

**Westar Resources Limited**  
**ACN 635 895 082**

**FINANCIAL REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 2020**

**Westar Resources Limited**  
**ACN 635 895 082**

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**DIRECTORS' REPORT**

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Your directors present their report on the company and the consolidated entity (referred to hereafter as the Group) consisting of Westar Resources Limited (referred to hereafter as "the Company") and the entities it controlled at the end of, and during, the period ended 30 June 2020.

**Directors**

The following persons were directors during or since the end of the financial period and continue in office up to the date of this report:

- Simon Eley (appointed 15 October 2020)
- Nathan Lawrence Cammerman (appointed 30 August 2019)
- Karl Jupp (appointed 15 October 2020)
- Nathan Andrew Cull (appointed 30 August 2019 and resigned 15 October 2020)
- Andrew Thomas Jones (appointment 9 March 2020 and 15 October 2020)
- Robert James Canning-Ure (appointed 30 August 2019 and resigned 9 March 2020)

**Information on Directors**

**Simon Eley, Non-Executive Chairman (LLB, BA)**

**Non-Executive Chairman**

Simon is a solicitor with vast experience in the resource sector. Simon was the founding director of Egan Street Resources and led the acquisition of the Rothsay Gold Project. Egan Street was acquired by Silver Lake Resources in 2019 for an implied value of \$72 million. He has held the chairman position of ASX and NASDAQ listed companies. Simon also led the team that acquired the Central Murchison Gold Project and subsequently became an Executive Director of Aragon Resources Limited, where he managed the progress of Aragon's core asset, the Central Murchison Gold Project. Simon's experience includes international oil and gas operations, as well as iron ore and coal projects, capital raisings, commercial agreements, dispute resolution, corporate management, strategy and acquisitions and divestments. He is currently the managing director of Celamin Holdings Ltd.

**Nathan Lawrence Cammerman BSc (Hons), MIWM, Mbus(Intl)**

**Non-Executive Director**

Nathan has 25 years' experience in the resources industry. Nathan is a geologist by initial training, but later qualified in international business. Nathan's senior executive experience includes the oversight and management of environmental approvals, acquisition of land, government relations, tenure, company promotion and business development, financing and project delivery.

Nathan co-founded Wilson Minerals Pty Limited, a privately held advanced gold focussed company in North Queensland, which has transitioned through greenfield development and is now progressing through to bankable feasibility studies on its granted mining lease. Nathan also co-founded Multicom Resources Limited, an advanced Queensland based vanadium and battery storage project.

**Karl Jupp BAppSC (Hons) GEOLOGY, GradDip (Bus), MAIG, MAusIMM**

**Director and Chief Executive Officer**

Karl has over 20 years' technical and leadership experience in the Australian and international mineral resources sector. Karl commenced his career in exploration in the gold fields of Western Australia, working for companies including Asarco Australia, Normandy, Great Central Mines and Homestake, then later moved into mining and leadership roles with Consolidated Minerals, APIJV, Cliffs NR and Mineral Resources. He is experienced in detailed geological data collection, and evaluation, JORC Mineral Resource delineation and management of Ore Reserve conversion.

**DIRECTORS' REPORT**

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**Karl Jupp BAppSC (Hons) GEOLOGY, GradDip (Bus), MAIG, MAusIMM (continued)**

**Director and Chief Executive Officer**

For the last 5 years, Karl has consulted to the resources sector in various capacities including: Technical Services Manager for a Feasibility Study with Major Project Status, Independent Expert Report and witness for arbitration at the International Centre for Investment Disputes (ICSID, Paris) and Exploration Manager for a junior resources company seeking to IPO. He has also held Non-Executive director roles in several private resource companies.

Karl has co-authored several technical papers focused on mining operation process improvements and is a member of both the Australian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG).

**Nathan ('Nat') Andrew Cull BAppSc, MAIG**

**Non-Executive Director**

Over 25 years' experience in the exploration and mining sectors in Australia and the Far East. Member of The Australian Institute of Geoscientists and as such, is able to fulfil the role of Competent Person for ASX announcements and resource estimates. Significant experience in the discovery and development of gold assets.

