

# MIRAMAR RESOURCES LIMITED

ABN 34 635 359 965

**2020**  
**ANNUAL**  
**REPORT**

# ANNUAL REPORT

for the financial period 6 August 2019 to 30 June 2020

	<b>Page</b>
Corporate directory	1
Directors' report	2
Auditor's independence declaration	6
Directors' declaration	7
Independent auditor's report	8
Consolidated Statement of Profit or Loss and Other Comprehensive Income	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the financial statements	14

---

## CORPORATE DIRECTORY

### BOARD OF DIRECTORS

**Chairman:** Mr Allan Kelly  
**Directors:** Ms Marion Bush  
Mr Terry Gadenne

**Company Secretary:** Mrs Mindy Ku

### PRINCIPAL OFFICE

138 Hensman Street  
South Perth  
Western Australia 6151

### REGISTERED OFFICE

Level 11, 216 St Georges Tce  
Perth  
Western Australia 6000

### POSTAL ADDRESS

PO Box 1227  
West Perth  
Western Australia 6875

### CONTACT DETAILS

Tel: +61 8 9322 3383  
Email: [info@miramarresources.com.au](mailto:info@miramarresources.com.au)

### AUDITORS

RSM Australia Partners  
Level 32, Exchange Tower  
2 The Esplanade  
Perth  
Western Australia 6000

# DIRECTORS' REPORT

The Directors of Miramar Resources Limited (**Miramar** or **Company**) submit their annual financial report of the Group being the Company and its controlled entities for the financial period 6 August 2019 to 30 June 2020.

## BOARD OF DIRECTORS

The names of the Directors of the Company who have held office during and since the end of the financial period are:

### **Mr Allan Kelly, Executive Chairman** (*Appointed 6 August 2019*)

Mr Kelly is the founding Director of Miramar Resources Limited.

Mr Kelly is a geologist, geochemist and manager with over 25 years' experience in mineral exploration, project development and gold production throughout Australia and the Americas, as well as management experience in the craft brewing and hospitality industries.

In 2009, Allan founded Doray Minerals Limited, which listed on the ASX in early 2010 and was the most successful IPO of that year following the discovery of the high-grade Wilber Lode gold deposit within the Andy Well Project in the Murchison Region of Western Australia. Under Allan's management, Doray grew from an exploration IPO to an ASX 300 company with two high grade gold mines in less than 6 years.

Mr Kelly was awarded the AMEC "Prospector Award" in 2014, along with co-founder Heath Hellewell, for the discovery of the Andy Well gold deposits.

He holds a Bachelor of Science (Hons) and a Graduate Certificate in Business. He is a Fellow and former Councillor of the Association of Applied Geochemists (AAG), a Member of the Australian Institute of Geoscientists (AIG) and a member of the Institute of Brewers and Distillers (IBD).

Mr Kelly is responsible for the day-to-day management of the Company and is the Chairman of the Board.

During the past 3 years Mr Kelly has also served as a director of the following other listed companies:

- Alloy Resources limited (10 February 2017 – 1 May 2019)
- Riversgold Limited (24 February 2017 – 26 March 2019)

### **Ms Marion Bush, Non-Executive Director** (*Appointed 3 March 2020*)

Ms Bush is a geologist with over 25 years' experience in senior management, directorship, commercial management, analyst and marketing roles within the UK, Australia, Africa, and South America. She was the former CEO of TSX-listed Cassidy Gold Corp (TSX-V) and a former Mining Analyst.

She holds a Bachelor of Science (Geol.), a Master of Science (Mineral Project Appraisal) from the Royal School of Mines and is a Member of the Australian Institute of Geoscientists (AIG).

During the past 3 years Ms Bush did not serve as a director on other listed companies.

### **Mr Terry Gadenne, Non-Executive Director** (*Appointed 3 March 2020*)

Mr Gadenne has over 30 years experience in the military and civilian aviation, agriculture and mining management roles. He was the Chief Pilot of Mackay Helicopters Pty Ltd and Managing Director of Mining Logic Pty Ltd located in Queensland over the course of his career. He has had various board positions in not-for-profit organisations.

He holds a Bachelor of Aviation Studies (Management) from the University of Western Sydney, completed the Company Directors Course with AICD and was a former army and navy pilot.

