Tartana Resources Limited and Controlled Entities

Annual report for the year ended 30 June 2020

ABN 90 126 905 726

Tartana Resources Limited and Controlled Entities
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30 June 2020

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Directors' Report
30 June 2020

The directors of Tartana Resources Limited submit the annual report of the consolidated entity ("the group") consisting of Tartana Resources Limited ("the company") and the entities it controlled at the end of, or during the financial year ended 30 June 2020. The directors report as follows:

Directors

The names of each person who has been a director during the period and to the date of this report are:

Stephen B Bartrop	Appointed 31 January 2017
Qualifications	PhD, BSc (Hons), Grad. Dip. Securities Instit, MAusIMM, F Fin, MSEG, GAICD
Experience	Steve's professional experience spans more than 30 years covering periods in both the mining industry and financial sector. With a geology background, Steve has worked in exploration, feasibility and evaluation studies and mining in a range of commodities and in different parts of the world. In the financial sector, Steve has been involved in research, corporate transactions and IPOs spanning a period of more than 20 years, including senior roles at JPMorgan, Bankers Trust and Macquarie Equities. Steve is also Chairman of Stibium Mining Pty Ltd, a company which operates a gold mine in South Africa, and is a director of South West Pacific Bauxite (HK) Ltd, a company developing a bauxite project in the Solomon Islands. He is also Chairman of Breakaway Investment Group Pty Limited and Breakaway research Pty limited. Also, sits on the Nomination & Remuneration Committee.
Bruce Hills	Appointed 19 September 2017
Qualifications	BCom, CA (NZ)
Experience	Bruce is an accountant and is currently an Executive Director of Breakaway Investment Group Pty Limited which operates the Breakaway Private Equity Emerging Resources Fund. Bruce is a Director of a number of unlisted companies in the mining and financial services sectors including The Risk Board and Stibium Australia. Bruce has 35 years' experience in the financial sector including 20 years in the banking industry primarily in the areas of strategy, finance and risk. Also, sits on the Audit & Risk and Corporate Governance Committees.
Peter Rohner	Resigned 12 August 2020
Qualifications	BSc Metallurgy, Grad Dip Applied Finance & Investment
Experience	Peter has over 30 years' experience in the mining industry and has been involved in mineral processing technology development including development of the Jameson flotation cell, Isa Mill fine grinding and more recently had significant involvement in further development of Glencore's Albion Process (fine grind oxidative leach) technology. Peter is also currently Technical Director of the Core Group of companies which provides metallurgical processing solutions to its global clients. Also, sits on the Audit & Risk Committee.

Robert J Waring	Appointed 09 July 2014
Qualifications	BEc, CA, FCIS, FFin, FAICD, MAusIMM
Experience	Robert Waring has over 40 years' experience in financial accounting and company secretarial roles, principally in the resources industry. He is involved as Company Secretary of a number of public companies listed on the Australian Securities Exchange. Robert has specialist skills in the preparation of company prospectuses, due diligence work and financial assessment of projects and companies. He has a keen interest in the equity markets. Robert is a founding Executive Director of Oakhill Hamilton Pty Ltd. Also, sits on the Audit & Risk, Nomination & Remuneration and Corporate Governance Committees.

Craig Nettelbeck	Resigned 10 November 2020
Qualifications	
Experience	Craig's business experience began over 20 years ago and has covered a broad range of industry sectors. Originally in professional sport, Craig has held director positions in a number of companies across financial, agricultural, sports management, financial advisories and mining companies. Specializing in project management, capital raising and contract negotiations, Craig has played an integral role in a number of IPO's and complex corporate transactions. Craig currently is a director of Dover Castle Metals an up and coming metals explorer in the same geological region to the Tartana Chillagoe site and has been responsible for the corporate governance and capital raising for this project. Also sits on Nomination & Remuneration and Corporate Governance Committees.

Company secretary

Veronique Morgan-Smith – LLB Hons (UK), MBDE (Fr), CAPA (Fr), Law Dip. (Aus) holds the position of Company Secretary. Veronique was appointed as Company Secretary and In-House legal Counsel in September 2017. Veronique has 20 years' experience as a corporate transactions lawyer, both in major international law firms and in-house, as an Australian solicitor and a French avocat. Her broad practice includes domestic and cross border transactions and joint ventures in various legal systems. Veronique uses her varied legal expertise to assist the Board in corporate governance and compliance matters, capital raisings and project acquisition.

Principal activities

The principal activities of the group comprise of minerals exploration, with four mining leases in the Tartana Copper and Zinc Project in northern Queensland, planned copper sulphate production using existing open pit, heap leach pads and a solvent extraction/crystallization plant that has been in care and maintenance since 2014. The company also has mineral exploration tenements in Queensland at Mt Hess Copper/Gold Project and the Amber Creek Molybdenum/ Tin/ Tungsten project. The Company also holds the Zeehan Slag Project. On 17 August 2020 the company entered into a contract to sell the slag. Over the next twenty months the company will mine and transport the slag to the Port of Burnie for export.

There were no other significant changes in the group's activities during the year.

Financial result

The consolidated loss of the group after providing income tax for the year ended 30 June 2020 was a loss of $978,398 (2019: loss $1,359,423).

The net assets of the group decreased by $710,322 from $5,357,133 at 30 June 2019 to $4,646,811 at 30 June 2020, principally due to the increase in borrowings during the year; increased expenditure on exploration; repayment of non-current borrowings associated with the Zeehan Slag acquisition offset by the group's loss for the year of $978,398.

Dividends

In respect of the year ended 30 June 2020, no final dividend was paid.

Changes in the state of affairs

COVID 19 and the resulting economic fall-out have created unprecedented market conditions. As at the date these financial statements are authorised for issue, the directors of the company considered that the financial effects of COVID-19 on the group's consolidated financial statements cannot be reasonably estimated for future financial periods. However, the directors consider that the general economic impacts arising from COVID-19 are not expected to have a material negative impact on the operations on the year ending 2021. There was no significant change in the state of affairs of the group during the year ended 30 June 2020.

Review of operations

During the year the company continued to advance its key strategic projects. On 24 June 2019 the company lodged a prospectus as part of an Initial Public Offering (IPO) for listing on the ASX. This offer was withdrawn on 9 June 2020.

On 18 December 2019 the Board authorised the issue of a maximum of 7.5 million unsecured convertible notes of $0.20 each (**Convertible Notes**) to raise $1,500,000 to a limited number of sophisticated or professional investors (pursuant to section 708 of the Corporations Act) to fund the progression of its key strategic projects. The company received applications for and issued Convertible Notes to the value of $750,000 during the year ended 30 June 2020. In addition, as part of the funding of on-going activities the company's received $ 32,000 from Directors or related party entities of the Directors.

In July last year, just after the Company commenced its IPO, Denham Capital announced that it was seeking a purchaser for Auctus. These assets are adjacent to Tartana's mining leases in North Queensland and would have provided attractive strategic synergies. Early in 2020 Denham Capital placed Auctus Resources into voluntary administration after its earlier sales process did not complete. In early May 2020, Tartana provided an indicative conditional and non-binding offer to the Administrators however this was unsuccessful.

<u>Acquisitions</u>

During the year the Company has been reviewing a range of opportunities to round out our copper project portfolio and enhance our position for a future listing. Since year end the Company acquired a private company called Mother Lode Pty Ltd that holds two advanced exploration projects namely Bellevue Copper-Gold Project and Dimbulah Copper Porphyry Project, signed an option agreement over the Nightflower silver project and applied for two new mining leases and one exploration permit covering the Cardross Copper and mountain Maid gold projects.

The Bellevue Project comprises 25 km of a prospective chert – basalt contact zone within the OK Member stratigraphy It features 10 historic geophysical anomalies identified by consultant geophysicists. The main prospect wholly within EPM27304 is "Mitchell Surprise". In the early 1940s a 16- tonne bulk sample of primary ore from a cross-cut at 37 m depth averaged 3.8%-4.4% Cu over a 7.6m width. Historic drill intersections up to 10 m @ 3.85% Cu, 2.41% Zn & 1.47 g/t Au were identified at the OK North Project. This project offers the scope to identify copper sulphide mineralisation (this may have the potential to provide a future feed source for the nearby Mungana processing plant while copper oxide mineralisation may provide additional ore sources to our future copper sulphate production).