**Andrew Thomas Jones MSc, MAIG, MAusIMM**

**Executive Director Technical**

Andrew Jones has more than 20 years' experience as a geologist in the resources sector and has worked throughout Australia, in West Africa, Southern Africa and South America. He has experience in a range of mineral commodities and has been involved in the discovery of new mineral deposits, extensions to known mineral resources at operating mine sites and has been involved in several feasibility studies for commodities including gold, copper and nickel-cobalt.

**Robert James Canning-Ure**

**Non-Executive Director**

Robert James Canning-Ure has over 23 years experience in business management, capital raisings and corporate advisory, in the resources, eCommerce and property industries. James has spent years as managing director at Macarthur Minerals, Finance Director at MGA Steel Building and managing director at Global Approach. James heads Cannings Corporate Communications Brisbane office. He was a Director of Orion Metals Limited.

**Company Secretary**

The following persons have been appointed Company Secretary:

Brent Van Staaden (appointed 30/08/2019)

**Brent Van Staaden FGIA**

Brent is an experienced corporate lawyer advising junior mineral explorers in Australia, with over 20 years' experience. Brent is an admitted solicitor in Queensland, New South Wales, England and Wales and South Africa and is a Fellow of the Governance Institute of Australia. Brent hold a B. Juris, LL.B (Hons), a LLM (Commercial Law) and a LLM (Taxation).

**Westar Resources Limited**  
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**DIRECTORS' REPORT**

**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the period ended 30 June 2020, and the number of meetings attended by each director were:

	Eligible to attend	Attended
Simon Eley	-	-
Nathan Lawrence Cammerman	3	3
Karl Jupp	-	-
Nathan Andrew Cull	3	3
Andrew Thomas Jones	3	3
Robert James Canning-Ure	-	-

**Principal activities**

The Company was incorporated on 30 August 2019 for the purpose of acquiring a portfolio of gold exploration tenements in Western Australia. The Company's business model is to acquire tenements solely or with partners, with the aim of undertaking exploration. Risks associated with this business activity primarily relate to the identification and acquisition of tenements and the ability to undertake exploration. As part of its activities, the company acquired Rouge Resources Pty Ltd on 12 September 2019 and acquired Imperator Resources Pty Ltd on 29 September 2019.

**Review of operations**

Since incorporation, the Company has raised \$818,535 in capital and short term funding from certain shareholders. Exploration tenements acquired in the period are:

Tenement	Holder	Status	Area	Application Date	Grant Date	Expiry Date	Required expenditure
<b>Mt Finnerty Project</b>							
E16/505	Rouge	Live	10 blocks	29/11/2017	15/03/2019	14/03/2024	\$20,000
<b>Opaline Wall Project</b>							
E45/4997	Rouge	Live	21 blocks	30/08/2017	16/11/2018	15/11/2023	\$21,000
<b>Parker Dome project</b>							
E77/2424	Rouge	Live	12 blocks	17/01/2017	14/09/2017	13/09/2022	\$30,000
<b>Winjangoo Project</b>							
E58/536	Rouge	Live	29 blocks	25/06/2018	11/09/2018	10/09/2023	\$29,000
<b>Coolaloo Project</b>							
E59/2329	Rouge	Live	45 blocks	25/06/2018	11/09/2018	10/09/2023	\$45,000
<b>Gidgie North Project</b>							
E53/1920	Imperator	Live	70 blocks	7/10/2016	31/10/2017	30/10/2022	\$70,000
<b>Gidgie South Project</b>							
E57/1055	Imperator	Live	15 blocks	7/10/2016	13/06/2018	12/06/2023	\$20,000

**DIRECTORS' REPORT**

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**Review of operations (continued)**

Pursuant to a scrip for scrip rollover agreement dated 12 September 2019, Westar Resources Limited acquired a 100% interest in the issued capital of Rouge Resources Pty Ltd, an entity located in WA.

Since incorporation of the Company, and previously through Rouge Resources Pty Ltd, investigations were undertaken on a range of exploration targets resulting in the acquisition of tenements relevant to the Group's intentions.

The Group continues to advance its current tenement projects and has entered into negotiations for further acquisitions. Furthermore, the Company has plans to undertake a listing on the Australian Securities Exchange ('ASX').

At 30 June 2020, the Group has total assets of \$595,803 (including exploration and evaluation assets of \$552,883) and total equity of \$570,974. The result for the financial period was a loss of \$(237,561) reflecting the expensing of costs during the Group's "start-up phase".