During the past 3 years Mr Gadenne did not serve as a director on other listed companies.

The Directors held their position throughout the entire period and up to the date of this report unless stated otherwise.

# DIRECTORS' REPORT

## SHARE OPTIONS GRANTED TO DIRECTORS

During and since the end of the financial period, a total of 4,560,000 share options were issued to the directors.

Directors	Issuing entity	No of shares under option granted over <sup>1</sup>	Exercise price	Expiry date
Allan Kelly	Miramar Resources Limited	1,000,000	\$0.20	26 June 2025
	Miramar Resources Limited	1,000,000	\$0.20	24 months after listing
Marion Bush	Miramar Resources Limited	1,000,000	\$0.20	26 June 2025
	Miramar Resources Limited	360,000	\$0.20	24 months after listing
Terry Gadenne	Miramar Resources Limited	1,000,000	\$0.20	26 June 2025
	Miramar Resources Limited	200,000	\$0.20	24 months after listing

**Note:**

<sup>1</sup> Share options carry no rights to dividends and no voting rights. Shares issued on exercise of the options rank equally with the then issued ordinary shares of the Company.

## DIRECTORS MEETINGS

The following table set information in relation to Board meetings held during the financial period.

Board Member	Board Meetings held while Director	Attended	Circular Resolutions Passed	Total
Allan Kelly	1	1	2	3
Marion Bush	1	1	3	4
Terry Gadenne	1	1	3	4

## COMPANY SECRETARY

**Mrs Mindy Ku** (*Appointed 26 June 2020*)

Mrs Ku has over 15 years' international experience in financial analysis, financial reporting, management accounting, compliance reporting, board reporting, company secretarial services and office management across multiple jurisdictions (Australia, Sweden, Malaysia, UK and Norway) including ASX listed companies, public and private companies.

She holds a Bachelor of Science in Computing from Greenwich University, is a Member of the Certified Practising Accountant and a Fellow Member of the Governance Institute of Australia.

# DIRECTORS' REPORT

## PRINCIPAL ACTIVITIES

The principal activities of the Group during the period were the exploration and evaluation of mining tenements with the objectives of identifying economic mineral deposits.

## REVIEW OF OPERATIONS

### People

Miramar has an experienced Board of Directors and Management Team capable of driving the Company's strategy. The majority of the Company's management team are based in Perth. This includes directors, management and consultants. This means that we have an excellent understanding of the jurisdiction we operate in and deep networks that increase the probability of the Company achieving its goals.

### Mineral Exploration

Miramar has a portfolio of mineral exploration tenements, including applications, in the Eastern Goldfields, Murchison and Gascoyne regions of Western Australia.

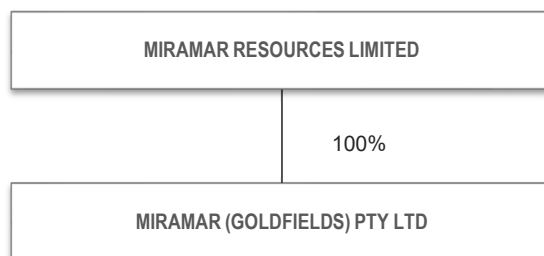
The tenements are prospective for the discovery of gold mineralisation and are generally within potential trucking distance of existing mines and processing plants should Miramar make an economic gold discovery.

### Corporate

- Incorporation of Miramar Holdings Pty Ltd on 6 August 2019;
- Conversion of Miramar Holdings Pty Ltd to Miramar Resources Limited on 7 May 2020;
- Incorporation of Miramar (Goldfields) Pty Ltd on 28 May 2020;
- Negotiation of in principle Agreements with Thunder Metals Pty Ltd, Debnal Pty Ltd and Haeremai Gold Pty Ltd; and
- Completion of seed capital raising in June 2020.

## CORPORATE STRUCTURE

The corporate structure of Miramar Resources Limited group at the date of this report is as follows:



## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The following matters or circumstances besides those disclosed at note 18 have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years.