The Dimbulah Project Copper-mineralised, multi-phase porphyry intrusive indicated by detailed geological mapping, geophysics and alteration (including alunite alteration evident in a mountain range extending from the southeast). Geographically, there are two separate mineralised zones with copper intersections (including a sulphide drill intercept of 9.1 m @ 0.62% Cu in the west) and an oxide zone (30 m @ 0.60% Cu drilled below old workings in the east with surface channel sampling of 15 m @ 1.51% Cu. Only two out of 50 historical drill holes have been deeper than 110 m depth. While the main target is a significant copper sulphide orebody at depth, previous explorers have noted the potential to identify up to 2 Mt @ 0.5% Cu oxide mineralisation. This has the potential of providing future ore sources for our copper sulphate plant.

The Nightflower Silver project is covered by the EPM 27595 application. Previous explorers have estimated an exploration target of 1.7 – 2 million tonnes @ 4-6 oz Ag, 2-4% Zn 1-2% Zn 0.1 – 0.5% Cu & 0.5 – 1g/t Au inclusive of an existing Indicated Resource of 558,000t at similar grades.

As part its application for the 2 mining leases for Cardross and Mountain Maid, the company has reworked drilling data at Cardross to provide the following inferred resources using a 0.2% Cu cut-off grad - 266,709 @ 0.47% Cu (oxide) and 1,629,830 t @ 0.58 % Cu & 0.15 g/t Au (sulphide). At Mountain Maid, previous resource estimates conducted by Hellman and Schofield reported an inferred resource of 72,000,000 tonnes at 0.23 g/t Au for 532,000 oz Au using a 0.10g/t Au cut-off grade, or 21,000,000 tonnes at 0.38 g/t Au for 257,000 oz Au at a 0.25g/t Au cut-off grade

Figure 1. Cardross drilling by Solomons Mines in 2012.

Zeehan Zinc Low Grade Furnace Slag/ Matte Project

During the year the Company explored a number of opportunities to monetise the slag. This project holds two old slag heaps on the old Zeehan smelter site with an JORC 2012 Compliant Indicated Resource of 469,000 tonnes at 13.3% ZN, 17% Pb, 53 g/t Ag.

Figure 2. Burnie Port Concentrate Storage and Loading.

Following year end the Company announced it had signed an agreement with MCC Non-Ferrous Trading LLC for the export sales of the zinc matte/slag in a contract valued at around US$20 million. The agreement calls for regular 10,000 to 30,000 tonne shipments per month. The agreement includes a fixed price revenue FOB Port of Burnie with price escalation clauses to offset adverse AUD/USD movements. The Company has negotiated material recovery, hauling and loading operations with local suppliers. The first shipment was made on 25 September 2020.

Figure 3 Below – Loading of the Second Shipment in late November 2020.

<u>The Tartana/Copper Zinc Project</u>

The Tartana/Copper Zinc Project is the flagship project of the Company and comprises four granted mining leases and the company has defined four separate projects. These are the Oxide Copper project, the Deeper Copper Sulphide project, the Valentino copper-gold-silver cobalt project and the Queen Grade zinc project.

In the year ended the Company has been focused on the Oxide Copper Project and restarting of copper sulphate production. The plan is that copper will be sourced initially from the ponds and the heaps, and later from supergene ore within the old open pit and from oxide mineralisation to the north of the pit. The Company has developed a drill plan for the supergene copper mineralisation in the open pit and the oxide. The Company is also investigating other oxide copper resources in the region to underpin a long-term business. The Company has undertaken studies on process flow sheets, securing third party quotes for capital items and estimating operating costs. This included a preliminary assessment of the plant equipment and preparation of a process flow sheet by Core Resources; detailed assessment of the electrical equipment including a upgrade plan and heap pad confirmatory sampling The Company has engaged with copper sulphate traders, which are interested in marketing the copper sulphate and assisting with financing the restart capex.

Figure 4. Tartana sampling the fill material in the old pit at the Tartana mine site

The Valentino Project is interpreted as a splay off the main porphyry mineralization and has elevated copper-cobalt and gold levels relative to the open pit mineralization at surface. Further geological interpretation of the limited drilling and geophysics suggests that mineralisation is increasing in a north plunging direction and which has not been tested by previous drilling. There is also a northeast plunging lobe which has not been tested. Since year end the company has reviewed the Tartana mining leases for gold mineralisation intersected in historical drilling. The review has highlighted that gold mineralisation appears to have focused toward the east at the Valentino project as well as to the north of the porphyry.

Lastly, the Queen Grade zinc project is interpreted to be a zinc-rich skarn which plunges to the north. Drilling will target extensions down plunge to the north. This project has a similar mineralization style to the Auctus Resources King Vol zinc mine.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the group, the results of those operations, or the state of affairs of the group in future financial years other than:

- On 30 July 2020, the company undertook a Private Placement of 2.0 million fully paid ordinary shares at 12.5 cents raising $250,000.
- On 31 July 2020, the company issued 4.0 million fully paid ordinary shares to the shareholders of Mother Lode Pty Ltd as consideration for the acquisition of all the issued capital of Mother Lode Pty Ltd.
- On 17 August 2020 the company signed a contract with MCC Non-Ferrous Trading LLC for the purchase of 400,000 wet metric tonnes (plus/ minus 10%) at a fixed price of US 41.50 dry metric tonne FOB Burnie. The contract includes a price escalation clause to offset adverse AUD/USD movements and is subject to the successful completion of two trial shipments and the company obtaining Tasmanian Government approval to mine and export the material. The company has approval for the two trial shipments.
- On 3 December 2020 the company signed a binding Implementation Deed for Tartana would be acquired by R3D Global Limited ACN 111 398 040 (ASX:R3D). The Deed sets out the essential terms of the takeover by R3D of Tartana and if successful, the existing shareholders of the R3D will lose control of the R3D, the company thus effecting a reverse takeover of R3D. R3D has received favourable advice by the ASX for the proposed re-listing of R3D on the basis of the acquisition of Tartana, a successful capital raising in early 2021, and an application for re-listing lodged with the ASX prior to 18 February 2021. The essential terms of the transaction are an offer by R3D to Tartana Security Holders (subject to conditions precedents and other terms) of one (1) R3D Share per each Tartana Share held by a Tartana Security Holder; one (1) R3D Option per each five (5) Tartana Shares held by a Tartana Security Holder; and one (1) R3D Option per each Tartana Option held by a Tartana Security Holder;
- On 7 December 2020 the company finalised a private placement targeting sophisticated and professional investors raising $825,228 comprising 6,601,827 fully paid ordinary shares at 12.5 cents.

Environmental regulations

The Executive Chairman reports to the Board on all significant safety, health and environmental incidents. The Board also has a Risk Committee

The Company holds mining licenses issued by the Queensland Department of Natural Resources, Mining and Energy and Mineral Resources of Tasmania. The licence conditions include those related to the environment including the deposit of a bond for environmental rehabilitation and the environmental restoration for damage caused on the mining license.

When Tartana acquired the mining leases north of Chillagoe it was advised that two water monitoring boreholes were reporting electrical conductivity and sulphate levels above the maximum threshold levels and the Company was required to produce an Environmental Evaluation Report. As Tartana has kept the operation on care and maintenance the Directors believe that the high electrical conductivities and sulphate levels were legacy issues from the previous owners. The Company provided an Environmental Evaluation Report in January 2020 and while the Department required further work to be carried out, it offered to work with Tartana to resolve the cause of these high readings. Tartana has since engaged a new consultant who advises that the increases in electrical conductivities and sulphate levels were increasing in 2012 after an environmental incident at the mine. There have been no new breaches of licence conditions during the period.

Climate Change

The company activities are assessed as having a relatively low energy intensity, producing low exposure to climate change risks related to the transition to a lower carbon economy.

The company's activities may be carried out at sites that are vulnerable to physical climate impacts. Extreme weather events have the potential to damage infrastructure and disrupt or delay business activities. The company is enhancing its site-specific risk management plans to ensure that this risk factor is considered.

Directors' meetings

The following table sets out the number of directors' meetings held during the year ended 30 June 2020 and the number of meetings attended by each director. During the period, 9 board meetings were held.

