for issue in accordance with a resolution of the Directors on 10 September 2020.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

This general purpose Interim Financial Report for the half year ended 30 June 2020 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Interim Financial Report does not include all notes of the type normally included within the Annual Financial Report. However, selected explanatory notes are included to explain events and transactions that are important to an understanding of changes in the Group's financial position and performance since the last Annual Consolidated Financial Statements, as of, and for the year ended 31 December 2019.

It is recommended that this Interim Financial Report be read in conjunction with the Annual Report for the year ended 31 December 2019 and considered together with any public announcements made by the Company during the half year ended 30 June 2020 in accordance with the Company's continuous disclosure obligations.

#### Going Concern

The Interim Financial Report has been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Company incurred a loss from continuing operations of \$725,708 (2019: \$3,960,839) during the half year ended 30 June 2020, net cash outflows from operational and investment activities of \$1,116,290 (2019: \$3,626,760), and a net working capital surplus of \$11,697 (2019: \$24,967) at that date.

The Company has sufficient funding to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due for the 12-month period from the date of signing this Interim Financial Report.

The Directors are satisfied that at the date of this Interim Financial Report, there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis. The Directors have based this on the following pertinent matters:

- On the 30 July 2020 the Company issued a total of 16,666,672 shares at a price of \$0.12 for gross proceeds before costs of \$2,000,000 as outlined in note 9. A further 1,458,333 shares will be issued to a Director subject to shareholder approval;
- After completion of the capital raising the Group has sufficient cash reserves to meet its forecast expenditure commitments for the 12 months following the signing of this report;
- The Group has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements; and
- The Company has a track record of successfully raising capital from new and existing shareholders.

#### Use of judgements and estimates

The preparation of Interim Financial Report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements for the year ended 31 December 2019.

## Notes to the Condensed Consolidated Financial Statements (Cont'd)

### Application of New and Revised Accounting Standards

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant or material impact on the financial performance or position of the Company during the half year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### 3. SEGMENT INFORMATION

#### Description of segments

The Group operates in one segment, being mineral exploration. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group. All of the Group's mineral exploration activity is based in Canada.

	Group 30 June 2020 \$	Group 31 December 2019 \$
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### 4. OTHER FINANCIAL ASSETS

#### Non-current asset

Security bond	5,000	25,000
Financial assets at fair value through other comprehensive income	-	166,000
	<b>5,000</b>	<b>191,000</b>

#### Financial assets at fair value through other comprehensive income

##### Listed securities – Shares

Opening balance	166,000	124,500
Fair value movement*	(166,000)	41,500
<b>Closing Balance</b>	<b>-</b>	<b>166,000</b>

The Group holds 8,300,000 shares in Athena Resources Limited, which is quoted on the Australian Securities Exchange (ASX: AHN). The current quoted price for AHN is \$0.02 however the company has remained in suspension since 13 August 2019. The Company does not envisage recovering a material amount from the sale of this stock if it were to relist. The financial assets have therefore been revalued to zero.

### 5. EXPLORATION & EVALUATION ASSETS

Opening Balance	1,312,610	954,657
Additions / (disposals)		
- Pick Lake	-	387,953
- Winston Lake	55,829	-
- Mt Morley	-	(30,000)
- Uranium project options agreements	275,000	-
<b>Closing Balance</b>	<b>1,643,439</b>	<b>1,312,610</b>

## Notes to the Condensed Consolidated Financial Statements (Cont'd)

### 5. EXPLORATION & EVALUATION ASSETS (continued)

During the year ended 31 December 2018 the Group acquired the Pick Lake and Winston Lake projects and has capitalised acquisition costs directly attributable to these projects during the half year ended 30 June 2020.