- On 2 July 2020 the Company received a late application for the seed raising of \$10,000. The Company issued a total of 200,000 fully paid ordinary share together with 200,000 options exercisable at \$0.20 per option expiring 24 months after listing.
- On 15 July 2020 the Company entered into a lease agreement with XGS Exploration Geochemistry Services Pty Ltd for a period of 6 months commencing 1 July 2020. Refer to note 17 for further details.
- On 23 July 2020 a Tenement Sale Agreement was executed with Thunder Metals Pty Ltd to formalise the Memorandum of Understanding executed on 18 May 2020. Refer to note 15 for further information.
- On 27 July 2020 the Group executed a tenement sale and purchase agreement (**S&P Agreement**) with AngloGold Ashanti Australia for the Glandore Project which consists of a 42 km<sup>2</sup> tenement package. The S&P Agreement will proceed once all the regulatory approvals have been obtained within six (6) months after the date of the S&P Agreement which can be extended if both parties agree in writing. The total consideration for the sale and purchase of the Glandore Project is \$100,000.

# DIRECTORS' REPORT

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the Group's operations.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation in respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Group are not aware of any breach of environmental legislation for the period under review.

## RISK MANAGEMENT

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure management's objectives and activities are aligned by the Board. These include the Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk and implementation of Board approved operating plans and Board monitoring of the progress against budgets.

## DIVIDENDS

No dividends were paid or declared during the financial period and no recommendation for payment of dividends has been made.

## OPTIONS

As at the date of this report, there were 11,210,000 options on issue to purchase ordinary shares at \$0.20.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

## INDEMNIFYING OFFICERS OR AUDITOR

During or since the end of the financial period the Company has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums on behalf of the directors.

## PROCEEDINGS ON BEHALF OF COMPANY

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

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 6.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors



**Allan Kelly**  
Executive Chairman  
Perth, Australia this 31<sup>st</sup> day of July 2020

# INDEPENDENCE DECLARATION TO THE DIRECTORS OF MIRAMAR RESOURCES LIMITED



## RSM Australia Partners

Level 32, Exchange Tower  
2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61(0) 8 92619100

F +61(0) 8 92619111

[www.rsm.com.au](http://www.rsm.com.au)

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Miramar Resources Limited for the financial period 6 August 2019 to 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

A handwritten signature in black ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads 'Tutu Phong'.

TUTU PHONG  
Partner

Perth, WA  
Dated: 31 July 2020

## THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

## DIRECTORS' DECLARATION

The Directors declare that:

- (a) 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;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards and International Financial Reporting Standards as disclosed in note 2 and giving a true and fair view of the financial position and performance of the consolidated entity for the period 6 August 2019 to 30 June 2020; and
- (d) the Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

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

On behalf of the Directors



**Allan Kelly**  
Executive Chairman  
Perth, Australia this 31<sup>st</sup> day of July 2020



# INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MIRAMAR RESOURCES LIMITED



## RSM Australia Partners

Level 32, Exchange Tower  
2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61(0) 8 92619100

F +61(0) 8 92619111

[www.rsm.com.au](http://www.rsm.com.au)

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIRAMAR RESOURCES LIMITED

### Opinion

We have audited the financial report of Miramar Resources Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial period 6 August 2019 to 30 June 2020, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the financial period 6 August 2019 to 30 June 2020; 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.

### THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation



### **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 financial period 6 August 2019 to 30 June 2020, but does not include the financial report and the 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.

### **Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the 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 have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

RSM AUSTRALIA PARTNERS

TUTU PHONG  
Partner

Perth, WA  
Dated: 31 July 2020

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial period ended 30 June 2020

	Note	6 August 2019 to 30 June 2020 \$
Share-based payments expenses	21	(79,479)
Consultants expenses		(44,899)
Exploration and evaluation expenses		(64,758)
Other expenses		(380)
<b>Loss from continuing operations before income tax benefit</b>		<b>(189,516)</b>
Income tax benefit	5	–
<b>Loss after income tax from continuing operations attributable to members of the parent entity</b>		<b>(189,516)</b>
<b>Other comprehensive profit/(loss) for the period</b>		<b>–</b>
<b>Total comprehensive loss for the period</b>		<b>(189,516)</b>
<b>Net loss attributable to the parent entity</b>		<b>(189,516)</b>
<b>Total comprehensive loss attributable to the parent entity</b>		<b>(189,516)</b>
<b>Loss per share:</b>		
Basic (cents per share)	13	(192.28)
Diluted (cents per share)	13	(192.28)