	Board of Directors	
Name	Held	Attended
Stephen B Bartrop	9	9
Robert J Waring	9	9
Bruce Hills	9	9
Peter Rohner	9	9
Craig Nettelbeck	9	6

Remuneration of key management personnel

2020	Short-term Employee benefits		Post-employment benefits	Share Based Payments	Total
Directors	Salary and Directors fees $	Consulting fees $	Superannuation $	Options $	$
Stephen B Bartrop	-	249,980	-	-	249,980
Robert J Waring	-	27,056	-	-	27,056
Bruce Hills	-	102,785	-	-	102,785
Peter Rohner	-	33,714	-	-	33,714
Craig Nettelbeck	-	0	-	-	0
		413,535		-	413,535

2019	Short-term Employee benefits		Post-employment benefits	Share based payments	Total
Directors	Salary and Directors Fees $	Consulting fees $	Options $	Options $	$
Stephen B Bartrop		272,000	-	-	272,000
Robert J Waring		47,357	-	-	47,357
Bruce Hills		153,105	-	-	153,105
Peter Rohner		47,255	-	-	47,255
Craig Nettelbeck		54,000		14,000	68,000
		573,717		14,000	587,717

Transactions with associates of Directors

In the prior year Breakaway Mining Services Pty Ltd, a company that S Bartrop and B Hills are Directors of, and have a financial interest in provided technical service, including the services of Veronique Morgan-Smith. These services were provided under normal commercial terms and conditions. S. Bartrop is a Director of, and has a financial interest in Breakaway Mining Research Pty Ltd that provided office services to the company. These services were provided under normal commercial terms and conditions, and fees totalled $10,698 in FY20 Until 17 June 2020 S Bartrop was a Director of, and had a financial interest in Bluespoint Mining Services Pty Ltd, a company that provided technical services to the company during the year. These services were provided under normal commercial terms and conditions and fees totalled $88,800. During the year Core Metallurgy, a company that P Rohner is a Director of and has a financial interest in provided technical services to the Company. These services were provided under normal commercial terms and conditions and fees totalled $44,668 in FY20.

Options

Unissued shares under option.

At the date of this report, the unissued ordinary shares of Tartana Resources Limited under option are as follows:

	Date of Expiry	Exercise Price $	Number under Option
Unlisted share options	8 March 2022	0.40	11,000,000
Unlisted share options	29 November 2022	0.40	2,500,000

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification and insurance of officers and auditors

There were indemnities given and insurance premiums paid, during or since the end of the half-year, for any person who is or has been an officer or director of Tartana Resources Limited. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on behalf of company

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

The company was not a party to any such proceedings during the period.

Auditor's independence declaration

The auditor's independence declaration is included after this report.

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

On behalf of the Directors

Director: ....
Dated:8 December 2020

Auditor's Independence Declaration

To the directors of Tartana Resources Limited

As engagement partner for the audit of Tartana Resources Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

BDJ Partners

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Anthony Dowell
Partner

7 December 2020

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Audit

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Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2020

	Note	Consolidated 30 June 2020 $	30 June 2019 $
Revenue	3	33,782	37,410
Administration Costs		(25,402)	(72,122)
Consulting Fees		(422,785)	(602,794)
Corporate Costs		(182,508)	(277,356)
Depreciation and amortisation expense		(134,214)	(103,659)
Exploration Expenses		(85,749)	(117,843)
Registration Fees		-	(17,384)
Rent		-	(13,833)
Other expenses		(161,522)	(166,957)
Share based payments		-	(24,885)
Profit/(Loss) before tax	4	(978,398)	(1,359,423)
Income tax benefit	5	-	-
Profit/(Loss) for the period		(978,398)	(1,359,423)
Other comprehensive income for the period			
Total comprehensive income/ (loss) for the period		(978,398)	(1,359,423)
Total comprehensive income/ (loss) attributable to:			
Owners of the company		(978,398)	(1,359,423)
(Losses)/Earnings per share			
Basic	6	(0.0172)	(0.0320)
Diluted	6	(0.0172)	(0.0320)

Tartana Resources Limited and Controlled Entities
ABN 90 126 905 726

Consolidated statement of financial position
As at 30 June 2020

	Note	Consolidated 30 June 2020 $	30 June 2019 $
Assets			
Cash and cash equivalents	21	2,711	30,943
Trade and other receivables	7	1,189	50,158
Other current assets	8	49,435	44,422
Inventory	9	176,000	176,000
Total current assets		229,335	301,523
Non-current assets			
Intangible assets – Goodwill	12	1,984,619	1,984,619
Plant and Equipment	10	2,776,150	2,766,064
Right-of-use asset	11	95,328	-
Exploration Expenditure	13	1,228,779	868,381
Other non-current assets	8	586,400	586,400
Total Non-current assets		6,671,276	6,205,464
Total assets		6,900,611	6,506,987
Liabilities			
Current liabilities			
Trade and other payables	14	1,176,410	731,884
Other liabilities		15,681	22,874
Borrowings	17	281,644	-
Lease liabilities	15	55,288	-
Loan from Director	16	178,762	145,096
Total current liabilities		1,707,785	899,854
Non-Current liabilities			
Lease liabilities	15	46,015	-
Borrowings	17	500,000	250,000
Total non-current liabilities		546,015	250,000
Total liabilities		2,253,800	1,149,854
Net assets		4,646,811	5,357,133
Equity			
Issued capital	18	8,186,013	7,917,937
Accumulated losses	19	(3,625,687)	(2,647,289)
Reserve	20	86,485	86,485
Total equity		4,646,811	5,357,133

The accompanying notes form part of these financial statements

Consolidated statement of changes in equity
As at 30 June 2020

Consolidated	Note	Issued capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2018		5,700,183	61,600	(1,287,866)	4,473,917
Shares issued during the year		2,225,504			2,225,504
Total comprehensive income/(loss) for the year				(1,359,423)	(1,359,423)
Costs of capital raising		(7,750)			(7,750)
Share based payments			24,885		24,885
Balance at 30 June 2019		7,917,937	86,485	(2,647,289)	5,357,133

Consolidated	Note	Issued capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2019		7,917,937	86,485	(2,647,289)	5,357,133
Shares issued during the year		268,076			268,076
Total comprehensive income/(loss) for the year				(978,398)	(978,398)
Costs of capital raising					
Share based payments					
Balance at 30 June 2020		8,186,013	86,485	(3,625,687)	4,646,811

Consolidated statement of cash flows
for the year ended 30 June 2020

	Note	Consolidated 30 June 2020 $	Consolidated 30 June 2019 $
Cash flows from operating activities			
Interest received		15,603	15,163
Receipts from operating activities		19,541	23,977
Payments to suppliers and employees		(501,056)	(1,068,366)
Interest paid		(16,796)	
Net cash generated by (used in) operating activities	21(b)	(482,708)	(1,028,776)
Cash flows from investing activities			
Payments for deposits		-	(24,500
Payments for exploration expenditure		(190,599)	(297,346)
Refund from (payment for) business combinations		-	250,000
Purchase of plant & equipment		(89,827)	(12,851)
Net cash generated by/ (used in) investing activities		(280,426)	(84,697)
Cash flows from financing activities			
Receipts from issuing shares		-	932,771
Receipts from loans		783,400	145,096
Repayment of lease liabilities		(48,498)	
Net cash generated by/ (used in) financing activities		734,902	1,077,867
Net increase/(decrease) in cash and cash equivalents		(28,232)	(35,606)
Cash and cash equivalents at the beginning of the year		30,943	66,549
Cash and cash equivalents at the end of the year	21(a)	2,711	30,943

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1.**General Information**

Tartana Resources Limited (the "company") is a public company incorporated in Australia. The address of its registered office and principal place of business is as follows:

169 Blues Point Road
McMahons Point
NSW 2069

The principal activity of the group during the period was exploration for minerals.

These consolidated financial statements and notes represent Tartana Resources Limited ('the company") and its controlled entities (the "group").

2.**Significant accounting policies**

State of compliance

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 financial statements comprise the consolidated financial statements of the group. For the purposes of preparing the consolidated financial statements, the company is a for-profit entity.

The 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. Accounting Standards include Australian Accounting Standards (ÄAS'). Compliance with AAS ensures that the financial statements and the notes of the group comply with International Financial Reporting Standards (ÍRFS').