**Dividends**

No dividends or distributions were paid or recommended during the financial year or up to the date of this report.

**Significant changes in state of affairs**

As noted above:

- The Company was incorporated on 30 August 2020 and has issued 54,655,714 shares for a total of \$818,535 (before costs).
- The Company also acquired a number of exploration tenements, Rouge Resources Pty Ltd and Imperator Resources Pty Ltd.

**Events subsequent to balance date**

Since the reporting date:

- The company has issued 15,000,000 shares raising \$750,000 (before costs).
- The company has commenced the process of listing on the Australian Securities Exchange ('ASX') by way of an Initial Public Offering ('IPO').
- The above fund raising and IPO will be used by the Group to further its exploration activities. As part of that process, the Company plans a share consolidation, and plans to issue;
  - 25,000,000 shares in the IPO;
  - 3,000,000 shares prior to the IPO; and
  - 8,000,000 options.
- The COVID-19 pandemic continues to influence global and Australian economic conditions, however, any impact on the Group is unclear.

**DIRECTORS' REPORT**

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**Events subsequent to balance date (continued)**

No other matter or circumstance has arisen since the end of the financial year that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

**Likely developments and expected results of operations**

Since 30 June 2020, the Group has continued with its plans for raising further funds and its exploration programs. The outcome of these activities will significantly affect operations and financial results of the Group in future years.

**Environmental regulation**

The Group's operations are subject to environmental regulation under the laws of the Commonwealth and Western Australia.

The Directors monitor the Group's compliance with environmental regulation under law, in relation to its exploration activities. The Directors are not aware of any compliance breach arising during the period and up to the date of this report.

**Indemnifying Officers and Auditor**

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

**Options**

As part of the Company's IPO plans, since the reporting date the Company has issued an option to acquire 3,000,000 shares in the Company at \$0.25 each. The option is exercisable over a 3 year term commencing from the date of listing on the ASX.

**Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

This report is made in accordance with a resolution of the directors.

Director

  
**Nathan Lawrence Cammerman**

Dated:

16 October 2020

## Auditor's Independence Declaration

### Under Section 307C of the *Corporations Act 2001*

#### To the Directors of Westar Resources Limited

As the lead auditor for the audit of the financial report of Westar Resources Limited for the financial period 30 August 2019 (date of incorporation) to 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Westar Resources Limited and the entities it controlled during the financial period.



**Nexia Brisbane Audit Pty Ltd**



**ND Bamford**  
Director

Date: 16 October 2020

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**Westar Resources Limited**  
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2020**

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	Note	2020 \$
Revenue		-
<b>Less expenses:</b>		
Legal Costs		(20,013)
Consulting Fees		(44,603)
Exploration Costs		(158,449)
Corporate and Administrative Expenses		(14,496)
<b>Loss before income tax</b>		<u>(237,561)</u>
Income tax expense	3	-
<b>Net loss for the period</b>		<u>(237,561)</u>
Other comprehensive income		-
<b>Total other comprehensive income/(loss)</b>		<u>-</u>
<b>Total comprehensive loss for the period</b>		<u>(237,561)</u>

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

**Westar Resources Limited**  
**ACN 635 895 082**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

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	Note	2020 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	4	17,203
Receivables	5	23,647
Prepayments		2,070
		<u>42,920</u>
<b>NON-CURRENT ASSETS</b>		
Exploration and evaluation assets	6	552,883
		<u>552,883</u>
<b>TOTAL ASSETS</b>		<u>595,803</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	7	9,829
Borrowings	8	15,000
		<u>24,829</u>
<b>TOTAL LIABILITIES</b>		<u>24,829</u>
<b>NET ASSETS</b>		<u>570,974</u>
<b>EQUITY</b>		
Issued capital	9	808,535
Retained earnings		(237,561)
<b>TOTAL EQUITY</b>		<u>570,974</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**Westar Resources Limited**  
**ACN 635 895 082**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2020**

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	Note	Share Capital \$	Retained Earnings \$	Total \$
<b>At incorporation</b>		-	-	-
Total comprehensive loss for the period		-	(237,561)	(237,561)
Shares issued during the period	9	808,535	-	808,535
<b>At 30 June 2020</b>		<u>808,535</u>	<u>(237,561)</u>	<u>570,974</u>