The accompanying notes form part of the financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Note	2020 \$
<b>Current assets</b>		
Cash and cash equivalents	19(a)	327,771
Trade and other receivables	8	2,968
<b>Total current assets</b>		<b>330,739</b>
<b>Total non-current assets</b>		<b>–</b>
<b>TOTAL ASSETS</b>		<b>330,739</b>
<b>Current liabilities</b>		
Trade and other payables	9	31,315
<b>Total current liabilities</b>		<b>31,315</b>
<b>Total non-current liabilities</b>		<b>–</b>
<b>TOTAL LIABILITIES</b>		<b>31,315</b>
<b>NET ASSETS</b>		<b>299,424</b>
<b>Equity</b>		
Issued capital	10	409,461
Reserves	11	79,479
Accumulated losses	12	(189,516)
<b>TOTAL EQUITY</b>		<b>299,424</b>

The accompanying notes form part of the financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial period ended 30 June 2020

	Attributable to equity holders			
For the period ended 30 June 2020	Ordinary Shares \$	Option Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 6 August 2019	–	–	–	–
<b>Total comprehensive income</b>				
Loss for the period	–	–	(189,516)	(189,516)
Other comprehensive profit for the period	–	–	–	–
Total comprehensive profit/(loss) for the period	–	–	(189,516)	(189,516)
<b>Transactions with owners recorded direct to equity</b>				
Issue of shares	410,600	–	–	410,600
Options expenses	–	79,479	–	79,479
Share issue costs	(1,139)	–	–	(1,139)
Total transactions with owners	409,461	79,479	–	488,940
<b>Balance as at 30 June 2020</b>	<b>409,461</b>	<b>79,479</b>	<b>(189,516)</b>	<b>299,424</b>

The accompanying notes form part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial period ended 30 June 2020

	Note	6 August 2019 to 30 June 2020 \$
<b>Cash flows from operating activities</b>		
Payments for exploration and evaluation		(59,758)
Payments to suppliers and employees		(23,071)
<b>Net cash (used in) operating activities</b>	19(b)	<b>(82,829)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation		-
<b>Net cash (used in) investing activities</b>		<b>-</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of equity securities		410,600
Payment for share issue costs		-
<b>Net cash received by financing activities</b>		<b>410,600</b>
<b>Net increase in cash and cash equivalents</b>		<b>327,771</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>		<b>-</b>
<b>Cash and cash equivalents at the end of the financial period</b>	19(a)	<b>327,771</b>

The accompanying notes form part of the financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial period ended 30 June 2020

## 1. General Information

Miramar Resources Limited (**the Company**) is an unlisted public company, domiciled and incorporated in Australia.

The Group's registered office and its principal place of business are as follows:

<u>Principal place of business</u>	<u>Registered office</u>
138 Hensman Street South Perth WA 6151	Level 11, 216 St Georges Tce Perth WA 6000

## 2. Statement of significant accounting policies

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the financial statements of the consolidated entity (**Group**) comprising the Company and Miramar (Goldfields) Pty Ltd. Separate financial statements for Miramar Resources Limited as an individual entity are no longer presented as the consequence of a change to the *Corporations Act 2001*.

Accounting Standards include Australian equivalents to International Financial Reporting Standards (**A-IFRS**). Compliance with the A-IFRS ensures that the consolidated and parent financial statements and notes of the Group and parent entity comply with International Financial Reporting Standards (**IFRS**).

The financial statements were authorised for issue by the Directors on 31 July 2020.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, except as noted below.

### (a) Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical cost, except for certain financial assets and liabilities which are carried at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

#### Going concern basis of preparation

The consolidated financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation and extinguishment of liabilities in the ordinary courses of business.

The accounting policies set out below have been applied in preparing the financial statements for the period ended 30 June 2020.

### (b) New Accounting Standards for Application in the Current Financial Period and Future Periods

The Group has consistently applied the following accounting policies to all periods presented in the financial statements. The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting period beginning after 30 June 2020 but determined that their application to the financial statements is either not relevant or not material.