The financial statements were authorised for issue by the directors on 7 December 2020

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for the measurement and/ or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2 and measurements that have some similarities to fair value but are not fair value, such as net realizable value in AASB 102 Inventories value in use in AASB 136 Impairment of Assets'.

2. Significant accounting policies (cont’d)

The principal accounting policies are set out below.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and the entities controlled by the company (its subsidiaries) made up to 30 June each year. Control, is achieved when the company:

- Has the power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affects its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the company has less that a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company’s voting rights in an investee are sufficient to give it power, including:

- The size of the company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the company, other vote holders or other parties;
- Rights arising from contractual arrangements; and
- Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the profit and loss from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company. Total comprehensive income of the subsidiaries is attributed to the owners of the company. Where necessary, adjustments are made to the financial statements to bring the accounting policies used into line with the group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

(b) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity instruments issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

a. deferred tax assets or liabilities and assets or liabilities related to employee benefit

2. Significant accounting policies (cont'd)

(b) Business combinations (cont'd)

arrangements are recognized and measured in accordance with AASB 112 '*Income Taxes'* and AASB 119 '*Employee Benefits*' respectively;

b. liabilities or equity instruments related to share-based payment arrangements of the acquiree or share- based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 '*Share-based Payment'* at the acquisition date; and
c. assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 '*Non-current Assets Held for Sale and Discontinued Operations'* are measured in accordance with that Standard.

Where the consideration transferred by the group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

(c) Revenue recognition

Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognizes revenue when it transfers control of a service to a customer.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

All revenue is stated net of the amount of goods and services tax (GST).

(d) Leasing

The group as lessee

The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees.

2. Significant accounting policies (cont'd)

(d) Leasing (cont'd)

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- •A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy (as outlined in the financial report for the annual reporting period.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

The group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2. Significant accounting policies (cont'd)

(d) Taxation

The company is part of a tax-consolidated group under Australian taxation law, of which Tartana Resources Limited is the head entity. As a result, Tartana Resources Limited is subject to income tax through its membership of the tax-consolidated group. The consolidated current and deferred tax amounts for the tax-consolidated group are allocated to the members of the tax-consolidated group using the 'separate taxpayer within group' approach, with deferred taxes being allocated by reference to the carrying amounts in the financial statements of each member entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits arising from this allocation process are then accounted for as immediately assumed by the head entity, as under Australian taxation law the head entity has the legal obligation (or right) to these amounts.

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Tartana Resources Limited have agreed to pay a tax equivalent payment to or from the head entity equal to the tax liability or asset assumed by the head entity for that period as noted above. Such amounts are reflected in amounts receivable from or payable to the head entity. Accordingly, the amount arising under the tax funding arrangement for each period is equal to the tax liability or asset assumed by the head entity for that period and no contribution from (or distribution to) equity participants arises in relation to income taxes.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that the company's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The groups current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it

2. Significant accounting policies (cont'd)

(d) Taxation (cont'd)

is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

<u>Current and deferred tax for the year</u>
Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(f) Property, plant and equipment

Plant and equipment is stated at cost or fair value less accumulated depreciation as per valuation on 17 September 2018.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. Plant and Equipment and Infrastructure & Site Improvements are depreciated on a straight- line basis using life of mine method based on estimated mineral reserves linked to the production of copper sulphate. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated on a straight-line basis so as the write off the cost or revalued amount of each fixed asset over its estimated useful life, as follows to its estimated residual value.

Software	1-3 years
Buildings	5 years
Plant & Equipment	Useful life of mine

2. Significant accounting policies (cont'd)

(f) Property, plant and equipment (cont'd)

Infrastructure & Site Improvements	Useful life of mine
Website & development costs	1-3 years
Low Value Pool	1-3 years
Office Equipment	3-7 years

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognized in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(g) Exploration and development expenditure

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

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decisions 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 area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legalisation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

2. Significant accounting policies (cont'd)

(h) Impairment of assets (excluding goodwill)

At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units (or groups of cash-generating units) expected to benefit from synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(k) Financial instruments

Financial assets and financial liabilities are recognized when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

2. Significant accounting policies (cont'd)

(k) Financial instruments (cont'd)

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognized financial assets are measured subsequently in their entirety at either amortised cost or fair value.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is 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.

The group's financial assets at amortised cost includes trade receivables.

Amortised cost and effective interest method

For financial assets other than purchased or credit-impaired financial assets (ie assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other or discounts) excluding expected credit losses, through the expected life of the debt instrument, or (where appropriate) a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Impairment of financial assets

The group recognizes a loss allowance for expected credit losses (ECL) on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognizes lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

2. Significant accounting policies (cont'd)

(k) Financial instruments (cont'd)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the entity's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the entity measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The group recognizes an impairment gain or loss in the profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit and loss.

Financial liabilities

Financial liabilities include trade and other payables, are initially measured at fair value, net of transaction costs.

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

Derecognition

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognized in profit or loss.

2. Significant accounting policies (cont'd)

(l) Goods and Services Tax

Revenues, expenses and assets are recognized net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognized as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognized inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(m) Foreign currencies

For the purpose of the consolidated financial statements, the results and financial position of the group are expressed in Australian dollars ('$'), which is the functional currency of the company and the presentation currency for the consolidated financial statements.

In preparing the financial statements, transactions in currencies other than the company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

(n) Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(o) Critical accounting judgments and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that

2. Significant accounting policies (cont'd)

(o) Critical accounting judgments and key sources of estimation uncertainty

period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

As described at (f) above, the group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

Capitalised exploration and evaluation expenditure

Exploration, evaluation and development expenditures incurred are only capitalized to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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

Costs of site restoration have been determined using the estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

Impairment Testing

Goodwill is evaluated for impairment annually or whenever certain triggering events or circumstances, that would more likely that not reduce the fair value of a reporting unit below its carrying amount, are identified. Events or circumstances that might indicate an interim evaluation is warranted include, among other things, unexpected adverse business conditions, macro and reporting unit specific economic factors (for example, interest rate and foreign exchange rate fluctuations, and loss of key personnel), supply costs, unanticipated competitive activities, and acts by government and courts.

(p) Inventory

Inventory is valued at fair value as per the valuation completed on 17th September 2018

(q) Share based payments

Options Issued to key personnel

Tartana Resources Limited has granted options to a core team of key personnel that will lead the company through the next few years.

On 26 February 2018 the company issued 11,000,000 options. One option converts to one share on exercise at an exercise price of $0.40 per ordinary share. No amounts were paid or are payable by the recipient on receipt of the option. The option carries neither rights to dividends nor voting rights. Options

2. Significant accounting policies (cont'd)

(q) Share based payments (cont'd)

may be exercised at any time from the date of vesting to the date of their expiry.

The options granted expire on their expiry date, or one month after the resignation of the employee, whichever is the earlier. Half the options issued at the Annual General Meeting on 26 February 2018 vested at the end of the Annual General Meeting and the remainder vested on 26 February 2019. The options may be exercised any time on or before 25 February 2022.

On 30 November 2018 the company issued 2,500,000 options. One option converts to one share on exercise at an exercise price of $0.40 per ordinary share. No amounts were paid or are payable by the recipient on receipt of the option. The option carries neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The options granted expire on their expiry date, or one month after the resignation of the employee, whichever is the earlier. Half the options issued at the Annual General Meeting on 30 November 2018 vested at the end of the Annual General Meeting and the remainder vested on 30 November 2019. The options may be exercised any time on or before 30 November 2022.

Terms and conditions of share-based payment arrangements affecting remuneration of key management personnel in the current financial year or future financial years:

Grant date	Exercise Price	Expiry date	Vesting date
26/02/2018	$0.40	25/02/2022	26/02/2018 (50%) 26/02/2019 (50%)
30/11/2018	40.40	30/11/2022	30/11/2018 (50%) 30/11/2018 (50%)

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These options were valued based on the Cox Ross Rubenstein option pricing model, the value of the options was assessed using the annual volatility of returns based on the volatility of the S&P ASX 300 Mining and Metals index and the S&P/ ASX All Ordinaries Gold Index.

The table below summarises the options movement for the year:

Options at beginning of year	13,500,000
Granted during year	-
Expired during year	-
Exercised during period	-
Options at end of period	13,500,000

2. Significant accounting policies (cont'd)

(r) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash- generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(s) Going concern basis

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.

