**Bulk Mineral Holdings Pty Ltd**
**and its controlled entities**

**ACN 647 687 778**

# **FINANCIAL** REPORT

## FOR THE PERIOD FROM 6 MAY 2021 (DATE OF INCORPORATION) TO 30 JUNE 2021

# **FINANCIAL** REPORT
for the period ended 30 June 2021

# DIRECTORS' REPORT

## CORPORATE DIRECTORY

### DIRECTORS

Jay Stephenson (Non-Executive Director)

### COMPANY SECRETARY

Jay Stephenson

### REGISTERED OFFICE and PRINCIPAL PLACE OF BUSINESS

283 Rokeby Road

SUBIACO WA 6008

### AUDITORS

Hall Chadwick Audit (WA) Pty Ltd

283 Rokeby Road

Subiaco WA 6008

### CONTACT INFORMATION

Tel: +61 412 474 180

# DIRECTORS' REPORT

The directors of Bulk Mineral Holdings Pty Ltd (the **Company** or **Bulk**) submit herewith the financial report of the Group for the financial period ended 30 June 2021 (**period**). In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

The Company was incorporated on 6 May 2021 and this is its first set of Financial Reports.

The names, appointment periods and particulars of the Company directors who held office during the period and, or, since incorporation are:

| Director | Position | Date Appointed | Date Resigned |
|---|---|---|---|
| Jay Stephenson | Non-Executive Director | 6 May 2021 | - |

| Company Secretary | Position | Date Appointed | Date Resigned |
|---|---|---|---|
| Jay Stephenson | Company Secretary | 6 May 2021 | - |

Directors have been in office since 6 May 2021 up until the date of this report unless otherwise stated.

## INFORMATION ON DIRECTORS

Information on Directors as at the date of this report is as follows:

**MR Jay Stephenson**
NON-EXECUTIVE DIRECTOR

Jay Stephenson has been involved in business development for over 30 years including approximately 24 years as Director, Chief Financial Officer and Company Secretary for various listed and unlisted entities in resources, manufacturing, information technology, wine, hotels and property. Jay has been involved in business acquisitions, mergers, initial public offerings, capital raisings, business restructuring as well managing all areas of finance for companies

Mr Stephenson is an independent Director.

## DIRECTOR MEETINGS

During the financial year, no director meetings were held.

## DIRECTORS' SHAREHOLDINGS

At the date of this report the following table sets out the current directors' relevant interests in shares of Bulk Mineral Holdings Pty Ltd:

| | Current holding |
|---|---|
| Mr Jay Stephenson | 0 |

## REVIEW OF OPERATIONS

On 16 May 2021, Bulk acquired 100% of the issued capital in the following subsidiaries for a consideration of $1 per Share:

| Company | ACN |
|---|---|
| Bullseye Geology Pty Ltd | 646 303 693 |
| Eureka Metals Pty Ltd | 646 370 247 |
| Titan Exploration Pty Ltd | 647 687 830 |
| Pegasus Prospecting Pty Ltd | 647 687 287 |
| Open Minerals Pty Ltd | 647 687 778 |

During the period the Group made a loss for the period after providing for income tax amounted to $48,184.

## SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS

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

## PRINCIPAL ACTIVITIES

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

The Group is mindful that it must constantly assess new opportunities for the Group to ensure the long- term creation of shareholder value.

## EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

In November 2021, the Company entered into a binding heads of agreement with Pinnacle Minerals Limited. Pinnacle Minerals agreed to acquire 100% of the issued capital of the Company for a consideration of 6,000,000 Shares of Pinnacle Minerals Limited at a deemed issue price of $0.20 per share, subject to certain conditions, including successful listing on the ASX.

## FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Company intends to complete the transaction to sell 100% of its issued capital to Pinnacle Minerals Limited and then remain as a 100% subsidiary of Pinnacle Minerals Limited.

Further information, other than as disclosed the Directors' Report, about likely developments in the operations of the Company and the expected results of those operations in future years has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Company.