### (c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

### (d) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date.

### (e) Financial instruments

#### Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial period ended 30 June 2020

## 2. Statement of significant accounting policies (cont'd)

### (e) Financial instruments (cont'd)

#### **Classification and subsequent measurement**

##### **Financial assets**

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:

- the contractual cash flow characteristics of the financial assets; and
- the entities business model for managing the financial asset.

##### **Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

##### **Financial assets at fair value through other comprehensive income (FVOCI)**

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- 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; and
- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

### (e) Financial instruments (cont'd)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading.

##### **Financial assets at fair value through profit or loss (FVPL)**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

##### **Financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

##### **Impairment**

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### (f) Financial instruments issued by the Company

#### **Debt and equity instruments**

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

#### **Transaction costs on the issue of equity instruments**

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial period ended 30 June 2020

## 2. Statement of significant accounting policies (cont'd)

### (g) Goods and services tax

Revenues, expenses and assets are recognised 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 recognised 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 recognised 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 as operating cash flows.

### (h) Impairment of assets

At each reporting date, 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). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell 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.

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

### (i) Tax

#### Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

### (i) Tax (cont'd)

#### Deferred tax

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised 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.

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

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

#### Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

#### Tax consolidation

Legislation to allow groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. The Company and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation in May 2020 with Miramar Resources Limited as the head entity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial period ended 30 June 2020

## 2. Statement of significant accounting policies (cont'd)

### (j) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as capitalised exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- i. the rights to tenure of the area of interest are current; and
- ii. at least one of the following conditions is also met:
  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised exploration costs for each area of interest (considered to be the cash generating unit) are reviewed each reporting date to test whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). The recoverable amount for capitalised exploration costs has been determined as the fair value less costs to sell by reference to an active market. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to capitalised development and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

### (k) Joint arrangements

#### Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a "joint venture" and accounted for using the equity method.

#### Joint venture operations

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

### (l) Operating cycle

The operating cycle of the entity coincides with the annual reporting cycle.

### (m) Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

### (n) Foreign currency translation

#### Functional and presentation currency

The consolidated financial statements are presented in Australian Dollars, which is Miramar Resources Limited's functional and presentation currency.

#### Transactions and balance

Transactions in foreign currencies are initially recorded in the functional currency (Australian Dollars (AUD)) by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

#### Group companies

On consolidation, the assets and liabilities of foreign operations are translated into dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial period ended 30 June 2020

## 2. Statement of significant accounting policies (cont'd)

### (o) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Company (the parent entity) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

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

### (p) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line or diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate (%)
Office furniture	10.00 – 20.00
Office equipment	7.50 – 66.67

### (q) Provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

### (q) Provisions (cont'd)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

### (r) Leases

At inception of a contract the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows;

- fixed lease payments less any lease incentives;
- variable lease payments that depend on 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;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial period ended 30 June 2020

## 2. Statement of significant accounting policies (cont'd)

### (s) Revenue recognition

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the Group estimates the amount of consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

#### Dividend and interest revenue

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

### (t) Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black and Scholes model or binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

### (u) Fair value measurement

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

### (u) Fair value measurement (cont'd)

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

#### Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial period ended 30 June 2020

## 2. Statement of significant accounting policies (cont'd)

### (u) Fair value measurement (cont'd)

#### Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

- Level 1:** Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2:** Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3:** Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

### (v) Segment reporting policy

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of profit or loss and other comprehensive income and statement of financial position.

### (w) New accounting standards and interpretations

#### Other standards not yet applicable

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

## 3. Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

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

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

#### Key judgements — capitalised exploration and evaluation expenditure

The Group capitalises exploration, evaluation and development expenditure incurred on ongoing projects. The recoverability of this capitalised exploration expenditure is entirely dependent upon returns from the successful development of mining operations or from surpluses from the sale of the projects or the subsidiary companies that control the projects. At the point that it is determined that any capitalised exploration expenditure is definitely not recoverable, it is written off.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial period ended 30 June 2020

## 4. Subsidiary

Name of entity	Country of incorporation	Ownership Interest
		2020 %
<b>Parent entity:</b>		
Miramar Resources Limited (i)	Australia	
<b>Subsidiary:</b>		
Miramar (Goldfields) Pty Ltd (ii)	Australia	100

(i) Miramar Resources Limited (*previously Miramar Holdings Pty Ltd*) is the ultimate parent entity.

