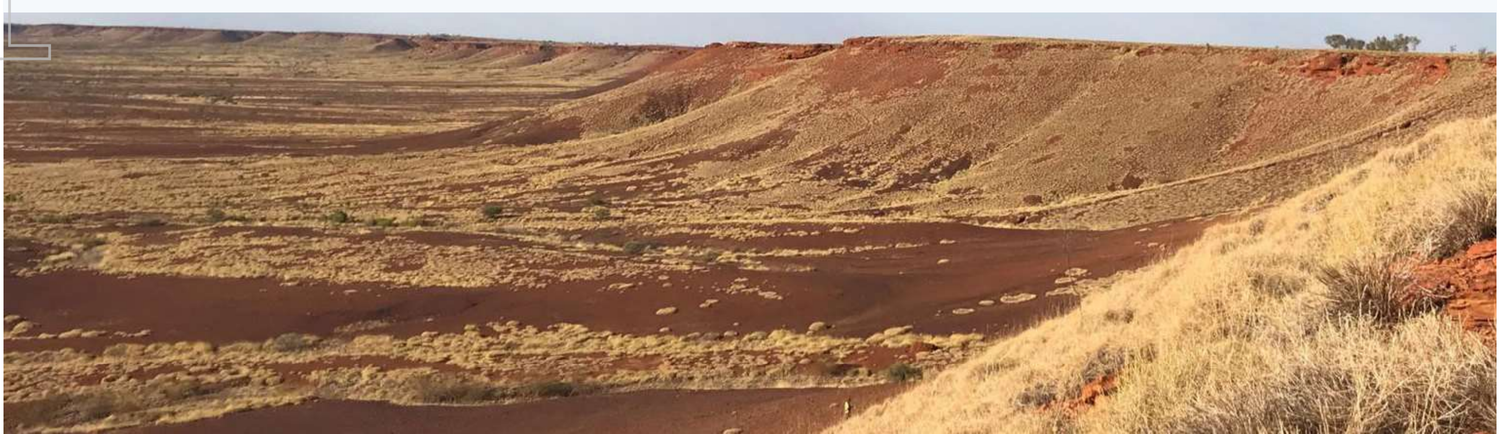
# WA1 RESOURCES LTD

ABN 646 878 631

**FINANCIAL REPORT FOR THE PERIOD 2 JANUARY TO 30 JUNE 2021**



## CORPORATE INFORMATION

### DIRECTORS

| | |
|---|---|
| Paul Savich | Managing Director and Chief Executive Officer |
| Rhys Bradley | Non-Executive Director and Company Secretary |
| Thomas Lyons | Non-Executive Director |

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

2C Loch Street

Nedlands, Western Australia, 6009

### AUDITORS

BDO

38 Station Street

Subiaco, Western Australia, 6008

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Australia

**DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF WA1 RESOURCES LIMITED**

As lead auditor of WA1 Resources Limited for the period ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

**Ashleigh Woodley**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth, 22 September 2021

## DIRECTOR'S REPORT

The Directors present their report, together with the financial statements, of WA1 Resources Ltd ("the Company") 2 January to 30th June 2021.

**Directors**

The following persons were directors of the Company during the whole of the financial period and up to the date of this report, unless otherwise stated:

| | |
|---|---|
| Paul Savich | Managing Director and Chief Executive Officer |
| Rhys Bradley | Non-Executive Director and Company Secretary |
| Thomas Lyons | Non-Executive Director |

**Principal activities and review of operations**

During the period the Company purchased Exploration License E80/5173 from Tali Resources Pty Ltd. In addition, the Company applied for five exploration licenses in the Madura region of Western Australia, along with one exploration license in the East Kimberley Region.

The Company raised total funds of $293,000 through capital raisings conducted in March and May to fund its exploration and corporate activities during the period.

**Operating results**

The net loss after income tax for the period was $49,848.