On 9 June 2020 the Company acquired an exclusive option over the Aurora Uranium Project in southern Oregon from Aurora Uranium Ltd. If the Company was to exercise the option and proceed with the transaction, the indicative commercial terms may include:

- (a) Issuing Aurora A\$2m of fully paid ordinary shares in Superior Lake (**Aurora Issue**) at a price to be determined but expected to be based on the market price of the Company's shares on the date of acquisition.
- (b) Issuing Aurora an attaching 1 for 1 Option:
  - (i) 50% with an exercise price that is at a 50% premium to the price of the Aurora Issue, expiring 31 December 2022.
  - (ii) 50% with an exercise price that is at a 75% premium to the price of the Aurora Issue, expiring 31 December 2023.
- (c) Issuing up to 70 million Performance Shares to Aurora:
  - (i) Tranche One: 10 million Performance Shares issued upon the completion of a positive Scoping Study, within 2 years of completion of a transaction;
  - (ii) Tranche Two: 20 million Performance Shares issued upon the completion of full permitting and a positive pre-feasibility study (PFS), within 2 years of completion of the Scoping Study; and
  - (iii) Tranche Three: 40 million Performance Shares issued upon the completion of a positive bankable feasibility study, and procurement of project development financing, within 2 years of completion of the PFS.

On the 16<sup>th</sup> June 2020 the Company also acquired an exclusive option over the Sweetwater Project in Wyoming and the Uravan project in Utah/Colorado from Premier Uranium LLC a company controlled by a prominent uranium hedge fund Sachem Cove Partners. The commercial terms of the acquisition is currently under commercial negotiation with the vendor and have not yet been agreed.

The Company has capitalised the costs of these two exclusive options and is currently conducting due diligence on the projects.

	Group 30 June 2020 \$	Group 31 December 2019 \$
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### 6. SHARE BASED PAYMENTS RESERVE

#### (a) Movement in share-based payments

Opening balance	2,128,714	1,621,028
Share based payments to directors, executives and suppliers	129,070	507,687
<b>Closing Balance</b>	<b>2,257,784</b>	<b>2,128,714</b>

#### (b) Share based payments inputs

Director	Grant date	Number granted	Exercise price (\$)	Value per option (\$)	Value of options granted (\$)	Value of options expensed during half-year	Vesting date	Expiry date
Mr Peter Williams	23/02/18	2,000,000	\$0.30	0.40	808,329	64,675	Various <sup>1</sup>	23/02/22
2019 STI award under the ESS	15/07/19	1,580,178	Nil	\$0.16	56,869	29,404	01/07/20	01/07/22
2019 LTI award under the ESS – No market based conditions	15/07/19	1,130,652	Nil	\$0.16	46,326	7,793	01/07/22	01/07/24
2019 LTI award under ESS – no market based conditions	15/07/19	608,812	Nil	\$0.13	40,536	6,818	01/07/22	01/07/24
2020 STI award	26/06/20	3,750,000	Nil	\$0.125	468,750	20,380	26/09/20	26/06/23

<sup>1</sup> 666,666 options vest after 12 months from the date of issue, 666,666 after 24 months from the date of issue and 666,667 after 36 months from the date of issue.

## Notes to the Condensed Consolidated Financial Statements (Cont'd)

### 7. ISSUED CAPITAL

	30 June 2020		31 December 2019	
	Shares	\$	Shares	\$
<b>(a) Issued and paid up capital</b>				
Ordinary fully paid shares	142,936,149	25,166,247	1,081,815,614	22,871,434
<b>(b) Movement in ordinary shares</b>				
Opening balance at 1 January	1,081,815,614	22,871,434	856,881,064	19,002,847
Share consolidation (10:1)	(973,633,940)	-	-	-
Transaction with minority shareholder	21,611,617	1,512,813	-	-
Issue of shares <sup>1</sup>	12,000,000	600,000	216,363,122	3,786,355
Issue of shares to Directors <sup>2</sup>	1,142,858	200,000	8,571,428	300,000
Less: Transaction costs arising on share issues	-	(18,000)	-	(217,768)
	<b>142,936,149</b>	<b>25,166,247</b>	<b>1,081,815,614</b>	<b>22,871,434</b>

<sup>1</sup> On 18 June 2020 the Company issued 12,000,000 shares at an issue price of \$0.05 for gross proceeds \$600,000 before costs.

<sup>2</sup> The issue of shares for the half year was the issue of 1,142,858 shares to Mr Grant Davey at a price of \$0.175 on 7 April 2020 that was subject to shareholder approval. Shareholder approval was received on 27 March 2020.