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

**Westar Resources Limited**  
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**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2020**

	Note	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers		(197,223)
Net cash generated from operating activities	14	<u>(197,223)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capitalised exploration expenditure	6	(28,729)
Cash acquired on acquisition of subsidiary	13	9,305
Net cash inflows/(outflows) from investing activities		<u>(19,424)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares (net of issue costs)	9	233,850
Net cash generated from financing activities		<u>233,850</u>
Net increase/(decrease) in cash and cash equivalents		17,203
Cash and cash equivalents at beginning of financial year		-
Cash and cash equivalents at end of financial year	4	<u>17,203</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

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These financial statements are the consolidated financial statements of the consolidated entity consisting of Westar Resources Limited and its subsidiaries (the Group). The financial statements are presented in the Australian currency.

Westar Resources Limited (the Company) is a company limited by shares, incorporated and domiciled in Australia.

The Company was incorporated on 30 August 2019 for the purpose of pursuing opportunities in the resources sector, initially by acquiring a portfolio of gold exploration tenements in Western Australia. The Company's business model to acquire tenements solely or with partners, with the aim of undertaking exploration. Risks associated with this business activity primarily relate to the identification and acquisition of tenements and the ability to undertake exploration.

The financial statements were authorised for issue by the directors on the date of signing of the Director's Declaration. The directors have the power to amend and reissue the financial statements.

## **1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

### **(a) Basic of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board and the Corporations Act 2001. Westar Resources Limited is a for-profit entity for the purpose of preparing financial statements.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

#### *Financial Position*

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. Despite the Group reporting a loss of \$(237,561), the Group reported net working capital of \$18,091, and net assets of \$570,974 for the period ended 30 June 2020. Based on the Group's operational plans, capital raising plans and forecast cash flows, the Directors are satisfied that the going concern basis of preparation is

These financial statements have been prepared under the historical cost convention.

#### *New standards and interpretations not yet adopted*

There are no accounting standards that not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### **(b) Principles of consolidation**

#### *Parent entity information*

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 16.

#### *Subsidiaries*

Subsidiaries are all entities over which the Company has control. A company controls an entity when the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to effect those returns through its power to direct the activities of the entity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) Principles of consolidation (continued)**

*Subsidiaries (continued)*

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that ceases. The acquisition method of accounting is used to account for the acquisitions of subsidiaries by the Company (refer to note 1(e)).

Intercompany transactions, balances and unrealised gains on the transactions between companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

**(c) Income tax**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided using the liability method based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority.

Current and deferred tax is recognised in profit or loss, except to the extent that items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

**(d) Business combinations**

The acquisition of subsidiary companies has been accounted for as set out in note 12.

**(e) Impairment of assets**

The Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in the statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(g) Financial Instruments

*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs.

*Classification and subsequent measurement*

*Financial liabilities*

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

*Financial assets*

Financial assets are subsequently measured at amortised cost.

*Derecognition*

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

*Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

*Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

*Impairment*

The Group recognises a loss allowance for expected credit losses, using the simplified approach under AASB 9, which requires the recognition of lifetime expected credit loss at all times.

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(h) Exploration and Evaluation Assets**

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised where the Company has right of tenure, to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Costs of site restoration are provided for where the Company has a legal or constructive obligation.

**(i) Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

The Company uses shares to settle liabilities for assets/services acquired. Share-based payments are measured at the fair value of assets/services received or the fair value of the equity instruments issued, if it is determined the fair value of the assets/services cannot be reliably measured, and are recorded at the date the assets/services are received.

**(j) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority are presented as operating cash flows.

**(k) Comparative information**

No comparative information has been included as the Company was incorporated on 30 August 2019.

**2. Significant accounting judgements**

In the process of applying the Group's accounting policies, the directors have made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

**Acquisition of Rouge Resources Pty Ltd - common control transaction (note 13)**

Pursuant to a scrip for scrip rollover agreement dated 12 September 2019, Westar Resources Limited acquired a 100% interest in the issued capital of Rouge Resources Pty Ltd, an entity located in WA.