(ii) The 100% interest in Miramar (Goldfields) Pty Ltd is held by the parent entity. The company was incorporated on 28 May 2020.

## 5. Income taxes

### Income tax recognised in consolidated profit or loss

#### Current income tax

Current income tax charged	4,834
Tax not recognised	(4,834)

#### Deferred income tax

Relating to origination and reversal of temporary differences	31,949
Deferred tax not recognised	(31,949)
Total tax benefit	–

Reconciliation of income tax expense/(benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the period ended 30 June 2020 is as follows:

Loss from operations	(189,516)
Income tax expense calculated at 27.5%	(52,117)
Effect of expenses that are not deductible in determining taxable loss	21,856
Temporary differences not recognised	25,427
Unused tax losses not recognised as deferred tax assets	4,834
Income tax benefit	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial period ended 30 June 2020

## 5. Income taxes (cont'd)

### Unrecognised deferred tax assets

	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive Income	
	2020 \$	2019 \$	2020 \$	2019 \$
Deferred tax assets have not been recognised in respect of the following items				
Trade and other payables	7,014	–	7,014	–
Business related costs – equity	250	–	250	–
Business related costs – profit or loss	4,569	–	4,569	–
Tenement acquisition	15,282	–	15,282	–
Revenue losses	4,834	–	4,834	–
<b>Deferred tax assets not recognised</b>	<b>31,949</b>	<b>–</b>		
<b>Deferred tax (income)/expense</b>			<b>31,949</b>	<b>–</b>

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

### Tax consolidation

#### Relevance of tax consolidation to the Group

Legislation to allow groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. The Company and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation.

## 6. Key management personnel disclosures

### (a) Details of key management personnel

The Directors and Executives of Miramar Resources Limited during the period were:

#### Directors

- Allan Kelly
- Marion Bush
- Terry Gadenne

### (b) Key management personnel compensation

	2020 \$
Short-term employee benefits	–
Post-employment benefits	–
Share-based payment	79,479
Other benefits	–
	<u>79,479</u>

## 7. Remuneration of auditors

Audit or review of the financial report

RSM Australia Partners	5,000
	<u>5,000</u>

The auditor of the Group is RSM Australia Partners.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial period ended 30 June 2020

	2020 \$
<b>8. Current trade and other receivables</b>	
Trade receivables	–
Net goods and services tax (GST) receivable	2,968
	<u>2,968</u>

<b>9. Current trade and other payables</b>	
Trade payables (i)	5,815
Accruals	25,500
	<u>31,315</u>

- (i) The average credit period on purchases of goods and services is 30 days. No interest is charged on the trade payables for the first 30 to 60 days from the date of the invoice. Thereafter, interest is charged at various penalty rates. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

<b>10. Issued capital</b>	
9,010,100 fully paid ordinary shares	409,461
	<u>409,461</u>

	2020	
	No.	\$
<b>Fully paid ordinary shares</b>		
Balance at beginning of financial period	–	–
Issue of shares (i)	100	100
Issue of shares (ii)	1,000,000	10,000
Issue of shares (iii)	8,010,000	400,500
Share issue costs	–	(1,139)
Balance at end of financial period	<u>9,010,100</u>	<u>409,461</u>

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

- (i) Incorporation of Miramar Holdings Pty Ltd.
- (ii) On 25 June 2020 a total of 1 million fully paid ordinary shares were issued to the sole shareholder as founder seed to raise \$10,000.
- (iii) On 26 June 2020 a total of 8,010,000 fully paid ordinary shares were issued to the seed investors to raise \$400,500. On 2 July 2020 the Company received a late application for the seed raising of \$10,000. Refer to note 18 for further information.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial period ended 30 June 2020

	<b>2020</b>
	<b>\$</b>
<b>11. Reserves</b>	
<b>Comprising:</b>	
Option reserve	79,479
	<u>79,479</u>
<b>Movement in option reserve:</b>	
Balance at beginning of financial period	–
Option reserve movement during the period	79,479
Balance at end of financial period	<u>79,479</u>

## Nature and purpose of reserves

### Option reserve

The option reserve recognises the fair value of options issued and valued using the Black-Scholes model.