## ENVIRONMENTAL ISSUES

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

## DIVIDENDS

No dividends were paid or declared during the period. The directors do not recommend the payment of a dividend in respect of the financial period.

## OPTIONS ON ISSUE

There were nil options on issue at the date of this report.

## 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 Group.

## PROCEEDING ON BEHALF OF GROUP

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

## NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the Group and/or Group are important. No non-audit services were provided by the Group's current auditors, Hall Chadwick Audit (WA) Pty Ltd, during the period.

## AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration, as required under section 307C of the Corporations Act 2001 for the period ended 30 June 2021 has been received and can be found on page 7.

This Directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

For, and on behalf of, the Board of the Group,

**Jay Stephenson**
Director
**Date.** 13 December 2021

## AUDITOR'S INDEPENDENCE DECLARATION
## BULK MINERAL HOLDINGS 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 Bulk Mineral Holdings Pty Ltd.

As audit partner of Bulk Mineral Holdings 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

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

Nikki Shen
Director

Dated 13 December 2021

# DIRECTORS' DECLARATION

The directors declare 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 1.2, 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 30 June 2021 and of its performance for the year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Bulk Minerals 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 declaration is made in accordance with a resolution of the directors.

**Mr Jay Stephenson**
Director
**Date. 13 December 2021**

# INDEPENDENT AUDITOR'S REPORT
# TO THE MEMBERS OF BULK MINERAL HOLDINGS PTY LTD

## Report on the Financial Report

## Opinion

We have audited the accompanying consolidated financial report of Bulk Mineral Holdings Pty Ltd and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the director's declaration.

In our opinion, the consolidated financial report of Bulk Mineral Holdings Pty Ltd (the Company) 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 2021 and of its performance for the period ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1.14 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 Group's ability to continue as a going concern and therefore the Group 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 1.2, 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.

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

## 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 Group’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 Group’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 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.

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 Group 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

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

Nikki Shen
Director

Dated 13 December 2021

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS COMPREHENSIVE INCOME

for the period ended 30 June 2021

| | Note | 6 May 2021 to 30 June 2021 $ |
|---|---|---|
| Income | | - |
| Goodwill written off | 6 | (41,694) |
| Audit Fees | 4 | (4,950) |
| Incorporation Costs written off | | (540) |
| Administration Costs | | (1,000) |
| **Loss before income tax expense** | | (48,184) |
| Income tax (benefit)/expense | 5 | - |
| **Loss after tax from continuing operation** | | **(48,184)** |
| Other comprehensive income | | **-** |
| **Total comprehensive loss for the period** | | **(48,184)** |

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2021

| | Note | 2021<br>$ |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | | - |
| Other Receivables – GST | | - |
| **Total current assets** | | - |
| | | |
| **Total assets** | | - |
| | | |
| **Current liabilities** | | |
| Accrued Expenses | | 4,950 |
| Shareholder Loans | 7 | 43,134 |
| **Total current liabilities** | | **48,084** |
| | | |
| **Total liabilities** | | **48,084** |
| | | |
| **Net assets / (liabilities)** | | (48,084) |
| | | |
| **Equity** | | |
| Issued Capital | 2 | 100 |
| Retained profits/ (Accumulated losses) | | (48,184) |
| **Total equity** | | **(48,084)** |

The statement of financial position is to be read in conjunction with the notes to the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2021

| | Issued Capital | Retained profits / Accumulated Losses | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Balance as at 6 May 2021 (date of incorporation)** | - | - | - |
| Shares issues during the period | 100 | - | 100 |
| Loss for the period | | (48,184) | (48,184) |
| Other comprehensive income | - | - | - |
| **Total comprehensive income for the period** | | **(48,184)** | **(48,184)** |
| **Balance as at 30 June 2021** | **100** | **(48,184)** | **(48,084)** |