**Dividends**

No dividends were paid during the Period and no dividend has been declared for the period ended 30 June 2021.

**Significant changes in the state of affairs**

There have been no significant changes in the state of affairs of the Company during the financial period.

**Matters subsequent to the end of the financial Period**

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect, the Company's operations, the results of those operations, or the Company's state of affairs in the future financial years.

**Future Developments**

Brief discussion is included in the 'review of operations'. More detailed information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

**Environmental Regulation**

The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Indemnity and insurance of officers**

The Company has entered into deeds of indemnity with each director and the company secretary whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings.

The Company has paid premiums to insure each of the directors and the company secretary against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The disclosure of the amount of the premium is prohibited by the insurance policy.

**Indemnity and insurance of auditor**

The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

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## DIRECTOR'S REPORT

During the financial period, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**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 any part of those proceedings.

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

The lead auditor's independence declaration is set out on the next page and forms part of the Directors' Report for the period ended 30 June 2021.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Paul Savich

Director

22 September 2021

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## STATEMENT OF COMPREHENSIVE INCOME

**FOR THE PERIOD THROUGHOUT**

| | Note | 2021<br>$ |
|---|---|---|
| Exploration expenses | | (11,810) |
| Administrative expenses | 3 | (38,038) |
| **Loss before income tax** | | **(49,848)** |
| Income tax expense | 4 | - |
| **Loss for the period** | | **(49,848)** |
| Other comprehensive income | | - |
| **Total comprehensive loss for the period** | | **(49,848)** |

The above statement should be read in conjunction with the accompanying notes.

## STATEMENT OF FINANCIAL POSITION

**AS AT**

| | Note | 2021 $ |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | 5 | 206,150 |
| Exploration deposits | 6 | 36,830 |
| Other receivables | 7 | 3,563 |
| **Total current assets** | | **246,543** |
| **Non-current assets** | | |
| Exploration and evaluation assets | 8 | 381,837 |
| **Total non-current assets** | | **381,837** |
| **Total assets** | | **628,380** |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Trade and other payables | 9 | 234,229 |
| **Total current liabilities** | | **234,229** |
| **Total liabilities** | | **234,229** |
| **Net assets** | | **394,151** |
| **EQUITY** | | |
| Share capital | 10 | 443,999 |
| Accumulated losses | | (49,848) |
| **Total equity** | | **394,151** |

The above statement should be read in conjunction with the accompanying notes.

## STATEMENT OF CHANGES IN EQUITY

### FOR THE PERIOD THROUGHOUT

| | Note | Share capital $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| **Balance at incorporation 2 January 2021** | | | | |
| Loss for the period | | - | (49,848) | (49,848) |
| **Total comprehensive loss for the period** | | **-** | **(49,848)** | **(49,848)** |
| Issue of ordinary shares | 10 | 444,000 | - | 444,000 |
| **Balance as 30 June 2021** | | **444,000** | **(49,848)** | **394,152** |

The above statement should be read in conjunction with the accompanying notes.

RESOURCES LTD

## STATEMENT OF CASH FLOWS

**FOR THE PERIOD THROUGHOUT**

| | Note | 2021 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Payments to suppliers and employees | | (19,912) |
| **Net cash used in operating activities** | | **(19,912)** |
| | | |
| **Cash flows from investing activities** | | |
| Payments for exploration deposits | | (48,640) |
| Payments for exploration and evaluation assets | | (19,297) |
| **Net cash used in investing activities** | | **(67,937)** |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from issue of share capital | | 293,999 |
| Proceeds from borrowings | | 45,442 |
| Repayment of borrowings | | (45,442) |
| **Cash flows from financing activities** | | **293,999** |
| | | |
| **Net increase/(decrease) in cash and cash equivalents** | | 206,150 |
| Cash and cash equivalents at the beginning of the period | | - |
| **Cash and cash equivalents at the end of the period** | | **206,150** |

The above statement should be read in conjunction with the accompanying notes.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. REPORTING ENTITY

WA1 Resources Ltd (the 'Company') is a for profit company limited by shares, incorporated on 2 January 2021 and domiciled in Australia. WA1 Resources Ltd is primarily involved in the exploration for mineral resources in Western Australia. The address of the registered office is 2C Loch Street, Nedlands, Perth, WA, 6009.

