NORTH STAWELL MINERALS LTD

(formerly known as North Stawell Gold Pty Ltd)

ACN 633 461 453

2020
FINANCIAL REPORT

for the period ended from incorporation date (14 May 2019)
to 30 June 2020

Contents

The financial report is presented in Australian dollars.

Registered Office:
Level 12, 644 Chapel Street,
SOUTH YARRA VIC 3141

Directors' Report

The Directors of North Stawell Minerals Ltd (North Stawell Minerals or Company), formerly known as North Stawell Gold Pty Ltd, have pleasure in submitting their report on the Company for the period from incorporation (14 May 2019) to 30 June 2020.

DIRECTORS

The names of the directors in office at any time during the reporting period and since the end of the period are:

Peter Maxwell Edwards, Non-executive Director (appointed on incorporation 14 May 2019)
Peter Edwards is the Chief Executive Office of the Victor Smorgon Partners ('VSG'). Peter's management of the diversified VSG portfolio includes Fresh Produce, Aquaculture, Waste Management and Recycling, Fashion Retail, Property Finance and Development, and Mining. Peter is the current trustee of the Victor Smorgon Charitable Fund and a member of the National Gallery of Victoria Foundation. Peter is Chairman of the Lighthouse Foundation as well as Chairman of the Jewish Museum of Australia Foundation.

Campbell Peter Olsen, Non-executive Director (appointed 28 May 2020)
Campbell Olsen has had a long career in Private Equity and operational management in the mining industry. Campbell has deep experience in international private equity practice and process having spent several years as an Investment Manager with Nomura Jafco and then General Manager (Australasia) with Advent International, a Boston-based multi-billion dollar international private equity company. Mr Olsen currently holds a Non-executive Director role at Alta Zinc Ltd (ASX: AZI).

Troy Allen Cole, Non-executive Director (appointed 28 May 2020)
Troy Cole is a mining professional with more than 27 years of mine operations experience across a number of resource commodities including gold, nickel, uranium and copper. Troy is currently the General Manager of Stawell Gold Mines. Starting his career with Western Mining Corporation, Troy has held Mine Engineering, Mine Management and General Manager positions across mining operations ranging from massive uranium copper to narrow vein gold deposits. Troy holds a Bachelor of Mining Engineering, First Class Mine Managers Certification, is a member of the Australian Institute of Mining and Metallurgy (AusIMM) and Australian Institute of Company Directors (AICD)

COMPANY SECRETARY

David George Leeton, Secretary (appointed 14 May 2019)
David Leeton is the Chief Investment Officer of Victor Smorgon Partners ('VSG'), having joined VSG in 1997. David sits on the investment board and is the secretary of all VSG entities. David is a trustee of the Victor Smorgon Charitable Fund, a Director of the Victor Smorgon Scholarship Fund trustee company, secretary for the Trustee of the Fouress Foundation and the Victor Smorgon Institute at Epworth. David is also a director of Lighthouse Foundation Limited and sits on the Financial Advisory Committee of the Foundation. He is also a director of Future Generation Ltd (FGX), the Chair of the ARC. He is a CPA member.

DIRECTORS' MEETINGS

No Directors' meetings were held during the period.

OPERATING RESULTS

The net loss of the Company for the period after providing for income tax amounted to ($649) as there were no activities in the period. Stawell Gold Mines Pty Ltd is currently funding activities to progress the Company to ASX listing.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the period was to negotiate an agreement to acquire exploration licences in Victoria, EL5443 and EL6156 and retention licence RL7051 (Licences). EL7324 and EL7325 are exploration licenses currently under application.

EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial 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 subsequent financial years that have not been disclosed elsewhere.

LIKELY DEVELOPMENTS

The Company is in the process of negotiating the acquisition of Licences in anticipation of a successful ASX listing.

ENVIRONMENTAL LEGISLATION

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

DIVIDENDS

There were no dividends paid or declared during the reporting period or to the date of this report.

UNISSUED SHARES UNDER OPTION

There are no unissued ordinary shares under option.