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS
## for the period ended 30 June 2021

| | Note | 6 May 2021 to 30 June 2021 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Payments to suppliers and employees | | (1,540) |
| Cash receipts from other operating activities | | - |
| Net cash used by operating activities | | **(1,540)** |
| **Cash flows from financing activities** | | |
| Advances from directors / shareholders | | 1,440 |
| Shares issued | | 100 |
| Net cash generated by investing activities | | **1,540** |
| **Net (decrease) / increase in cash and cash equivalents** | | **-** |
| Cash and cash equivalents at the beginning of the period | | **-** |
| **Cash and cash equivalents at the end of the period** | | **-** |

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

# GENERAL INFORMATION

Bulk Mineral Holdings Pty Ltd (**Bulk Mineral Holdings** or the "**Company"**) is a for-profit company limited by shares, domiciled and incorporated in Australia. The financial statements are presented in the Australian currency.

The nature of operations and principal activities of the Group are described in the Directors' Report.

# 1. BASIS OF PREPARATION

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The Company is a proprietary company, incorporated and operating in Australia. The financial report is presented in Australian dollars.

The Company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

## 1.1. ADOPTION OF NEW AND REVISED STANDARDS

### 1.1.1. Changes in accounting policies on initial application of Accounting Standards

Standards and interpretations applicable to 30 June 2021

In the period ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current financial reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

Standards and interpretations on issue not yet effective and adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the period ended 30 June 2021. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations issued but not yet effective and adopted on its business and, therefore, no further disclosures have been made in this regard.

## 1.2. STATEMENT OF COMPLIANCE

The financial report was authorised by the Board of Directors for issue on 13 December 2021.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

## 1.3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## 1.4. INCOME TAX

The charge for current income tax expense is based on the result for the period adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date or reporting date.

Deferred tax is accounted for in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited to profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

## 1.5. FINANCIAL INSTRUMENTS

### 1.5.1. Financial Instruments – assets

### a. Classification

The Group 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.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

### b. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group 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 Group has transferred substantially all the risks and rewards of ownership.

### c. Measurement

At initial recognition, the Group 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 Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group 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. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

ii. Equity Instruments

- The Group subsequently measures all equity investments at fair value. Where the Group'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 Group's right to receive payments is established.

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

## 1.5.2 Financial Instruments - Liabilities

### a. Classification

The Group 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 Group commits to purchase the financial liability. Financial liabilities are derecognised when the Group'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. when:

### c. Measurement

At initial recognition, the Group 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.

## 1.6. IMPAIRMENT OF ASSETS

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

### 1.6.1. Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

### 1.6.2. Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the profit or loss. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

## 1.7. PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

## 1.8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

## 1.9. REVENUE RECOGNITION

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

## 1.10. 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## 1.11. ISSUED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

## 1.12. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation costs are written off in full against profit in the period. Upon completion of the transaction with Pinnacle Minerals Limited the Group will carary 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 period 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.

## 1.13. PRINCIPALS OF CONSOLIDATION

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

### i. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

the fair value of the consideration transferred; plus

the recognised amount of any non-controlling interests in the acquire; plus

if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;

***less***

the net recognised amount of the identifiable assets acquired and liabilities assumed.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill.

If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

**ii. Subsidiaries**

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

A list of controlled entities is contained in Note **Error! Reference source not found.** Interest in Subsidiaries of the financial statements.

**iii. Loss of control**

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

**iv. Transactions eliminated on consolidation**

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

## 1.14. FINANCIAL POSITION

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 Group has incurred a net loss after tax for the period ended 30 June 2021 of $48,184. At 30 June 2021, the Group’s has working capital deficit of $48,084. 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 shareholders have confirmed and agreed to provide continuous financial support to the Group as and when required so as to enable the Group to pay its debts as and when they fall due for the next twelve months from the date of this financial statement. They have further confirmed that they have the financial capacity to do so and that they will not demand the payment of the loans owed by /advanced to the Group as at 30 June 2021 of a total of $43,134 until such time the Group is able to make the repayments.
- Based on the above, the Directors have prepared cash flow forecasts that indicate the Group 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 Group 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 Group not continue as going concern.

