

WITBY CLAYS PTY LTD
ACN 639 573 792

GENERAL PURPOSE FINANCIAL REPORT
FOR THE PERIOD
5TH MARCH 2020 (DATE OF INCORPORATION) TO 30TH JUNE 2021

WITBY CLAYS PTY LTD
ACN 639 573 792

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WITBY CLAYS PTY LTD
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DIRECTOR'S REPORT

The Director presents its first report on Witby Clays Pty Ltd for the period from 5 March 2020 (date of incorporation) to 30 June 2021.

Directors

The names of the Director in office at any time during or since the end of the year is Robert Hodby – appointed 5 March 2020. He has been in office since the start of the financial period to the date of this report.

Review of operations

The loss of the Company for the financial period after providing for an income tax expense is \$4,387.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company.

Principal activities

The Company assessed a number of new opportunities during the period ended 30 June 2021.

Events subsequent to the end of the reporting period

The Director is not aware of any matters or circumstances that 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 future financial years.

Likely developments and expected results of operations

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental Regulation

The Company is not subject to Australian Commonwealth and State environmental legislation and regulations.

Dividends

No dividends were declared and paid during the financial period.

Indemnification of officers

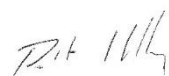
No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an officer or auditor of the Company.

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under s 307C of the *Corporations Act 2001* is set out on page 17.



Robert Hodby
Director
18 March 2022

WITBY CLAYS PTY LTD
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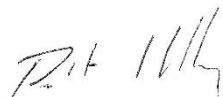
STATEMENT BY THE DIRECTOR

The director declares that the financial statements and notes are in accordance with the Corporations Act 2001:

- (a) Comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;
- (b) As stated in Note 1(a), the financial statements also comply with International Financial Reporting Standards; and
- (c) Give a true and fair view of the financial position of the entity as at 31 December 2021 and of its performance for the period ended on that date.

In the director's opinion there are reasonable grounds to believe that Witby Clays Pty Ltd will be able to pay its debts as and when they become due and payable subject to the continued financial support from its shareholders.

This statement is made in accordance with a resolution of the Director:



Robert Hodby
Director
18 March 2022

WITBY CLAYS PTY LTD
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Statement of Profit & Loss and Other Comprehensive Income
For the period 5 March 2020 to 30 June 2021

	Note	2021 \$
Income		-
Expenditure		
Corporate and administrative expenses		4,387
Loss before income tax		4,387
Income tax	2	-
Net (Loss) for the period		<u><u>(4,387)</u></u>

The above Statement of Profit & Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

WITBY CLAYS PTY LTD
ACN 639 573 792

**Statement of Financial Position
As at 30 June 2021**

	Note	2021 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	3	1
TOTAL CURRENT ASSETS		<u>1</u>
NON-CURRENT ASSETS		
Exploration & evaluation		33,471
TOTAL NON-CURRENT ASSETS		<u>33,471</u>
TOTAL ASSETS		<u>33,472</u>
CURRENT LIABILITIES		
Trade and other payables	4	3,500
TOTAL CURRENT LIABILITIES		<u>3,500</u>
NON CURRENT LIABILITIES		
Borrowings	5	34,358
TOTAL NON CURRENT LIABILITIES		<u>34,358</u>
TOTAL LIABILITIES		<u>37,858</u>
NET ASSETS (LIABILITIES)		<u>(4,386)</u>
EQUITY		
Issued Capital	6	1
Accumulated losses		(4,387)
		<u>(4,386)</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

WITBY CLAYS PTY LTD
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**Statement of Changes in Equity
For the period ended 30 June 2021**

	Issued Capital	Retained profits / Accumulated Losses	Total
	\$	\$	\$
Balance as at 5 March 2020 (date of incorporation)	-	-	-
Shares issued during the period	1	-	1
Loss for the period		(4,387)	(4,387)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(4,387)	(4,387)
Balance as at 30 June 2021	1	(4,387)	(4,386)

The above Statement in Changes in Equity should be read in conjunction with the accompanying notes.