The financial statements were authorised for issue by the Board of Directors on 22 September 2021.

### 2. BASIS OF PREPARATION

(a) Basis of Preparation

The financial statements are general purpose financial statements for the period ended 30 June 2021 prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial statements of WA1 Resources Ltd also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on historical cost basis and are presented in Australian dollars which is the functional currency of the Company.

(b) Adoption of new and revised accounting standards

In the period ended 30 June 2021, the Company adopted all new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current reporting period.

(c) Going concern

This financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company has incurred a loss after tax of $49,848 and had net cash outflows from operations and investing of $87,849. The Company has no source of operating cash inflows and funds are sourced through capital raising activities. At 30 June 2021, the Company has cash and cash equivalents totalling $206,150 and net working capital (current assets less current liabilities) of $12,314.

The Company continued to actively manage its operating and overhead expenditure by successfully completing a capital raising of $141,000 in May 2021 and $153,000 in March 2021.

The Company's cashflow forecast for the period ending 30 September 2022 reflects that the Company will be required to raise additional working capital during the 12-month period. The Directors consider that the Company is a going concern and recognises that additional funding is required to ensure that it can continue to fund its operations during the twelve-month period from the date of this report. The Directors believe that such additional funding, as the Company has successfully accessed previously, can be derived from raising additional capital to fund the Company's ongoing operational and working capital requirements, as and when required.

Accordingly, the Directors believe that the Company will be able to obtain sufficient funding to enable it to continue as a going concern and that it is appropriate to adopt that basis in the preparation of the financial report.

## 2. BASIS OF PREPARATION (CONTINUED)

(c) Going concern (continued)

In the longer term, the development of economically recoverable mineral deposits found on the Company's existing exploration properties or future exploration properties depends on the ability of the Company to obtain financing through equity financing, debt financing or other means. If the Company's exploration programs are ultimately successful, additional funds will be required to develop the Company's properties and place them into commercial production. The main source of future funds presently available to the Company is the raising of equity capital by the Company. The ability to arrange such funding in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company and its exploration results. The global economic outlook is facing uncertainty due to COVID-19 pandemic, which has created volatility in capital markets and share prices. This may adversely affect the Company's ability to arrange additional funding in the future.

Should the Company be unable to obtain sufficient funding as outlined above, there is a material uncertainty that may cast significant doubt whether it will be able to continue as going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classifications of liabilities that might be necessary should the Company not continue as a going concern.

(d) Segment reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker, which has been identified by the Company as the Chief Executive Officer and other members of the Board of Directors. The Company operates only in one reportable segment being predominantly in the area of mineral exploration in Western Australia.

(e) Estimates and assumptions

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

(i) Recoverability of capitalised exploration and evaluation expenditure and pre-license exploration expenditure

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

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

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

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

(ii) Acquisition of exploration asset under common control

During the period, the entity acquired the West Arunta Project tenement from its parent entity, Tali Resources Pty Ltd for consideration of cash and shares. The transaction has been recognised at the fair value of the asset acquired in accordance with AASB 2 Share-based payments being the deemed fair value of the consideration paid.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. BASIS OF PREPARATION (CONTINUED)

(f) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. When measuring fair value of an asset or liability, the Company uses market observable data as far as possible.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest. A fair value measurement of a non-financial asset takes

into account a market participant's ability to generate economic benefits by using the asset in the highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted (unadjusted) market price in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(f) Income Tax

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity, or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(g) Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(j) Impairment of non-financial assets

Assets are reviewed for impairment at each reporting date to determine if events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are consolidated at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets (cash-generating units).