Westar Resources Limited acquired the entire share capital of Rouge Resources Pty Ltd in a scrip for scrip rollover transaction. As such, the Directors considered the acquisition to be a common control transaction.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

**2. Significant accounting judgements (continued)**

**Exploration and evaluation assets (note 6)**

Exploration and evaluation assets have been capitalised and are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

**3. INCOME TAX EXPENSE**

**2020**  
**\$**

**(a) Income tax expense**

Current tax expense on loss for the period

-  
-

**(b) Numerical reconciliation of income tax expense to prima facie tax payable:**

Loss from continuing operation before income tax expense

(237,561)

Tax expense at the Australian tax rate of 27.5%

(65,329)

Tax effect of amounts below:

Amounts not allowable for tax

7,288

Tax losses and temporary differences not brought to account

58,041

Income tax expense

-

**(c) Deferred tax assets and liabilities not brought to account, the net benefit of which will only be realised if the conditions for deductibility set out in Note 1 occur.**

Temporary differences

-

Tax losses

58,041

Net unbooked deferred tax asset

58,041

The Group has estimated forward losses of \$65,442. The availability of losses to be utilised is dependent on compliance with tax legislation, including continuity of ownership test, or failing that, the same business test.

**4. CASH AND CASH EQUIVALENTS**

**2020**  
**\$**

Cash at bank and on hand

17,203  
17,203

**5. RECEIVABLES**

**2020**  
**\$**

Share subscriptions receivable

20,500

Sundry debtors

3,147

23,647

Included in share subscriptions receivable is \$10,000 from Mr Karl Jupp, a related party (refer note 11).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

<b>6. EXPLORATION AND EVALUATION ASSET</b>	<b>2020</b> <b>\$</b>
Exploration and evaluation expenditure carried forward in respect of areas of interest are:	
Exploration and evaluation phase	552,883
	552,883
<b>Movement in exploration and evaluation expenditure:</b>	
Opening balance - at cost	-
Tenements acquired on the acquisition of Rouge Resources Pty Ltd (i)	24,154
Tenements acquired during the period (ii)	528,729
Carrying amount at 30 June	552,883

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and development of projects, or alternatively, through the sale of the areas of interest.

- (i) As set out in note 13, the Company acquired Rouge Resources Pty Ltd in the period, which held tenements E16/505, E45/4997, E77/2424, E58/536 and E59/2329.
- (ii) During the period, the Group also acquired (or entered into arrangements to acquire) further tenements E53/1920 and E57/1055.

The tenements are listed in the Directors' Report.

All tenements are 100% owned by the Group. Included in the carrying amount of exploration and evaluation assets is \$261,693 relating to tenements subject to farm-out arrangements, whereby the Group will retain a 25% interest in the tenements.

Commitments in respect of these tenements are set out in note 10.

<b>7. TRADE AND OTHER PAYABLES</b>	<b>2020</b> <b>\$</b>
Sundry payables and accruals	9,829
	9,829

Trade payables are unsecured and usually paid within 30 days of recognition.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

**8. BORROWINGS**

	<b>2020</b>
	<b>\$</b>
<b>Current Liabilities</b>	
Shareholder loans (a)	15,000
	<u>15,000</u>

(a) These loans are unsecured, interest free and short term (refer note 11 (c)).

**9. ISSUED CAPITAL**

	<b>2020</b>	<b>2020</b>
	<b>Number</b>	<b>\$</b>
<b>(a) Ordinary shares</b>		
Fully paid ordinary shares	54,655,714	808,535
	<u>54,655,714</u>	<u>808,535</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportions to the number of and amounts paid on the shares held. Ordinary shares are fully paid and entitle the holder to one vote per share in a shareholders meeting.

	<b>Number of</b>	<b>Total</b>
	<b>shares</b>	<b>\$'000</b>
Issued on acquisition of Rouge Resources Pty Ltd (see note 12)	31,500,000	12,685
Initial seed capital share issues	5,595,714	195,850
Issued on acquisition of tenements	10,000,000	350,000
Conversion of shareholder loans to equity	800,000	28,000
Issued on acquisition of tenements	3,000,000	150,000
Other share issues during the period	3,760,000	82,000
Closing balance - 30 June 2020	<u>54,655,714</u>	<u>818,535</u>
Less: Transaction costs arising on share issues		(10,000)
		<u>808,535</u>

Share issues during the year have ranged in price between \$0.0004 and \$0.05.