## 2. ISSUED CAPITAL

| | 2021<br>No. |
|---|---|
| Fully paid ordinary share | 100 |

| | 2021<br>No. | $ |
|---|---|---|
| Balance at beginning of the period | - | - |
| Shares issued | 100 | 100 |
| Share issue costs | - | - |
| Balance at end of the period | **100** | **100** |

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.

## 3. FINANCIAL INSTRUMENTS

### 3.1. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged during the financial period.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

### 3.2. CATEGORIES OF FINANCIAL INSTRUMENTS

| | 2021<br>$ |
|---|---|
| 3.2.1. FINANCIAL ASSETS | |
| Cash and cash equivalents | - |
| Trade and other receivables | - |
| 3.2.2. FINANCIAL LIABILITIES | |
| Accrued Expenses | 4,950 |
| Shareholder Loans | 43,134 |

### 3.2.3. FINANCIAL RISK MANAGEMENT OBJECTIVES

Credit risk
The Group is not exposed to any material credit risk.

Interest risk
The Group is not exposed to material interest rate risk.

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

The table below analyses the Group'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.

| **2021** | Less than 1 year $ | More than 1 year $ | Total $ |
|---|---|---|---|
| Trade and other payables | 4,950 | - | 4,950 |
| Shareholder Loans | 43,134 | - | 43,134 |
| **Total** | 48,084 | - | 48,084 |

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

## 4. REMUNERATION OF AUDITORS

| | 2021 |
|---|---|
| Audit of the financial report | 4,950 |

## 5. 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:

| | 2021 |
|---|---|
| Prima facie tax payable/ (benefit) on profit / (loss) before income tax at 26% | (12,528) |
| Tax effect of non-deductible expenses | - |
| Tax effect of allowable expenses | - |
| Tax effect of unrecognised tax losses utilised | 12,528 |
| | - |

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 1.4. As at period end, tax loss carried forward amounted to about $48,184.

## 6. BUSINESS COMBINATION

On 16 May 2021, the Company acquired 100% of the issued capital in the following subsidiaries for a consideration of $1 per Share. Each subsidiaries has 100 issued shares:

| Company | ACN |
|---|---|
| Bullseye Geology Pty Ltd | 646 303 693 |
| Eureka Metals Pty Ltd | 646 370 247 |
| Titan Exploration Pty Ltd | 647 687 830 |
| Pegasus Prospecting Pty Ltd | 647 687 287 |
| Open Minerals Pty Ltd | 647 687 778 |

| | $ |
|---|---|
| Considerations transferred | |
| - Cash by way of shareholder loan | 500 |

Assets acquired and liabilities assumed at date of acquisition

| | Acquiree's carrying amount before business combination | Fair value adjustment | Fair value |
|---|---|---|---|
| Shareholder loans | (41,194) | - | (41,194) |
| Goodwill | 41,694 | | 41,694 |
| Consideration | 500 | | 500 |

The goodwill arising on acquisition of $41,694 was written off to the profit and loss statement during the period.

# 7. TRADE AND OTHER PAYABLES

| | 2021 |
|---|---|
| Loan advanced by directors / shareholders | 43,134 |
| Accrued expense - Current | 4,950 |
| | **48,084** |

(i)Loans advanced by directors / shareholders are non-interest bearing and expected to be repaid within the next twelve months.

# 8. COMMITMENTS AND CONTINGENT LIABILITIES

## 8.1 COMMITMENTS

No commitments exist as at the date of this report.

## 8.2 CONTINGENT ASSETS AND LIABILITIES

### 8.2.1 CONTINGENT LIABILITIES

No contingent liabilities exist as at the date of this report.

### 8.2.2 CONTINGENT ASSETS

No contingent assets exist as at the date of this report.

# 9. SUBSEQUENT EVENTS

In November 2021, the Company entered into a binding heads of agreement with Pinnacle Minerals Limited. Pinnacle Minerals agreed to acquire 100% of the issued capital of the Company for a consideration of 6,000,000 Shares of Pinnacle Minerals Limited at a deemed issue price of $0.20 per share, subject to certain conditions, including successful listing on the ASX.