### Share options

As at 30 June 2020, options over 11,010,000 ordinary shares in aggregate are as follow.

Issuing entity	No of shares under option	Class of shares	Exercise price of option	Expiry date of options
Miramar Resources Limited	3,000,000	Ordinary	\$0.20 each	26 June 2025
Miramar Resources Limited	8,010,000	Ordinary	\$0.20 each	24 months after listing

Share options are all unlisted, carry no rights to dividends and no voting rights. No options were exercised during the period.

	<b>2020</b>
	<b>\$</b>
<b>12. Accumulated losses</b>	
Balance at beginning of period	–
Loss attributable to members of the parent entity	(189,516)
Balance at end of financial period	<u>(189,516)</u>

	<b>2020</b>
	<b>Cents per share</b>
<b>13. Loss per share</b>	
<b>Loss per share:</b>	
Basic	(192.28)
Diluted	<u>(192.28)</u>

### Basic loss per share

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

	<b>2020</b>
	<b>\$</b>
Loss for the period	(189,516)
	<u>(189,516)</u>
	<b>2020</b>
	<b>No.</b>
Weighted average number of ordinary shares for the purposes of basic loss per share	<u>98,560</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial period ended 30 June 2020

	2020 \$
<b>14. Commitments for expenditure</b>	
Exploration, evaluation & development (expenditure commitments)	
Not longer than 1 year (i)	29,417
Longer than 1 year and not longer than 5 years	–
Longer than 5 years	–
	<hr/> 29,417

- (i) Under a MOU executed for the option to purchase the tenements (**Option**), the Company is required to maintain the granted Tenements in good standing during the period of the Option.

## 15. Contingent liabilities

- (i) Between March and June 2020 the Group executed two (2) Memorandum of Understanding (**MOU**) and one (1) Sale and Purchase Agreement (**S&P Agreement**) for the exclusive right to purchase interests in tenements within an agreed period. The MOU and S&P Agreement were executed as part of the proposed listing on the Australian Securities Exchange (**ASX**). During the period, the Company paid the non-refundable Option Fees upon execution of the MOU and S&P Agreement. Subject to the Company listing on the ASX and the Company's decision to exercise the option to purchase, the Company will issue a maximum of 7.1 million fully paid ordinary shares and a maximum of \$212,500 cash payment in accordance with the terms and conditions set out in the MOU and S&P Agreement.
- The decision to exercise the option to purchase is contingent upon successful completion of listing on ASX. The listing on ASX is a future event that will affect the decision to exercise the option to purchase and the corresponding amount payable to the relevant parties. The Company has no obligation to make further payments if it chooses not to proceed with the option to purchase.

## 16. Segment reporting

The Group operates in the mineral exploration industry in Australia. For management purposes, the Group is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Group's activities are interrelated and discrete financial information is reported to the Board as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's Chief Operating Decision Maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of profit or loss and comprehensive income and statement of financial position.

## 17. Related party disclosures

### (a) Equity interests in related parties

#### **Equity interests in subsidiary**

Details of the percentage of ordinary shares held in subsidiary is disclosed in note 4 to the financial statements.

### (b) Key management personnel remuneration

Details of key management personnel remuneration are disclosed in note 6 to the financial statements.

### (c) Transactions with other related parties

#### **Director transactions**

XGS Exploration Geochemistry Services (**XGS**), of which Mr Allan Kelly is a Director, provided consulting services in relation to the proposed IPO and ASX listing of the Company amounting to \$10,000 during the period. The services provided were on arms length commercial terms. At 30 June 2020 the Company did not owe XGS.

Subsequent to year end the Company entered in a lease agreement with XGS on 15 July 2020. The lease will commence from 1 July 2020 for six (6) months to 31 December 2020 at \$1,600 per month.

The Company entered into a Sales and Purchase Agreement (**S&P Agreement**) with Debnal Pty Limited (**Debnal**), of which Mr Allan Kelly is a Director, for mineral tenements and applications for mineral tenements in Whaleshark, Bangemall, Garden Gully, Lakeside, Lang Well and Randalls (**Tenements**). On 8 June 2020, the Company made a non-refundable cash payment of \$25,000 to Debnal for a 6-month exclusion option to purchase the Tenements (**Option**). The Company has the right to extend the exclusive option for a further 3 months in exchange for an additional payment of \$10,000. If the Company elects to exercise the Option the Company will make a final payment of \$75,000 and issue 4,500,000 fully paid ordinary share to Debnal or its nominees. Debnal will provide the signed transfer for the Tenements upon completion of the final payments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial period ended 30 June 2020

## 17. Related party disclosures (cont'd)

### (d) Parent entity

The ultimate parent entity in the Group is Miramar Resources Limited.