As at 30 June 2020 the Group has cash assets of $2,711, and total current liabilities at that date amounting to $1,707,785. The loss for the 2020 financial year was $978,398 and operating cash outflows were $482,708. Subsequent to the end of the financial year end the Company raised a further $1,075,228 in a Private Placement. Also, since year end the company has successfully completed two trial shipments of approx. 40,000 dry metric tonnes at US$ 41.50 per tonne with an expected average net cash margin of $6.17 per tonne.
On 3 December 2020 the company signed a binding Implementation Deed for Tartana to be acquired by R3D Global Limited. If successful, the existing shareholders of the R3D will lose control of the R3D, the company thus effecting a reverse takeover of R3D. Under the Implementation Deed, as part of R3D being re-listed, R3D will complete a public offer of a minimum subscription of 21,250,000 FPO shares at 20 cents to raise $4,250,000. Should the public offer be unsuccessful, the R3D transaction will not complete and it would indicate a material uncertainty which may cast doubt about the consolidated entity's ability to continue as a going concern and the consolidated entity's ability to pay its debts as and when they fall due.

The Directors will continue to manage the Group's activities with due regard to current and future funding requirements. The directors reasonably expect that the Company will be able to raise sufficient capital to fund the Group's working capital requirements if required, and that the Group will be able to settle debts as and when they become due and payable.

(t) Adoption of new and revised Accounting Standards

Amendments to Accounting Standards that are mandatorily effective for the current year

In the current year, the group has adopted all the new and revised Standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Except as described below, there has been no material impact of these changes on the group's accounting policies.

2. Significant accounting policies (cont'd)

t) Adoption of new and revised Accounting Standards (cont'd)

Impact of AASB 16 Leases

AASB 16 Leases ("AASB 16") introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance

lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of AASB 16 on the group's financial statements is described below.

The date of initial application of AASB 16 for the group is 1 July 2019.

The group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated.

Impact of the new definition of a lease

The group has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 and Interpretation 4 will continue to be applied to those contracts entered or modified before 1 July 2019.

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in AASB 117 and Interpretation 4.

Impact on lease accounting

Former operating leases
AASB 16 changes how the group accounts for leases previously classified as operating leases under AASB 117, which were off balance sheet.

Applying AASB 16, for all leases, the group:
a) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Financial impact of initial application of AASB 16

Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136 Impairment of Assets. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the group has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'other expenses' in profit or loss

2. Significant accounting policies (cont'd)

t) Adoption of new and revised Accounting Standards (cont'd)

Impact on assets, liabilities and equity as at 1 July 2019	**1 July 2019** **$**	**AASB 16 adjustments** **$**	**1 July 2019 adjusted** **$**
Right-of-use assets	-	149,800	149,800
Lease liabilities	-	149,800	149,800
Impact on retained earnings	-	-	-

For tax purposes the group receives tax deductions in respect of the right-of-use assets and the lease liabilities in a manner consistent with the accounting treatment.

The below outlines the reconciliation of operating lease commitments at the end of the financial reporting year ended 30 June 2019 to the lease liability recognised in the statement of financial position after initial application of AASB 16.

	1 July 2019 **$**
Operating lease commitments disclosed at 30 June 2019	162,300
Adjustment to starting position	416
Total nominal lease liabilities at 1 July 2019	162,716
Discounting using the group's weighted-average incremental borrowing rate of 6.0%	12,916
Lease liabilities recognised as at 1 July 2019	149,800

Other pronouncements adopted for the first time in the current year

AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures

The group has adopted the amendments to AASB 128 'Investments in Associates and Joint Ventures' for the first time in the current year. The amendment clarifies that AASB 9 'Financial Instruments', including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The group applies AASB 9 to such long-term interests before it applies AASB 128. In applying AASB 9, the group does not take account of any adjustments to the carrying amount of long-term interests required by AASB 128 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with AASB 128).

AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle

The group has adopted the amendments included in AASB 2008-1 for the first time in the current year. The Standard include amendments to two applicable Standards:

- *AASB 112 Income Taxes* – The amendments clarify that the group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.
- *AASB 11 Joint Arrangements* - The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the group does not remeasure its previously held interest in the joint operation.

2. Significant accounting policies (cont'd)

t) Adoption of new and revised Accounting Standards (cont'd)

Interpretation 23 Uncertainty over Income Tax Treatments

The group has adopted Interpretation 23 for the first time in the current year. Interpretation 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the group to:

- Determine whether uncertain tax positions are assessed separately or as a group;
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - If yes, the group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings; or
  - If no, the group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

The adoption of Interpretation 23 has not had an impact on the group's tax position. The group does not have uncertainty over its income tax treatments.

Standards and Interpretations in issue not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below:

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	1 July 2022	30 June 2023
AASB 2018-6 *Amendments to Australian Accounting Standards - Definition of a Business*	1 July 2020	30 June 2021
AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	1 July 2020	30 June 2021
AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*	1 July 2020	30 June 2021
AASB 2019-3 '*Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform'*	1 July 2020	30 June 2021
AASB 2019-5 *'Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia'*	1 July 2020	30 June 2021
AASB 2020-1 '*Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Noncurrent'*	1 July 2022	30 June 2023
AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*	1 July 2022	30 June 2023
AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions*	1 July 2020	30 June 2021

Notes to the financial statements
for the year ended 30 June 2020

3. Revenue

	Consolidated	
	30 June 2020 $	30 June 2019 $
Sales	16,206	17,500
Interest Income	15,603	15,613
Other Income	1,973	4,297
	33,782	37,410

4. Loss for the year

Loss for the year has been arrived at after (charging)/ crediting the following items of income and expense:

Interest Income	15,603	15,613
Depreciation expense-property, plant and equipment	(79,741)	(103,659)
Depreciation expense-property, right of use assets	(54,473)	-
Interest – lease liabilities	(7,002)	-
Interest - other	(50,703)	-

5. Income Tax

	Consolidated	
	30 June 2020	30 June 2019
Income tax benefit		
Tax benefit comprises of:		
Current tax benefit	-	-
Deferred tax benefit	-	-
	-	-
The prima facie income tax expense in the consolidated statement of profit or loss and other comprehensive income is as follows:		
Loss before income tax from continuing operations	(978,399)	(1,359,423)
Income tax benefit calculated at 27.5% (2019 27.5%)	269,060	373,841
Effect of previously unrecognized and unused tax losses and deductible temporary differences	(269,060)	(373,841)
Income tax benefit attributable to loss	-	-

The income tax benefit attributable to the loss is not recognized as the group considers it is not 100% probable that future taxable amounts will be available to utilise the losses.

6. Profit/ (Loss) per share

	2020	2019
Basic profit/ (loss) per share		
From continuing operations	(0.0172)	(0.0320)
Diluted profit/ (loss) per share		
From continuing operations	(0.0172)	(0.0320)

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

	2020 $	2019 $
Profit/ (Loss) used in calculation of basic and diluted loss per share	(978,399)	(1,359,423)
Weighted average number of ordinary shares for the purposes of basic and diluted loss	56,735,610	42,532,478

7. Trade and other receivables

	Consolidated	
	30 June 2020	30 June 2019
Current		
Sundry receivables	1,189	3,232
GST Receivable	-	46,926
	1,189	50,158

8. Other Assets

	Consolidated	
	30 June 2020	30 June 2019
Current		
Prepayments	14,136	9,122
Deposits	35,300	35,300
	49,436	44,422
Non-Current		
Term Deposit	586,400	586,400

Term Deposit is held against an environmental guarantee provided by the Bank for the Company's obligation under its environmental permit for Tartana Copper assets in Queensland.

9. Inventory

	Consolidated	
	30 June 2020	30 June 2019
Inventory at valuation	176,000	176,000

10. Plant and equipment

	Plant and Equipment	Buildings	Infrastructure & Site Improvements	IT & Development Costs	Office equipment	Total
	$	$	$	$	$	$
	Fair Value	Fair value	Fair Value	Cost	Cost	
Balance 1 July 2019	591,851	490,000	1,801,000	16,527	8,977	2,908,355
Additions	86,114	-	-	-	3,713	89,827
Balance at 30 June 2020	677,964	490,000	1,801,000	16,527	12,690	2,998,182
Accumulated Depreciation						
Balance 1 July 2019	5,811	113,445	-	14,058	8,977	142,291
Depreciation expense	3,903	75,221	-	617	-	79,741
Balance at 30 June 2020	9,714	188,666	-	14,675	8,977	222,032
Net book value 30 June 2020	668,250	301,334	1,801,000	1,852	-3,713	2,776,150

Plant and equipment are stated at fair value and cost. Fair Value includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, fair value is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Depreciation is provided on plant and equipment.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognized on a prospective basis. Freehold Land is not depreciated.