INDEMNITIES GIVEN AND INSURANCE PREMIUMS PAID TO AUDITORS AND OFFICERS

During the reporting period, the Company has not paid a premium to insure officers 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 as required under section 307C of the Corporations Act 2001 (Cth) is set out on page 2 and forms part of this directors' report.

Signed in accordance with a resolution of the Directors.

Campbell Olsen

Campbell Olsen
Director
Melbourne
6 July 2020

Grant Thornton

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Auditor's Independence Declaration

To the Directors of North Stawell Minerals Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of North Stawell Minerals Ltd for the period ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

D Chau
Partner – Audit & Assurance

Adelaide, 6 July 2020

Statement of Profit or Loss and Other Comprehensive Income

For the period ended 30 June 2020

	Notes	Incorporation to 30 June 2020 $
Expense		
Bank Charges		(649)
Profit / (loss) before tax		(649)
Income Tax (expense) / benefit		-
Loss for the period from continuing operations attributable to owners of the Company		(649)
Other Comprehensive income attributable to owners of the Company		-
Total Comprehensive loss for the period attributable to owners of the Company		(649)
Earnings Per Share from Continuing Operations Basic and diluted profit / (loss) – cents per share	2	(0.01)

This statement should be read in conjunction with the notes to the financial statements.

Statement of Financial Position
As at 30 June 2020

	Notes	30 June 2020 $
ASSETS		
Current assets		
Cash and cash equivalents	3	2,361
Total current assets		2,361
TOTAL ASSETS		2,361
LIABILITIES		
Loan from Stawell Gold Mines Pty Ltd	7	3,000
TOTAL LIABILITIES		3,000
NET ASSETS		(639)
EQUITY		
Issued capital	4	10
Accumulated losses		(649)
TOTAL EQUITY		(639)

This statement should be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity
For the period ended 30 June 2020

30 June 2020	Share capital	Accumulated losses	Total equity
	$	$	$
As at 14 May 2019 (incorporation date)	-	-	-
Issue of securities on incorporation	10	-	10
Transactions with owners	10	-	10
Comprehensive income:			
Total profit or loss for the reporting period	-	(649)	-
Total other comprehensive income for the reporting period	-	-	-
Balance 30 June 2020	**10**	**(649)**	**(639)**

This statement should be read in conjunction with the notes to the financial statements.

Statement of Cash Flows
For the period ended 30 June 2020

	Notes	Incorporation to 30 June 2020 $
Operating activities		
Payments for bank charges		(649)
Net cash used in operating activities		(649)
Investing activities		
Payments		-
Net cash used in investing activities		-
Financing activities		
Proceeds from issue of shares		10
Loan from Stawell Gold Mines Pty Ltd		3,000
Net cash from financing activities		3,010
Net change in cash and cash equivalents		2,361
Cash and cash equivalents, beginning of reporting period		-
Cash and cash equivalents, end of period	3	2,361

This statement should be read in conjunction with the notes to the financial statements.

Notes to the financial statements
For the period ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements of the Company have been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). North Stawell Minerals Ltd is an unlisted public company, registered and domiciled in Australia. North Stawell Minerals is a for profit entity for the purpose of preparing the financial statements.

The financial statements for the reporting period commencing 14 May 2019 and ended 30 June 2020 were approved and authorised by the Director on 6 July 2020.

The Financial Report has been prepared on an accruals basis, and is based on historical costs, modified by the measurement at fair value of selected on-current assets, financial assets and financial liabilities.

The significant policies which have been adopted in the preparation of this financial report are summarised below.

a) Operating segment

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments that meet the quantitative criteria, as prescribed by AASB 8, are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

The Directors has considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the Board in allocating resources have concluded that at this time there are no separately identifiable segments.

b) Finance income and expense

Finance income comprises interest income on funds invested, gains on disposal of financial assets and changes in fair value of financial assets held at fair value through profit or loss. Finance expenses comprise changes in the fair value of financial assets held at fair value through profit or loss and impairment losses on financial assets.