## NOTES TO THE FINANCIAL STATEMENTS

### 2. BASIS OF PREPARATION (CONTINUED)

Non-financial assets that have been impaired are reviewed for possible reversal of the impairment at each reporting date.

(k) Cash and cash equivalents

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

(l) Exploration deposits

Exploration deposits represent annual tenement rents paid to the Western Australian Department of Mines Industry Regulations and Safety (DMIRS) in advance when application for tenements was made during the year. These amounts are held in trust by the DMIRS pending the grant of the tenements and are refundable if for any reason the tenements do not get granted.

(m) Exploration and evaluation assets

Exploration and evaluation costs are capitalised as exploration and evaluation assets on an area of interest basis. Such costs comprise net direct costs, research and development expenditure and an appropriate portion of related overhead expenditure, but do not include general overheads or administrative expenditure not having a specific connection with a particular area of interest. Costs incurred before the Company has obtained the legal right to explore an area of interest are recognised in profit or loss.

An exploration and evaluation asset is only recognised if the right to the area of interest is current and either:

- the expenditure is expected to be recouped through successful development and exploitation of an area of interest, or by its sale; or
- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in or in relation to the area of interest are continuing.

Accumulated costs in respect of areas of interest are recognised in profit or loss when the above criteria do not apply or when the directors assess that the carrying value may exceed the recoverable amount.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development. The aggregated cost is first tested for impairment and then reclassified from exploration and evaluation assets to mining property and development assets within property, plant and equipment. The costs of a productive area are amortised over the life of the area of interest to which such costs relate on the production output basis.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount of the asset exceeds the recoverable amount. Such indicators of impairment include the following:

- the right to explore has expired during the period or will expire in the near future and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration and evaluation in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or
- sufficient data exists to indicate that the carrying amount of the asset is unlikely to be recovered in full from successful development or by sale even if development in the specific area is likely to proceed.

For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units consistent with exploration activity. The cash generating units are not larger than the areas of interest.

(n) Trade and other payables

Trade amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition. Other payables represent liabilities of the company with payment terms less than 12 months that are outside the general nature of business expenses.

## 2. BASIS OF PREPARATION (CONTINUED)

(o) 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 reduction of the share proceeds received.

(p) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(q) Financial Assets

Financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit and loss.

(i) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(ii) Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for amortised cost are measured at fair value through profit and loss.

### 3. ADMINISTRATIVE EXPENSES

| | 2021<br>$ |
|---|---|
| ASIC Fees | (5,082) |
| External professional fees | (29,148) |
| Insurances | (2,892) |
| Other expenses | (916) |
| | **(38,038)** |

### 4. INCOME TAX

| | 2021<br>$ |
|---|---|
| **Reconciliation between tax expense and pre-tax accounting loss** | |
| Loss for the period | (49,848) |
| Income tax using the Company's domestic tax rate 26% | (12,960) |
| Changes in unrecognised temporary difference | (12,960) |
| **Income tax expense** | - |
| | |
| **Unrecognised deferred tax asset** | |
| Deferred tax asset calculated at 26% have not been recognised in respect to the following items: | |
| | |
| **Deductible temporary differences** | - |
| Tax losses carried forward | 18,096 |
| Tax losses and temporary differences brought to account to reduce the provision for deferred tax liabilities | (9,207) |
| | **9,699** |

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Company can utilise the benefits.

| | 2021<br>$ |
|---|---|
| **Provision for deferred tax liability** | |
| Deferred tax liability comprises the estimated expense at the applicable rate of 26% (2020: 27.5%) on the following items: | 9,207 |
| | |
| **Exploration and evaluation assets** | |
| Deferred tax asset attributable to tax losses and temporary differences brought to account to reduce the provision for deferred income tax | (9,207) |
| | - |

## 5. CASH AND CASH EQUIVALENTS

| | 2021 $ |
|---|---|
| Cash and bank balances | 206,150 |
| | **206,150** |

Cash at bank earns interest at floating rates based on daily bank deposit rates.