### 8. TRANSACTIONS WITH MINORITY SHAREHOLDERS

	Group 30 June 2020 \$	Group 31 December 2019 \$
Transaction with minority shareholders	1,512,813	-
	<b>1,512,813</b>	<b>-</b>

At the commencement of the reporting period the Company held the Superior Lake Zinc Project through a subsidiary, Ophiolite Holding Pty Ltd (**Ophiolite**). The Company held a 70% interest in Ophiolite, with the remaining 30% held by a number of minority shareholders include Mr Grant Davey, Executive Director who held an interest of 7.5%.

On 27 March 2020 the Company's shareholders approved the acquisition of 17.5% of the minority shareholder shares in Ophiolite via the issue of the Company's shares. The Company issued 92,479,915 shares to Mr Grant Davey and a further 123,636,250 shares to other minority shareholders of Ophiolite as consideration for the acquisition. Following completion of the Acquisition, the Company increased its interest in the Project to 87.5%.

### 9. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at 30 June 2020 (2019: Nil).

## Notes to the Condensed Consolidated Financial Statements (Cont'd)

### 10. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Subsequent to period end:

- On the 30 July 2020 the Company completed a placement of 16,666,673 shares at a price of \$0.12 per share for gross proceeds before costs of \$2,000,000 before costs. A further 1,458,333 will be issued to a Director subject to shareholder approval.
- On the 10 September 2020 the Company announced it had vended its Superior Lake Zinc Project into TSX-V listed company CROPS Inc. (**CROPS Inc.**) The key terms to the transaction are:
  - CROPS will pay the Company CAD\$25,000 on signing and a further A\$200,000 in cash and issue 128,920,000 Crops shares worth approximately \$16.5M on completion;
  - In addition, CROPS will pay the previous vendor of the Pick Lake Project the final option payment of CAD\$500,000;
  - The consideration CROPS shares received by the Company will be escrowed as follows: 50% for six months, 25% for 12 months and 25% for 18 months from the date of the TSX-V final bulletin.
  - A break fee of CAD150,000 will be payable to CROPS if the Company terminates the agreement subject to certain conditions and a break fee of CAD\$125,000 will be payable by CROPS to the Company subject to certain conditions.

### 11. RELATED PARTY TRANSACTIONS

Share-based payments received by Directors during the half year are outlined in note 6(b).

Mr. Grant Davey, who is a non-executive Director of the Company is a Director and shareholder of Matador Capital Pty Ltd (**Matador Capital**). The Company makes payments to Matador Capital under a Shared Services Agreement in which Matador Capital provides office space and general office costs to the Company at cost plus 2%.

	Group 30 June 2020 \$	Group 30 June 2019 \$
<b>Related party transaction</b>		
Matador Capital Pty Ltd	73,811	70,941
Graphex Mining Limited	-	70,910
<b>Total</b>	<b>73,811</b>	<b>164,851</b>



## Directors' Declaration

In accordance with a resolution of the Directors of Superior Lake Resources Ltd (the **Directors**), I state that:

In the opinion of the Directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001 and:
  - (i) give a true and fair view of the financial position as at 30 June 2020 and the performance for the half year ended on that date of the consolidated entity
  - (ii) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001
- (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.

Signed in accordance with a resolution of the Directors made pursuant to Section 303(5) of the Corporations Act 2001.

On behalf of the Board



**Mr Grant Davey**

Non-Executive Director

10 September 2020

## Independent Auditor's Review Report

### To the Members of Superior Lake Resources Limited

We have reviewed the accompanying financial report of Superior Lake Resources Limited ("the Company") and Controlled Entities ("the Group") which comprises the condensed consolidated statement of financial position as at 30 June 2020, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Group, comprising the Company and the entities it controlled during the period.

#### Directors Responsibility 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 in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such 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.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2020 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a 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 *Corporations Act 2001*.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Superior Lake Resources Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the period ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.



**BENTLEYS**  
Chartered Accountants



**CHRIS NICOLOFF CA**  
Partner

Dated at Perth this 10<sup>th</sup> day of September 2020