Interest income is recognised as it accrues in profit or loss, using the effective interest rate method. All income is stated net of goods and services tax (GST).

c) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the provisions to the instrument. For financial assets, this is equivalent to date that the Company commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified as 'fair value through profit and loss', in which case the costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value or amortised cost using the interest method or cost. Fair value represents the amount for which an asset could be exchanged, or a liability settle, between knowledgeable willing parties. Where available, quoted prices in an active market are used to determine fair value.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets except for those not expected to mature within 12 months after the end of the reporting period.

(ii) Financial liabilities

Non-derivative financial liabilities are subsequently measured at cost.

Impairment
At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired.

d) Impairment of assets
At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not probable to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

e) Earnings per share
Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

f) Employee benefits
The Company provides post-employment benefits through various defined contribution plans.

A defined contribution plan is a superannuation plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The Company contributes to several plans and insurances for individual employees that are considered defined contribution plans. Contributions to the plans are recognised as an expense in the period that relevant employee services are received.

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the Company expects to pay as a result on the unused entitlement. Annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability as the Company does not expect all annual leave for all employees to be used wholly within 12 months of the end of the reporting period. Annual leave liability is still presented as a current liability for presentation purposes under AASB 101 *Presentation of Financial Statements*.

g) Share-based payments
The Company provides payment to related parties in the form of share-based compensation, whereby related parties render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black and Scholes methodology depending on the nature of the option terms.

The Black and Scholes option pricing model takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the entity revises its estimates of the number of options that are expected to become exercisable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

h) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivables. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

i) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently amortised cost using the effective interest rate method. Trade and other payables are stated at amortised cost.

j) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the items. Repairs and maintenance are charged to profit or loss during the reporting period in which they were incurred. Depreciation is calculated using the diminishing value method to allocate asset costs over their estimated useful lives, as follows:

Exploration equipment	6 years
Office equipment	5 years
IT equipment	3 years

The assets residual values and useful lives are reviewed and adjusted at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

k) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that right of tenure is current and those costs are expected to be recouped through the successful development of the area (or, alternatively by its sale) or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and operations in relation to the area are continuing.

Accumulated costs, in relation to an abandoned area, are written off in full against profit in the period in which the decision to abandon the area is made.

l) Income Tax

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

m) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

o) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends of economic data, obtained both externally and within the Company.

i) Key estimates – impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

ii) Key judgements – exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

iii) Share-based payment transactions

The Company measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors with reference to quoted market prices or using the Black-Scholes / Monte Carlo valuation methods taking into account the terms and conditions upon which the equity instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

p) Adoption of new and revised accounting standards

In the current period, there are no new and/or revised Standards and Interpretations adopted in these Financial Statements affecting presentation or disclosure and the reported result or financial position other than:

AASB16 Leases

AASB 16 supersedes AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease and became effective for reporting periods beginning on or after 1 January 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Accordingly the Company applied AASB 16 for the first time for the period ended 30 June 2020.

The Company does not have any lease contracts that require assessment under AASB 16. As a result of this the standard has had no impact on the Company.

q) Recently issued accounting standards to be applied in future accounting periods

There are no accounting standards that have not been early adopted for the period ended 30 June 2020.

2. EARNINGS PER SHARE

The weighted average number of shares for the purpose of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	30 June 2020
Weighted average number of shares used in basic and diluted earnings per share	9,569,823
Profit / (loss) per share – basic and basic (cents)	(0.01)

In accordance with AASB 133 'Earnings per Share', there are no dilutive securities.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	30 June 2020 $
Cash at bank and in hand	2,361
Cash and cash equivalents	2,361

The above figures are reconciled to cash at the end of the financial period as shown in the statement of cash flows as follows:

Cash and cash equivalents	2,361

4. ISSUED CAPITAL

	30 June 2020 $
(a) Issued and paid up capital	
Fully paid ordinary shares	52,000,000

(b) Movements in fully paid shares	Number	$
Balance at 14 May 2019 – issued on incorporation	1,000	10
Share Split (effective 15 April 2020) (1 for 51,999 shares)	51,999,000	-
Balance as 30 June 2020	52,000,000	10

The share capital of North Stawell Minerals Ltd consists only of fully paid ordinary shares. All shares are eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of North Stawell Minerals Ltd. The shares do not have a par value and the Company does not have a limited amount of authorised capital. In the event of winding up the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

(c) Capital management
Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure accordingly. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company's capital is shown as issued capital in the statement of financial position.