## 6. EXPLORATION DEPOSITS

| | 2021 $ |
|---|---|
| Tenement Rent (DMIRS) | 36,830 |
| | **36,830** |

Exploration deposits represent annual tenement rents paid to the Western Australian Department of Mines Industry Regulations and Safety (DMIRS) in advance when application for tenements was made during the year. These amounts are held in trust by the DMIRS pending the grant of the tenements and are refundable if for any reason the tenements do not get granted.

## 7. OTHER RECEIVABLES

| | 2021 $ |
|---|---|
| Net tax receivable (GST) | 3,563 |
| | **3,563** |

## 8. EXPLORATION AND EVALUATION ASSETS

| | 2021 $ |
|---|---|
| Initial recognition at fair value | 362,540 |
| Additions | 19,297 |
| | **381,837** |

During the period, Tali Resources Pty Ltd ('Tali') agreed to transfer and divest its interests in one of its granted tenements within the West Arunta Project. Tali received 7,500,000 shares at $0.02 per share in the Company for a total consideration of $150,000 and will receive $200,000 cash at the earlier of the admission to the Australian Stock Exchange ('ASX') or twelve months.

The carrying amount of the exploration and evaluation asset at 30 June 2021 relates to the exploration capitalised on the West Arunta Project.

At 30 June 2021, the Company assessed the carry amount of the assets for impairment. No impairment triggers were present.

## 9. TRADE AND OTHER PAYABLES

| | 2021 $ |
|---|---|
| Trade payables | 689 |
| Accrued expenses | 33,540 |
| Consideration payable | 200,000 |
| | **234,229** |

$200,000 is payable to Tali Resources Pty Ltd ('Tali') as consideration for its divestment in one of its granted tenements within the West Arunta Project. This amount is payable at the earlier of the admission to the Australian Stock Exchange ('ASX') or twelve months.

## 10. CONTRIBUTED EQUITY

| | 2021 | |
|---|---|---|
| | **Number** | **$** |
| Share capital | | |
| Fully paid ordinary shares | 17,500,000 | |
| | | |
| Balance at incorporation | - | - |
| Issue of fully paid ordinary shares at $0.02 | 7,500,000 | 150,000 |
| Issue of fully paid ordinary shares at $0.02 | 7,650,000 | 153,000 |
| Issue of fully paid ordinary shares at $0.06 | 2,350,000 | 141,000 |
| Balance at 30 June 2021 | **17,500,000** | **444,000** |

Tali Resources Pty Ltd ('Tali') received 7,500,000 shares at $0.02 per share as part consideration for the divestment in one of its granted tenements part of the West Arunta Project.

All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

## 11. SHARE BASED PAYMENTS

During the period, the Company issued 7,500,000 shares at a deemed issue price of $0.02 per share to acquire the tenement E80/5173 West Arunta exploration asset. The total share-based payment amount of $150,000 has been capitalised to the exploration asset.

## 12. STATEMENT OF CASH FLOWS

| | 2021<br>$ |
|---|---|
| (a) Reconciliation of cash flows from operating activities | |
| Loss for the period | (49,848) |
| | |
| Adjustments for: | |
| Payments for exploration deposits | 11,810 |
| | |
| Change in operating assets and liabilities | |
| Decrease / (increase) in other receivables | (3,563) |
| Increase /(decrease) in trade and other payables | 21,689 |
| | **(19,912)** |

(b) Non-cash financing and investing activities

$150,000 of shares were issued as consideration to Tali Resources Pty Ltd ('Tali') as part of the acquisition of one of its granted tenements.

## 13. COMMITMENTS

(a) Exploration commitments

As a condition of retaining right to explore its mining tenements, the Company is required to pay an annual rental and incur a minimum level of expenditure for each tenement.