**(b) Capital Management**

Exploration companies such as Westar Resources Limited are funded primarily by share capital. The Group's capital comprises its share capital and financial liabilities supported by financial assets.

Management controls the capital of the Group to ensure that it can fund its operations and continue as a going concern. No dividend will be paid while the Group is in exploration stage. There are no externally imposed capital requirements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

**10. COMMITMENTS**

**2020**  
**\$**

The following exploration commitments exist at balance date but have not been brought to account:

Not later than 1 year	235,000
Later than 1 year but not later than 5 years	660,986
Later than 5 years	-
<b>Total commitment</b>	<b>895,986</b>

The Group must meet minimum expenditure commitments in relation to granted exploration tenements to maintain those tenements in good standing. If the relevant mineral tenement is relinquished the expenditure commitment also ceases.

As set out in note 6, certain tenements are subject to farm-out arrangements under which commitment expenditure (included above) is the responsibility of the counter-party.

**11. RELATED PARTIES**

Related parties of the Group include;

- Key Management Personnel (KMP), being the directors of the Company and the Chief Executive Officer.
- Entities in which KMP, and their close family members, have a significant interest held directly, indirectly or beneficially.
- Group entities.

As set out in note 18, no remuneration has been paid to KMP.

**(a) Parent entities**

The parent entity within the Group is Westar Resources Limited.

**(b) Interest in subsidiaries**

Interests in subsidiaries are disclosed in note 12.

**(c) Loans from shareholder related entities**

**2020**  
**\$**

The Group has interest free, unsecured loans from the following directors' related entities:

Karl Jupp	5,000
Nat Cull	5,000
Nathan Cammerman	5,000
	<b>15,000</b>

Loans advanced in the period

60,000

Loans repaid in the period

(45,000)

Closing balance

**15,000**

**(d) Investment in subsidiaries**

**2020**  
**\$**

Fully paid ordinary shares in Rouge Resources Pty Ltd

12,685

Fully paid ordinary shares in Emperor Resources Limited

2,335

**15,020**

**(e) Loans to subsidiaries**

**2020**  
**\$**

On incorporation

-

Loans advanced

Imperator Resources Pty Ltd

2,335

Westar Resources Limited

157,495

Closing balance

**159,830**

Loans to subsidiaries are advanced on an unsecured interest free basis and are repayable on demand.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

**11. RELATED PARTIES (CONTINUED)**

**(f) Transactions with related parties (as suppliers of services)**

The following transactions occurred with related parties:

	<b>2020</b>
	<b>\$</b>
Payments for goods and services:	
Payment for geological services from Geosphere (director-related entity of Karl Jupp)	30,000
Payment for advisory services from Canning Corp (director-related entity of James Canning-Ure)	13,500

**(g) Transactions with related parties (as shareholders)**

The total of shares in the Company held by KMP (and their related parties) at the reporting date is 45,085,714.

At the reporting date, an entity related to Karl Jupp owes \$10,000 for a share subscription.

**12. INTERESTS IN OTHER ENTITIES**

**Subsidiaries**

The Group's principal subsidiaries are set out below.

<b>Name of entity</b>	<b>Country of Incorporation</b>	<b>Class of Shares</b>	<b>2020 %</b>
Rouge Resources Pty Ltd (i)	Australia	Ordinary	100
Imperator Resources Pty Ltd (ii)	Australia	Ordinary	100

(i) Rouge Resources Pty Ltd was acquired on 19 September 2019 (note 13).

(ii) Imperator Resources Pty Ltd was incorporated on 29 August 2019 and has remained dormant since acquisition.

There are no significant restrictions over the Group's ability to use assets, and settle liabilities of the Group.

**13. ACQUISITION OF ROUGE RESOURCES PTY LTD**

Pursuant to a scrip for scrip rollover agreement dated 12 September 2019, Westar Resources Limited acquired a 100% interest in the issued capital of Rouge Resources Pty Ltd. As set out in note 2, the acquisition has been accounted for as a common control transaction - the asset and liabilities are recognised at acquisition date at their carrying value as recorded in Rouge Resources Pty Ltd.