5. RELATED PARTY TRANSACTIONS

The Company's related party transactions include its key management personnel.

Transactions with key management personnel are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash (all amounts are exclusive of GST).

There were no transactions with key management personnel during the period, other than the loan from Stawell Gold Mines Pty Ltd (Director Related Entity) (Refer to Note 7).

6. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Company's financial instruments consist mainly of accounts receivable and payable.

The total for each category of financial instruments are as follows:

	Note	30 June 2020 $
Financial assets		
Cash and cash equivalents	3	2,361
		2,361

Financial risk management policy
Risk management is carried out by the Managing Director under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate and credit risk.

a) Liquidity risk
Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained for the coming months. Upcoming capital needs and the timing of raisings are assessed by the board. Financial liabilities are expected to be settled within 12 months.

b) Net fair values of financial assets and financial liabilities
Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The net fair values of financial assets and liabilities are determined by the Company based on the following:

i) Monetary financial assets and financial liabilities not readily traded in an organised financial market are carried at book value.
ii) Non-monetary financial assets and financial liabilities are recognised at their carrying values recognised in the statement of financial position.

The carrying amount of financial assets and liabilities is equivalent to fair value at reporting date.

7. CONTINGENT LIABILITIES

Upon a successful listing on the Australian Securities Exchange ('ASX'), the Company will be required to repay a loan to Stawell Gold Mines Pty Ltd ('SGM') for funding its current activities to progress towards listing on ASX. The loan will only be repayable upon a successful ASX listing or will otherwise not crystallise. Amounts payable will incur a 1% interest charge on the principle balance.

8. EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial 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 subsequent financial years that have not been disclosed elsewhere.

9. GOING CONCERN BASIS OF ACCOUNTING

The financial report has been prepared on the basis of a going concern.

The entity incurred a net loss of $649 during the period ended 30 June 2020, and had a net cash inflow of $nil from operating and investing activities.

The Company is currently reliant on funding from SGM to undertake activities to progress towards listing on ASX.

If additional capital is not obtained, the going concern basis may not be appropriate, with the result that the Company may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the annual financial report.

10. OTHER MATTERS

During the period, COVID-19 outbreak was declared a pandemic by the World Health Organization ('WHO') in March 2020, which continues to spread throughout Australia.

While to date the COVID-19 pandemic has not had any material impact on the Company's operations, the global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has been having, and is likely to continue to have, a significant impact on global capital markets, the gold price and foreign exchange rates. Should any Company personnel or contractors be infected, it could result in the Company's operations being suspended or otherwise disrupted for an unknown period of time, which may have an adverse impact on the Company's operations as well as an adverse impact on the financial condition of the Company.

Supply chain disruptions resulting from the COVID-19 pandemic and ongoing measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the COVID-19 pandemic, may also adversely impact the Company's operations, financial position and prospects in future periods.

The financial statements have been prepared based upon conditions existing at 30 June 2020.

Directors' Declaration

In the opinion of the Directors of North Stawell Minerals Ltd:

a) the financial statements and notes of North Stawell Minerals Ltd are in accordance with the *Corporations Act 2001 (Cth),* including:

i. giving a true and fair view of its financial position as at 30 June 2020 and of its performance for the financial period ended on that date; and

ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001 (Cth)*; and

b) there are reasonable grounds to believe that North Stawell Minerals Ltd will be able to pay its debts when they become due and payable.

The financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Campbell Olsen

Campbell Olsen
Director
Melbourne
6 July 2020

Grant Thornton

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Independent Auditor's Report

To the Members of North Stawell Minerals Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of North Stawell Minerals Ltd (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the period ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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 9 in the financial statements, which indicates that the Company is currently reliant on funding from Stawell Gold Mines Pty Ltd to undertake activities to progress towards listing on ASX. As stated in Note 9, these events or conditions, along with other matters as set forth in Note 9, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's director's report for the period ended 30 June 2020, 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, 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 the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine are necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

D Chau
Partner – Audit & Assurance

Adelaide, 6 July 2020