Outstanding exploration commitments are as follows:

| Project | Within 1 year | Between 2 - 3years | Total |
|---|---|---|---|
| Exploration expenditure | 172,424 | 190,938 | 363,362 |
| **Total** | **172,424** | **190,938** | **363,362** |

The Company has no expenditure commitments on mining tenements which have not been granted.

## 14. CONTINGENCIES

The Company had no contingent assets or liabilities at reporting date.

## 15. RELATED PARTY TRANSACTIONS

During the period, Tali Resources Pty Ltd ('Tali') agreed to transfer and divest its interests in one of its granted tenements within the West Arunta Project. Tali received 7,500,000 shares at $0.02 per share in the Company for a total consideration of $150,000 and will receive $200,000 cash at the earlier of the admission to the Australian Stock Exchange ('ASX') or twelve months.

## 16. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market, liquidity and credit risks arising from its financial instruments.

The Company's management of financial risk is aimed at ensuring net cash flows are sufficient to meet all its financial commitments and maintain the capacity to fund its exploration and evaluation activities, which primarily relate to the West Arunta Project. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of risk.

Market (including interest rate risk), liquidity and credit risks arise in the normal course of business. These risks are managed under Board approved treasury processes and transactions.

The principal financial instruments as at reporting date include cash, exploration deposits and payables.

This note presents information about exposures to the above risks, the objectives, policies, and processes for measuring and managing risk, and the management of capital.

(a) Liquidity risk

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash is available to meet the current and future commitments. Due to the nature of the Company's activities, being mineral exploration and evaluation, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings.

The Board of Directors constantly monitors the state of equity markets in conjunction with the Company's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Company are confined to trade and other payables. Trade and other payables are non-interest bearing and are due within 12 months of the reporting date.

(b) Credit risk

*Exposure to credit risk*

The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | **2021** |
|---|---|
| | **$** |
| Cash and cash equivalents | 206,150 |
| Exploration deposits | 36,830 |
| | **242,980** |

The Company's significant concentration of credit risk is cash, which is held with major Australian Banks with Aa3 credit rating and accordingly the credit risk exposure is minimal. Exploration deposits are held by DMIRS a reputable government institution.

(c) Fair values

The current term deposits, receivables and payables carrying values approximate their fair values due to the short term-maturities of these instruments.

(d) Capital management

The Board's policy is to preserve a strong capital base and maintain investor and equity market confidence in order to sustain the Company's exploration and evaluation activities and supporting functions.

The capital structure of the Company consists of equity attributable to equity holders, comprising issued capital, and retained earnings.

### 17. REMUNERATION OF AUDITORS

During the period a fee quote was received from the auditor:

| | 2021<br>$ |
|---|---|
| Category 1 - fees to the Company auditor for: | |
| (i) Auditing the statutory financial report of the parent covering the Company | 21,000 |
| (ii) Auditing the statutory financial report of any controlled entities | - |
| | **21,000** |

No fees were paid or payable for non-audit services by the auditor or any network firm of the auditor.

### 18. EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting date.

RESOURCES LTD

## DIRECTORS' DECLARATION

In the opinion of the directors of WA1 Resources Ltd ('the Company'):

- The attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- The attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date;
- There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

Paul Savich

Managing Director and Chief Executive Officer

Perth

22 September 2021

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Australia



**INDEPENDENT AUDITOR'S REPORT**

To the members of WA1 Resources Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of WA1 Resources Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of WA1 Resources Limited, 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 financial performance for the period ended on that date; 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 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 (including Independence Standards)* (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.

## Material uncertainty related to going concern

We draw attention to Note 1(c) in 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 entity's ability to continue as a going concern and therefore the entity 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.

## Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

## Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

**BDO Audit (WA) Pty Ltd**

BDO

**Ashleigh Woodley**

**Director**

Perth, 22 September 2021