Details of the acquisition are as follows:

	<b>Fair value</b>
	<b>\$</b>
Cash and cash equivalents	9,305
Other assets	6,385
Exploration and evaluation assets	24,154
Trade and other payables	(27,159)
Net assets acquired	12,685
Representing:	
Shares issued as consideration (note 9)	12,685

The acquisition related to the Company's business strategy of establishing a portfolio of exploration projects. The group's loss for the year includes \$144,957 from Rouge Resources Pty Ltd since acquisition.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

**14. RECONCILIATION OF PROFIT/(LOSS) AFTER TAX TO NET CASH INFLOW OPERATING ACTIVITIES**

	<b>2020</b> <b>\$</b>
<b>Profit/(loss) for the year</b>	(237,561)
Adjustments for non-cash transactions	
- Share based payments	41,500
	(196,061)
(Increase) / Decrease in receivables	3,238
(Increase) / Decrease in prepayments	(2,070)
Increase / (Decrease) in payables	(2,330)
<b>Net cash inflow/(outflow) from operating activities</b>	(197,223)

**15. NON-CASH INVESTING AND FINANCING ACTIVITIES**

	<b>2020</b> <b>\$</b>
Acquisition of tenements from TASEX through share issue (i)	350,000
Acquisition of Sandstone Gold Project tenements through share issue (ii)	150,000
Acquisition of Rouge Resources Pty Ltd through share issue (note 13)	12,685
	512,685

- (i) Pursuant to a Tenement Sale agreement dated 23 January 2020, Westar Resources Limited issued 10,000,000 fully paid ordinary shares at a price of \$0.05 to acquire a number of tenements from Tasex Geological Services Pty Ltd.
- (ii) Pursuant to a Term Sheet Agreement dated 11 February 2020, Westar Resources Limited issued 3,000,000 fully paid ordinary shares at a price of \$0.035 to acquire a number of tenements from Raffaella Resources

**16. PARENT ENTITY INFORMATION**

**(a) Summary financial information**

The individual financial statements for the parent entity show the following aggregate amounts:

	<b>2020</b> <b>\$</b>
<b>Statement of financial position</b>	
Current assets	27,210
Non-current assets	546,099
Current liabilities	(2,335)
	570,974
Issued capital	808,535
Share based payments reserve	
Retained earnings	(237,561)
	570,974
<b>Statement of profit or loss and other comprehensive income</b>	
Profit/(Loss) for the period	(237,561)
Other comprehensive income	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

**16. PARENT ENTITY INFORMATION (CONTINUED)**

**(b) Contingent liabilities of the parent entity**

The parent entity did not have any contingent liabilities, guarantees or any other contractual commitments as at 30 June 2020.

**(c) Parent entity financial information**

The financial information for the parent entity, Westar Resources Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below:

**17. EVENTS OCCURRING AFTER THE REPORTING PERIOD**

Since the reporting date:

- The company has issued 15,000,000 shares raising \$750,000 (before costs).
- The company has commenced the process of listing on the Australian Securities Exchange ('ASX') by way of an Initial Public Offering ('IPO').
- The above fund raising and IPO will be used by the Group to further its exploration activities. As part of that process, the Company plans a share consolidation, and plans to issue;
  - 25,000,000 shares in the IPO;
  - 3,000,000 shares prior to the IPO; and
  - 8,000,000 options.
- The COVID-19 pandemic continues to influence global and Australian economic conditions, however, any impact on the Group is unclear.

No other matter or circumstance has arisen since the end of the financial year that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

**18. SEGMENT REPORTING**

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group operates in one segment, being mineral exploration activities in Western Australia.

**19. KEY MANAGEMENT PERSONNEL DISCLOSURES**

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>2020</b>
	<b>\$</b>
Short-term employee benefits	-
Post-employment benefits	-
Long-term benefits	-
	-
	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

**20. REMUNERATION OF AUDITORS**

During the financial year the following fees were paid or payable for services provided by Nexia Brisbane Audit Services Pty Ltd, the auditor of the company:

	<b>2020</b> \$
Audit of the financial statements	5,000

**21. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Group had no contingent liabilities or contingent assets at 30 June 2020.

**22. FINANCIAL RISK MANAGEMENT POLICIES**

The Company's financial instruments comprises deposits with banks, receivables, payables and borrowings.