11. Right of use assets

	30 June 2020 $	30 June 2019 $
At 30 June		
Cost	149,801	-
Accumulated depreciation	(54,473)	-
	95,328	-

12. Intangible assets

	30 June 2020 $	30 June 2019 $
Non-current		
Goodwill on the purchase of Intec Zeehan Pty Ltd	1,984,619	1,984,619

The group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The carrying amount of goodwill is allocated to cash-generating units (CGUs) (being relevant subsidiaries to which goodwill relates), which represent the lowest level at which goodwill is monitored by management. No impairment has been recognised in respect of goodwill for the years ended 30 June 2020 and 30 June 2019. The key assumptions used in calculating the recoverable amount include net cash flow accruing to the Group generated over the period of the contract with MCC Non-Ferrous Trading LLC for the sale of zinc matte slag – the sole asset of Intec Zeehan. In calculating the value in use, cash flows over the contract period have been discounted at 10%.

13. Capitalised exploration and development expenditure

	30 June 2020 $	30 June 2019 $
Non-current		
Balance as at 1 July	868,381	504,250
Additions	360,398	364,131
Capitalised expenditure written off	-	-
Balance as at 30 June	1,228,779	868,381

The recoverability of the exploration expenditure capitalised by Tartana Resources during the year ending 30 June 2020, is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

14. Trade and other payables

	Consolidated	
	30 June 2020 $	30 June 2019 $
Unsecured		
Sundry payables and accrued expenses	817,870	531,594
Trade Payable (i)	358,540	200,290
	1,176,410	731,884

(i) Trade payables are non-interest bearing and are normally settled on 30 days end of month terms

15. Lease liabilities

	Consolidated	
	30 June 2020 $	30 June 2019 $
Current		
Lease liabilities	55,288	-
Non-current		
Lease liabilities	46,015	-

The total cash outflow for repayment of leases amount to $55,500

The lease of the company's office space at McMahons Point, NSW, is for a term of 36 months, with an expiry date of 7 April 2022. At the end of the lease term, there is an option to renew the lease for a further 3 years with total projected cash outflow over the option period of $204,975. The Directors have not recognized a right-of-use asset and a corresponding lease liability with respect to the option period as there is no reasonable certainty that the option will be exercised.

16. Loans from Directors

	Consolidated	
	30 June 2020 $	30 June 2019 $
Unsecured – at amortised cost		
Loan from Craig Nettlebeck (i)	155,762	145,096
Loan for Bruce Hills Pty Ltd (ii)	8,000	
Loan from Warinco Services Pty Ltd (ii)	5,000	
Loan from Melueca Trust (ii)	10,000	
	178,762	145,096

(i) On 25 October 2018 the Company received an unsecured loan from Craig Nettlebeck, a non-Executive Director of the Company. The annual interest rate (accruing quarterly) was 2% until 31 December 2018 and based on the Westpac Small Business Overdraft of 6.66% from 1 January 2019. The principal and interest are to be paid back within 14 days of quotation date of the Company on the ASX unless rolled over by mutual agreement.
(ii) the loans from Directors are interest free, unsecured and repayable on demand.

17. Borrowings

	Consolidated	
	30 June 2020 $	30 June 2019 $
Current		
Convertible Notes (ii)	281,644	-
Non-current liabilities		
Borrowings (i)	-	250,000
Convertible Notes (ii)	500,000	-

(i) During the year ended 30 June 2018, the Company entered into the Intec Share Sale Agreement dated 23 October 2017 to purchase all the shares of Intec Zeehan Residues Pty Ltd from Intec Environmentals Pty Ltd a wholly owned subsidiary of SciDev Ltd. The consideration was 20,000,000 shares at a deemed value of $0.10 per share in the Company. All shares had been issued by 30 June 2020.

(ii) On 18 December 2019 the company authorized the issue of up to a maximum of 7.5 million unsecured convertible notes of $0.20 each (Convertible Notes) under a convertible note deed, dated 21 January 2020 to raise funding up to $1,500,000. As at 30 June 2020, a total of $750,000 notes has been issued. The convertible notes pay interest at 12% per annum (paid quarterly) and have an 18-month term from dated of the deed.

The face value of the notes are convertible at any time by the holder into fully paid ordinary shares in the capital of the company at a conversion price of $0.20.The company has entered into an undertaking that prior to the repayment or conversion of the Convertible Note it will create a security or other similar encumbrance over the plant and equipment on the Tartana mining leases in North Queensland.

18. Issued capital

	Consolidated 30 June 2020	Consolidated 30 June 2019
58,328,071 fully paid ordinary shares (30 June 2019 55,668,071)	8,186,013	7,917,937

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Movement in ordinary share capital

	Consolidated 30 June 2020		Consolidated 30 June 2019	
	Number of shares	$	Number of shares	$
Balance at the beginning of the period	55,668,071	7,917,937	35,963,476	5,700,183
Shares issued during the period	2,660,000	268,076	19,704,595	2,217,754
Balance at the end of the period	58,328,071	8,186,013	55,668,071	7,917,937

During the year the Company issued the following shares:

- Shares issued to SciDev Limited 2,500,000 ordinary shares at a deemed value of $0.10 per share under the Intec Share Sale Agreement.
- 160,000 shares at an issue price of $0.125 as payment of services.

19. Accumulated losses

	Consolidated 30 June 2020 $	Consolidated 30 June 2019 $
Balance at the beginning of the year	(2,647,289)	(1,287,866)
Profit/(Loss) during the year	(978,398)	(1,359,423)
Balance at the end of the year	(3,625,687)	(2,647,289)

20. Reserves

	Consolidated 30 June 2020 $	Consolidated 30 June 2019 $
Share based payments (i)	86,485	86,485

(i) The share-based payments reserve records the value of options issued to directors, employees and consultants as part of the remuneration for their services.

21. Cash and cash equivalents

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

(a) Reconciliation of cash

	Consolidated	
	30 June 2020 $	30 June 2019 $
Cash at bank and on hand	2,711	30,943

(b) Reconciliation of loss for the year to net cash flows from operating activities

	Consolidated	
	30 June 2020 $	30 June 2019 $
Profit (Loss) for the year	(978,398)	(1,359,423)
Depreciation expense	134,214	103,659
Share based payments	-	24,885
Movements in working capital		
(Increase)/decrease in trade and other receivables	48,969	(4,258)
(Increase)/decrease in other current assets	(5,013)	(9,122)
(Decrease)/increase in trade and other payables	283,803	193,395
(Decrerase)/increase in accruals	40,910	-
(Decrease)/increase in other current liabilities	(7,193)	22,088
	(482,708)	(1,028,776)

22. Contingent liabilities and contingent assets

In the opinion of the directors, the group did not have any contingent liabilities or contingent assets at 30 June 2020.In 2017 when the Group acquire mining leases and heap leach-solvent extraction – crystallisation plant as part of the Tartana Copper assets in Queensland , the group was required to re-assess Company's obligation under its environmental permit. The Group has completed the required third-party assessment of costs of rehabilitation and these have been submitted to the Queensland Government. No assessment has been completed of the potential for an increase in its obligation under the environmental permit.

23. Lease commitments

Non-cancellable operating lease commitments

	30 June 2020 $	30 June 2019 $
Not later than 1 year	-	60,600
Later than 1 year and not later than 5 years	-	111,696

The lease of the company's office space at McMahons Point, NSW, is for a term of 36 months, with an expiry date of 7 April 2022. At the end of the lease term, there is an option to renew the lease for a further 3 years.

In the current period, as a result of the adoption of AASB 16 Leases, the group's non-cancellable operating leases have been recognized on the consolidated statement of financial position has lease liabilities.

24. Auditors' remuneration

	Consolidated 30 June 2020 $	Consolidated 30 June 2019 $
Audit of the financial statements	64,000	67,000
Investigating Accountants Report for inclusion in the Company's Prospectus	-	10,000
	64,000	77,000

The auditor of Tartana Resources Limited is BDJ Partners.

25. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name of entity	Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Riverside Exploration (QLD) Pty Ltd	Australia	100	100
ISGAS Pty Ltd	Australia	100	100
Intec Zeehan Residues Pty Ltd	Australia	100	100
Oldfield Exploration Pty Ltd	Australia	100	100
Oldfield Resources Pty Ltd	Australia	100	100

26. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 2 for a summary of the significant accounting policies relating to the group.

	30 June 2020 $	30 June 2019 $
Statement of financial position		
Assets		
Current assets	218,569	452,277
Non-current assets	6,758,985	6,121,676
Total assets	6,977,554	6,573,943
Liabilities		
Current liabilities	1,671,616	850,931
Non-current liabilities	546,015	260,733
Total liabilities	2,217,631	1,111,664
Equity		
Issued capital	8,186,013	7,917,937
Current year profit (loss)	(970,442)	(1,229,546)
Accumulated losses	(2,542,133)	(1,312,587)
Reserves	86,485	86,485
Total equity	4,759,923	5,462,289
Total comprehensive loss	(970,442)	(1,229,546)

Contingent liabilities

The parent company had no contingent liabilities at 30 June 2020.

Guarantees

The parent entity has not entered into any guarantees, in the current or previous financial year, with respect to the debts of its subsidiaries

27. Key management personnel disclosures

Directors

The following persons were directors of the group during the financial year:

Stephen B Bartrop
Robert J Waring
Bruce Hills
Peter Rohner
Craig Nettelbeck

Remuneration of key management personnel

2020	**Short-term Employee benefits**		**Post-employment benefits**	**Share Based Payments**	**Total**
Directors	**Salary and Directors fees $**	**Consulting fees $**	**Superannuation $**	**Options $**	**$**
Stephen B Bartrop	**-**	**249,980**	**-**	**-**	**249,980**
Robert J Waring	**-**	**27,056**	**-**	**-**	**27,056**
Bruce Hills	**-**	**102,785**	**-**	**-**	**102,785**
Peter Rohner	**-**	**33,714**	**-**	**-**	**33,714**
Craig Nettelbeck	**-**	**0**	**-**	**-**	**0**
		413,535		**-**	**413,535**

2019	**Short-term Employee benefits**		**Post-employment benefits**	**Share based payments**	**Total**
Directors	**Salary and Directors Fees $**	**Consulting fees $**	**Options $**	**Options $**	**$**
Stephen B Bartrop		**272,000**	**-**	**-**	**272,000**
Robert J Waring		**47,357**	**-**	**-**	**47,357**
Bruce Hills		**153,105**	**-**	**-**	**153,10**
Peter Rohner		**47,255**	**-**	**-**	**47,255**
Craig Nettelbeck		**54,000**		**14,000**	**54,000**
		573,717		**14,000**	**587,717**

Transactions with associates of key management personnel

Amounts recognized as asset		
Exploration expenditure (i)	55,867	-
Plant and Equipment (i)	39,095	
Amounts recognized as expense		
Exploration Expenses (i)	-	48,775
Corporate Costs (i)	25,231	95,181
Other expenses	2,138	
Administration Costs(i)	-	24,059
	122,331	168,015

(i) In the prior year Breakaway Mining Services Pty Ltd, a company that S Bartrop and B Hills are Directors of, and have a financial interest in provided technical service, including the services of Veronique Morgan-Smith. These services were provided under normal commercial terms and conditions. S. Bartrop is a Director of, and has a financial interest in Breakaway Mining Research Pty Ltd that provided office services to the company. These services were provided under normal commercial terms and conditions, and fees totalled $10,698 in FY20 Until 17 June 2020 S Bartrop was a Director of, and had a financial interest in Bluespoint Mining Services Pty Ltd, a company that provided technical services to the company during the year. These services were provided under normal commercial terms and conditions and fees totalled $88,800. During the year Core Metallurgy, a company that P Rohner is a Director of and has a financial interest in provided technical services to the Company. These services were provided under normal commercial terms and conditions and fees totalled $44,668 in FY20.

Troppo Resources Pty Ltd
Tartana entered into a services contract with Troppo Resources Pty Ltd ABN 58 506 385 938 dated 23 February 2018 for the services of Dr Stephen Bartrop as Executive Chairman of Tartana for a term of 24 months, starting from the first provision of services, automatically renewable unless terminated by six months written notice. The annual remuneration is $272,000 plus GST to be reviewed annually. In response to the impact of Covid, for the period from 1 April 2020 to 30 September 2020, the company reduced the annual remuneration rate to $181,333 plus GST. At 30 June 2020 the outstanding balance owed is $313,808.

The contract is a related party contract as Troppo Resources Pty Ltd is an entity controlled by Dr Stephen Bartrop who is the sole director.

Bruce Hills Pty Ltd
Tartana entered into a services contract with Bruce Hills Pty Ltd ACN 129 558 461 dated 23 February 2018 for the services of Mr Bruce Hills as Executive Director of Tartana for a term of 24 months, starting from the first provision of services, automatically renewable unless terminated by six months written notice. The fee is per diem and amounts to $1,500 plus GST to be reviewed annually. In response to the impact of Covid, for the period from 1 April 2020 to 30 September 2020, the company reduced the per diem to $1,000 plus GST. At 30 June 2020 the outstanding balance owed is $118,491.

The contract is a related party contract as Bruce Hills Pty Ltd is an entity controlled by Mr Bruce Hills who is the sole directors
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Corporate Elements Pty Ltd
Tartana entered into a services contract with Corporate Elements Pty Ltd ACN 135 763 996 dated 23 February 2018 for the services of Mr Peter Rohner as Executive Director of Tartana for a term of 24 months, starting from the first provision of services, automatically renewable unless terminated by six months written notice. The fee is per diem and amounts to $2,000 plus GST to be reviewed annually. In response to the impact of Covid, for the period from 1 April 2020 to 30 September 2020, the company reduced the per diem to $1,333 plus GST. At 30 June 2020 the outstanding balance for the 2020 year is $55,836.31.

The contract is a related party contract as Corporate Elements Pty Ltd is an entity controlled by Mr Peter Rohner who is one of its two directors.

Breakaway Research Pty Ltd

Tartana entered into a services contract with Breakaway Research Pty Ltd ABN 39 602 490 906 dated 23 February 2018 for the services of Ms. Rachel Szabo for various administrative services for a term of 24 months, starting from the first provision of services, automatically renewable unless terminated by six months written notice. The fee is per diem and amounts to $750 plus GST to be reviewed annually. Rachel resigned effective 5 November 2019.

At 30 June 2020 the outstanding balance was $45,823.

The contract is a related party contract as Breakaway Research Pty Ltd is an entity controlled by Dr Stephen Bartrop who is the sole director.

Bluespoint Mining Services Pty Ltd

Tartana entered into a services contract with Bluespoint Mining Services Pty Ltd ABN 40 632 724 166 dated 4 June 2019 for the services of Mr Geoff Reed for geological services for an initial term of 9 months and for any period thereafter terminable by 3 months written notice starting from 1 April 2019, The fee is per diem and amounts to $1,200 plus GST for the first 2 days per week and $1,000 +GST for any day in excess.

At 30 June 2020 the outstanding balance was $58,760.

The contract is a related party contract as Dr Stephen Bartrop is one of two directors and one of two shareholders of Bluespoint Mining Services Pty Ltd. The other director and shareholder is Mr Geoff Reed. Dr Stephen Bartrop resigned as a Director and ceased to be a shareholder on 17 June 2020.

28. Related party transactions

(a) *Parent entities*

The parent entity within the group is Tartana Resources Limited.

(b) *Key management personnel*

Disclosures relating to key management personnel are set out in note 27.

(c) *Subsidiaries*

Interests in subsidiaries are set out in note 25.

29. Financial instruments

Capital management

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of its equity balance.

In managing its capital, the group’s primary objective is to ensure its continued ability to maintain its operations and provide a platform to enable a return for its equity shareholders to be made when successful commercial operations are achieved. In order to achieve this objective, the group seeks to maximise its fund raising to provide sufficient funding to enable the group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues, or reduction of debt, the group considers not only its short-term position but also its long-term operational and strategic objectives.