WITBY CLAYS PTY LTD
ACN 639 573 792

Statement of Cash Flows
For the period 5 March 2020 to 30 June 2021

	Note	2021 \$
Cash flows from operating activities		
Payments to suppliers and employees		(887)
Cash receipts from other operating activities		-
Net cash used by operating activities	3	<u>(887)</u>
Cash flows from investing activities		
Payments for exploration & evaluation		<u>(33,471)</u>
Net cash generated by investing activities		<u>(33,471)</u>
Cash flows from financing activities		
Advances from directors / shareholders		34,358
Shares issued		<u>1</u>
Net cash generated by investing activities		<u>34,359</u>
Net (decrease) / increase in cash and cash equivalents		<u>1</u>
Cash and cash equivalents at the beginning of the period		<u>-</u>
Cash and cash equivalents at the end of the period		<u>1</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the financial accounts
For the Period 5 March 2020 to 30 June 2021

1 Statement of Accounting Policy

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in order to meet the Director's reporting requirements. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AAS Board) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the *Corporations Act 2001* (Cth).

Australian Accounting Standards (AASBs) set out accounting policies that the AAS Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

The financial statements are presented in Australian dollars, which is the Company's functional currency.

(b) Going Concern

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

The Company has incurred a net loss after tax for the period ended 30 June 2021 of \$4,387. At 30 June 2021, the Company's has working capital deficit of \$3,499. The financial statements have 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 ordinary course of business. The Directors believe this to be appropriate for the following reasons:

- The parent entity has confirmed and agreed to provide continuous financial support to the Company as and when required so as to enable the Company to pay its debts as and when they fall due for the next twelve months from the date of this financial statement. It has further confirmed that it has the financial capacity to do so and that it will not demand the payment of the loans owed by /advanced to the Company as at 30 June 2021 of a total of \$34,358 until such time the Company is able to make the repayments.
- Base on the above, the Directors have prepared cash flow forecasts that indicate the Company will be cash flow positive for the next twelve months from the date of these financial statements.

At the date of this report and having considered the above factors, the Directors are confident that the Company will be able to continue operations into the foreseeable future. These financial statements do not include adjustments relating to the recoverability and classification of the recorded assets and liabilities amounts that might be necessary should the Company not continue as going concern.

**Notes to the financial accounts
For the Period 5 March 2020 to 30 June 2021**

1 Statement of Accounting Policy

(c) Income Tax

The income tax expense for the year comprises current income tax expense and deferred income tax movements.

Current income tax expense charged to profit or loss includes the tax payable on taxable income. Current tax assets or liabilities are measured at the amounts expected to be received from or paid to the relevant taxation authority.

Deferred income tax reflects movements in deferred tax asset and deferred tax liability balances during the year.

Current and deferred income tax expense (income) is charged (credited) directly to equity instead of profit or loss when the tax relates to items that are credited (charged) directly to equity.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Financial Instruments – assets

a. Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Notes to the financial accounts
For the Period 5 March 2020 to 30 June 2021

1 Statement of Accounting Policy

(d) Financial Instruments – assets

b. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

c. Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

i. Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

■ **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

■ **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

■ **FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

ii. Equity instruments

■ The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

**Notes to the financial accounts
For the Period 5 March 2020 to 30 June 2021**

1 Statement of Accounting Policy

(d) Financial Instruments – assets

- Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d. Impairment

The Company assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(e) Financial instruments – liabilities

a. Classification

The Company classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at FVTPL, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial liabilities and the contractual terms of the cash flows.

For financial liabilities measured at FVTPL, gains and losses, including any interest expenses will be recorded in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

For financial liabilities measured at amortised cost, the effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

b. Recognition and derecognition

Regular way purchases of financial liabilities are recognised on trade-date, the date on which the Company commits to purchase the financial liability. Financial liabilities are derecognised when the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

c. Measurement

At initial recognition, the Company measures financial liabilities at its fair value plus, in the case of financial liabilities not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial liabilities. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

**Notes to the financial accounts
For the Period 5 March 2020 to 30 June 2021**

1 Statement of Accounting Policy

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of six months or less.

(g) 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 Australian Taxation Office ("ATO"). 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 ATO is included with other receivables or payables in the statement of financial position. 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(h) Critical estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(i) Deferred Exploration and Evaluation Expenditure

Exploration and evaluation costs are carried forward where the right of tenure of the area of interest is current. These costs 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.

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

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the areas according to the rate of depletion of economically recoverable reserves.