The totals for each category of financial instruments measured in accordance with AASB 9: Financial instruments as detailed in the accounting policies to these financial statements are as follows:

	<b>2020</b> \$
Financial assets	
Cash and cash equivalents	17,203
Receivables	23,647
Total financial assets	40,850
Financial liabilities	
Trade and other payables	9,829
Borrowings	15,000
Total financial liabilities	24,829

**(a) Financial Risk Management Policies**

The Group's financial instruments comprise cash balances, receivables, payables and borrowings. The purpose of these financial instruments is to provide working capital for Group operations.

**Risk Management**

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management is responsible for developing and monitoring the risk management policies and reports to the Board.

**Specific Financial Risk Exposures and Management**

The main risks the Group is exposed to through its financial instruments are interest rate risk, credit risk and liquidity risk. These risks are managed through monitoring of forecast cashflows, interest rates, economic conditions and ensuring adequate funds are available.

**Interest Rate Risk**

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, arises in relation to the Group's bank balances.

**Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Credit risk arises from exposures to deposits with financial institutions and receivables.

Credit risk is minimal as all deposits are with large, reputable financial institutions, and amounts receivable have been collected.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

**22. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**

**Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk is managed by ensuring, to the extent possible, that there is sufficient liquidity to meet liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

**(b) Financial liability and financial asset maturity analysis**

The table below reflects an undiscounted contractual maturity analysis for financial liabilities and reflects management's expectations as to the timing of termination and realisation of financial assets and liabilities.

	<b>2020</b>
	<b>\$</b>
<b>Financial assets:</b>	
Within 1 year	
- cash and cash equivalents	17,203
- receivables	23,147
Total	<u>40,350</u>
<b>Financial liabilities:</b>	
Within 1 year	
- Trade Payables and Accruals	(9,829)
- Borrowings	(15,000)
Total	<u>(24,829)</u>
<b>Net (outflow) inflow:</b>	
Within 1 year	
Total Net (outflow) inflow	<u>15,521</u>

**(c) Net Fair Values**

Financial assets where the carrying amount exceeds net fair values have not been written down, as the Group intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and liabilities are disclosed in the balance sheet and notes to the financial statements, all amounts are short term in nature.

**(d) Sensitivity Analysis**

The Group has performed sensitivity analysis relating to its exposure to interest rate risk. At year end, the effect on profit and equity as a result of a 1% change in the interest rate, with all other variables remaining constant would be + / - \$172.

**23. COMPANY DETAILS**

The registered office and principal place of business is Level 35, 1 Eagle Street, Brisbane QLD 4000.  
The principal place of business is Level 13, 37 St Georges Terrace, Perth WA 6000.

**Westar Resources Limited**  
**ACN 635 895 082**

**DIRECTORS' DECLARATION**

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In accordance with a resolution of the directors of Westar Resources Limited, in the directors' opinion:

1. the financial statements and notes set out on pages 8 to 24 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
  - (ii) give a true and fair view of the Company's, and the Group's, financial position as at 30 June 2020 and of the performance for the financial period ended on that date; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

This declaration is made in accordance with a resolution of the directors .

Director

  
**Nathan Lawrence Cammerman**  
Director

Dated : 16 October 2020

## **Independent Auditor's Report to the Members of Westar Resources Limited**

### **Report on the Audit of the Financial Report**

#### ***Opinion***

We have audited the financial report of Westar Resources Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial period 30 August 2019 (date of incorporation) to 30 June 2020, 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 Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial period then ended; and
- (ii) 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 Group in accordance with the auditor independence requirements of 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Nexia Brisbane Audit Pty Ltd**

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## **Independent Auditor's Report to the Members of Westar Resources Limited**

**(continued)**

### ***Other information***

The directors are responsible for the other information. The other information comprises the information in the Group's Financial Report for the financial period ended 30 June 2020, but does not include the financial statements and the auditor's report thereon. Our opinion on the financial report does not cover the other information and 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 statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

### ***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 such internal 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. In preparing the financial report, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

### ***Auditor's responsibility 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.



**Independent Auditor's Report to the Members of Westar Resources Limited****(continued)**

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

*Nexia Brisbane Audit Pty Ltd*

**Nexia Brisbane Audit Pty Ltd**

*Nigel Bamford*

**ND Bamford**  
DirectorLevel 28, 10 Eagle Street  
Brisbane Qld 4000

Date: 16 October 2020