Notes to the financial statements
for the year ended 30 June 2020

The group's overall strategy remains unchanged from 2019.

The capital structure of the group consists of cash and bank balances (note 21) and the equity of the group (comprising issued capital, reserves and accumulated losses as detailed in notes 18 to 20).

The group is not subject to any externally imposed capital requirements.

(a) Market risk

The group's activities expose it primarily to the financial risks of changes in interest rates.

There has been no change to the group's exposure to market risks or the manner in which these risks are managed and measured.

(i) Interest rate risk management

The group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below

:

2020	**Weighted average interest rate**	**Floating interest rate**	**Fixed maturing in 1yr to 5 yrs**	**Non-interest bearing**	**Total**
	$	**$**	**$**	**$**	**$**
Financial assets					
Cash	0.0	2,711			2,711
Trade and other receivables	0.0			1,189	1,189
Total assets		2,711		1,189	3,900
Financial liabilities					
Convertible Notes			781,644		781,644
Loans			182,661		182,661
Trade and other payables	0.0			1,176,410	1,176,410
Total liabilities			**964,305**	**1,176,410**	**2,131,297**

2019	**Weighted average interest rate**	**Floating interest rate**	**Fixed maturing in 1yr to 5 yrs**	**Non-interest bearing**	**Total**
	$	**$**	**$**	**$**	**$**
Financial assets					
Cash	0.0	30,943			30,943
Trade and other receivables	0.0			50,158	50,158
Total assets		30,943		50,158	81,101
Financial liabilities					
Loans				145,096	145,096
Trade and other payables	0.0			731,884	731,884
Total liabilities				**876,980**	**876,980**

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure in existence at the balance sheet date. The analysis assumes all other variables remain constant.

2020

	Carrying amount	+0.5% interest rate profit & loss	-0.5% interest rate profit & loss
	$	$	$
Cash at bank	2,711	14	(14)
Cash on short term deposit			
Tax charge of 27.5%		4	(4)
Post tax profit increase/(decrease)		10	(10)

2019

	Carrying amount	+0.5% interest rate profit & loss	-0.5% interest rate profit & loss
	$	$	$
Cash at bank	30,942	155	(155)
Cash on short term deposit			
Tax charge of 27.5%		43	(43)
Post tax profit increase/(decrease)		112	(112)

(b) Credit risk

Credit risk arises principally from the group's trade receivables. It is the risk that the counterpart fails to disc its obligation in respect of the instrument. Ongoing credit evaluation is performed on the financial condition of and other receivables. The group does not have significant concentration of credit risk with respect to any counter party or company of counter parties.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the group’s short medium and long-term funding liquidity management requirements. The group manages liquidity risk by maintaining a reputable credit risk p banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows,

The group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet exp requirements for a period of at least 45 days. The Board receives cash flow projections in a monthly basis as well as information regarding cash balances. At the balance sheet date, these projections indicated that the group expected to have sufficient liquid resources to its obligations under all reasonably expected circumstances. The group does not have any financing facilities in place and does not have a bank overdraft.

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Maturity analysis of financial assets and liability based on contractual obligations

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows Trade and other payables mainly originate from the financing of assets used in ongoing operations such as, equipment and investments in working capital (e.g. trade receivables). These assets are considered in the group's overall liquidity risk.

2020		**Contractual cash flows**			
	Carrying amount $	**<6 months $**	**6-12 months $**	**>12 Months $**	**On demand $**
Financial assets					
Term Deposits	586,400	-	-	586,400	-
Cash	2,711	2,711	-	-	-
Trade and other receivables	1,189	1,189	-	-	-
Other assets	49,436	49,436	-	-	-
Total assets	639,736	53,336	-	586,400	-
Financial liabilities					
Trade and other payables	1,176,410	1,176,410			
Other current liabilities	15,682	15,682			
Borrowings	781,644	31,644	250,000	500,000	
Loan from Director	178,761	178,761			
Total liabilities	2,152,497	1,402,497	250,000	500,000	
Net maturity	(1,512,761)	(1,349,161)	(250,000)	86,400	

2019		**Contractual cash flows**			
	Carrying amount $	**<6 months $**	**6-12 months $**	**>12 Months $**	**On demand $**
Financial assets					
Term Deposit	586,400	-	-	586,400	-
Cash	30,943	30,943	-	-	-
Trade and other receivables	50,158	50,158	-	-	-
Other assets	35,300	35,300	-	-	-
Total assets	702,801	116,401	-	586,400	-
Financial liabilities					
Trade and other payables	731,884	731,884			
Other liabilities	22,874	22,874			
Loan from Director	145,096	145,096			
Total liabilities	899,854	899,854			
Net maturity	(197,053)	(783,453)		586,400	

The directors consider that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

29. Events after the reporting period

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the group, the results of those operations, or the state of affairs of the group in future financial years other than:

- On 30 July 2020, the company undertook a Private Placement of 2.0 million fully paid ordinary shares at 12.5 cents raising $250,000.
- On 31 July 2020, the company issued 4.0 million fully paid ordinary shares to the shareholders of Mother Lode Pty Ltd as consideration for the acquisition of all the issued capital of Mother Lode Pty Ltd.
- On 17 August 2020 the company signed a contract with MCC Non-Ferrous Trading LLC for the purchase of 400,000 wet metric tonnes (plus/ minus 10%) at a fixed price of US 41.50 dry metric tonne FOB Burnie. The contract includes a price escalation clause to offset adverse AUD/USD movements and is subject to the successful completion of two trial shipments and the company obtaining Tasmanian Government approval to mine and export the material. The company has approval for the two trial shipments.
- On 3 December 2020 the company signed a binding Implementation Deed for Tartana would be acquired by R3D Global Limited ACN 111 398 040 (ASX:R3D). The Deed sets out the essential terms of the takeover by R3D of Tartana and if successful, the existing shareholders of the R3D will lose control of the R3D, the company thus effecting a reverse takeover of R3D. R3D has received favourable advice by the ASX for the proposed re-listing of R3D on the basis of the acquisition of Tartana, a successful capital raising in early 2021, and an application for re-listing lodged with the ASX prior to 18 February 2021. The essential terms of the transaction are an offer by R3D to Tartana Security Holders (subject to conditions precedents and other terms) of one (1) R3D Share per each Tartana Share held by a Tartana Security Holder; one (1) R3D Option per each five (5) Tartana Shares held by a Tartana Security Holder; and one (1) R3D Option per each Tartana Option held by a Tartana Security Holder;
- On 7 December 2020 the company finalised a private placement targeting sophisticated and professional investors raising $825,228 comprising 6,601,827 fully paid ordinary shares at 12.5 cents.

30. Operating Segment

The group operates in one reporting segment being the mining of minerals.

31. Commitments

Exploration licence expenditure requirements:

In order to maintain the Company's tenements in good standing with the various mines departments, the Company will be required to incur exploration expenditure under the terms of each licence. These commitments are not binding as exploration tenements can be reduced or relinquished at any time. Management has estimated expenditure to meet these commitments as detailed below:

	30 June 2020 $	30 June 2019 $
Payable not later than one year	37,500	37,500
Payable later than one year but not later than two years	37,500	37,500
	75,000	75,000

Directors' declaration

In accordance with a resolution of the directors of Tartana Resources Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 45, are in accordance with the *Corporations Act 2001* and:

   a. comply with Australian Accounting Standards; which as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

   b. give a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director ....

Dated this .... 8th. day of December 2020

Independent Auditor's Report

To the members of Tartana Resources Limited,

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Tartana Resources Limited (the company and its subsidiaries) ("the Group"), which comprises the consolidated statements of financial position as at 30 June 2020, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) giving a true and fair view of the group's financial position as at 30 June 2020 and of its performance for the year 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 Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2(s) to the financial statements which states that the Group has raised funds since year end and the directors reasonably expect to be able to raise funds in the future as required. Should further fund raising be unsuccessful, it would indicate a material uncertainty which may cast doubt about the Group's ability to continue as a going concern and the Group's ability to pay its debts as and when they fall due. Our opinion is not qualified in respect of this matter.

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Tax

Accounting

Financial Advice

Super

Audit

Loans

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

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

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

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

We also provide the directors 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.

BDJ Partners

....
Anthony Dowell
Partner

8 December 2020