A regular review is undertaken in each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

**Notes to the financial accounts
For the Period 5 March 2020 to 30 June 2021**

2 Income Tax

There are no current or deferred tax expenses during the period. The prima facie tax expense / (credit) on profit / (loss) from ordinary activities before income tax is reconciled to income tax is:

	\$
Prima facie tax payable/ (benefit) on profit / (loss) before income tax at 26%	(1,141)
Tax effect of non-deductible expenses	-
Tax effect of unrecognised tax losses utilised	1,141
	<u> </u>
	<u> </u>
	-

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in the accounting policy of Note 1(c). As at period end, tax loss carried forward amounted to about \$4,387.

3 Cash and Cash Equivalent

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	\$
Reconciliation of cashflow from operations to loss after income tax	
Operating loss after income tax	(4,387)
Changes in assets and liabilities:	
- Increase/(decrease) in payables	3,500
Net cash used by operating activities	<u> </u>
	<u> </u>
	(887)

4 Trade and Other Payables

	\$
Accruals	<u> </u>
	<u> </u>
	3,500

5 Borrowings

The loan from the parent entity, Witby Industrial Minerals Pty Ltd, amounting to \$34,358 is unsecured and not required to be repaid within the next twelve months from the date of this report. Interest is not payable on the loan.

**Notes to the financial accounts
For the Period 5 March 2020 to 30 June 2021**

6 Issued Capital

	Date	\$	Issue Price	No. of shares
Balance as at 5 March 2020	-	-		-
Issue	05/03/20	1	\$1	1
Balance as at 30 June 2021		1		1

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

7 Categories of Financial Instruments

	\$
<u>Financial Assets</u>	
Cash and cash equivalents	1
	1
<u>Financial Liabilities</u>	
Trade and other payables	3,500
Borrowings	34,358
	37,858

8 Financial Risk Management

Credit risk

The Company is not exposed to any material credit risk.

Interest risk

The Company is not exposed to material interest rate risk.

Liquidity risk

The Company adopts prudent liquidity risk management by maintaining sufficient cash and obtaining continuous funding through capital raising as and when necessary to enable the Company to pay its debts as and when they become due and payable.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting period date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying balances, as the impact of discounting is not significant.

	Less than 1 year	More than 1 year	Total
	\$	\$	\$
Cash and Cash Equivalents	1	-	1
Trade and other payables	(3,500)	-	(3,500)
Borrowings	-	(34,358)	(34,358)
Total	(3,499)	(34,358)	(37,857)

**Notes to the financial accounts
For the Period 5 March 2020 to 30 June 2021**

8 Financial Risk Management

Fair values

Due to the short-term nature of settlement, the carrying amounts of cash and cash equivalents, trade and other payables and borrowings approximate their fair values as presented in the statement of financial position.

9 Commitments

The Company has expenditure commitments in relation to its tenements held amounting to \$51,000.

10 Contingent Assets and Liabilities

On 6 December 2021, the Company entered into an Acquisition Agreement with Pinnacle Minerals Ltd (Pinnacle) where the latter will acquire 100% of the issued shares in Witby Clays for a consideration of 6,000,000 Shares of Pinnacle at a deemed issue price of \$0.20 per share, subject to certain conditions, including Pinnacle's successful listing on the ASX.

The Company does not have any contingent assets nor contingent liabilities as at the date of this report.

11 Subsequent Events

There are no subsequent events which have occurred.

AUDITOR'S INDEPENDENCE DECLARATION WITBY CLAYS PTY LTD

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the director of Witby Clays Pty Ltd.

As audit partner of Witby Clays Pty Ltd for the period ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Nikki Shen
Director

Dated 18 March 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WITBY CLAYS PTY LTD

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Witby Clays Pty Ltd (the company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 5 March 2020 to 30 June 2021, notes comprising a summary of significant accounting policies and other explanatory information, and the director's declaration of the company.

In our opinion, the financial report of Witby Clays Pty Ltd is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the period from 5 March 2020 to 30 June 2021; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) to the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Our opinion is not modified in respect of this matter.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

Independence

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.

Director's Responsibilities for the Financial Report

The Director of the company is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Director determines 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 Note 1(a), the Director also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view 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 Company's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Director's 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 Company'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 Company to cease to continue as a going concern.

We 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.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Director with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Nikki Shen
Director

Dated 18 March 2022