## 18. Subsequent events

The following matters or circumstances have arisen since 30 June 2020 that may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Group in future financial years.

- (a) On 2 July 2020 the Company received a late application for the seed raising of \$10,000. The Company issued a total of 200,000 fully paid ordinary share together with 200,000 options exercisable at \$0.20 per option expiring 24 months after listing.
- (b) On 15 July 2020 the Company entered into a lease agreement with XGS Exploration Geochemistry Services Pty Ltd for a period of 6 months commencing 1 July 2020. Refer to note 17 for further details.
- (c) On 23 July 2020 a Tenement Sale Agreement was executed with Thunder Metals Pty Ltd to formalise the Memorandum of Understanding executed on 18 May 2020. Refer to note 15 for further information.
- (d) On 27 July 2020 the Group executed a tenement sale and purchase agreement (S&P Agreement) with AngloGold Ashanti Australia for the Glandore Project which consists of a 42 km<sup>2</sup> tenement package. The S&P Agreement will proceed once all the regulatory approvals have been obtained within six (6) months after the date of the S&P Agreement which can be extended if both parties agree in writing. The total consideration for the sale and purchase of the Glandore Project is \$100,000.

## 19. Notes to the statement of cash flows

2020  
\$

### (a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:

Cash and cash at bank	327,771
	<u>327,771</u>

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

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial period as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:

Loss for the period	(189,516)
Equity settled share-based payments	79,479

#### **Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:**

Change in assets:	
Trade and other receivables	(2,968)
Change in liabilities:	
Trade and other payables and provisions	30,176
	<u>(82,829)</u>

### (c) Non-cash financing and investing activities

During the current period, the Group did not enter into any non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial period ended 30 June 2020

## 20. Financial instruments

### (a) Financial risk management objectives

The Group manages the financial risks relating to the operations of the Group.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Company's Board of Directors.

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group does not enter into derivative financial instruments to manage its exposure to interest rate.

### (b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

### (c) Interest rate risk management

The Group is exposed to interest rate risk as it places funds at both fixed and floating interest rates. A 100 basis point movement in interest rates based on interest bearing financial assets and liabilities at 30 June 2020 would not have a material impact on the loss for the period or equity at 30 June 2020.

### (c) Interest rate risk management (cont'd)

#### Maturity profile of financial instruments

The following table details the Group's exposure to interest rate risk.

Consolidated	Weighted average effective interest rate	Variable interest rate	Fixed maturity dates			Non interest bearing	Total
			Less than 1 year	1–5 years	5+ years		
	%	\$	\$	\$	\$	\$	\$
<b>2020</b>							
<b>Financial assets:</b>							
Cash and cash equivalents	0.00%	–	–	–	–	327,771	327,771
Trade and other receivables		–	–	–	–	2,968	2,968
						330,739	330,739
<b>Financial liabilities:</b>							
Trade and other payables		–	–	–	–	31,315	31,315
						31,315	31,315

### (d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. The Group measures credit risk on a fair value basis.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

It is a policy of the Group that creditors are paid within 30 days.

### (e) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group does not perform any sensitivity analysis and none is disclosed in the financial statements as the impact would not be material.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial period ended 30 June 2020

## 21. Share-based payment

The Company has an ownership-based compensation arrangement for employees of the Group.

Each option issued under the arrangement converts into one ordinary share of Miramar on exercise. No amounts are paid or payable by the recipient on receipt of the option. Options neither carry 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 number of options granted is at the sole discretion of the Directors.

Incentive options issued to Directors (executive and non-executive) are subject to approval by shareholders and attach vesting conditions as appropriate.

The following share-based payment arrangements were in existence during the current reporting period:

Option series	Number	Grant date	Expiry date	Exercise price cents
OPT001	3,000,000	19 June 2020	26 June 2025	20 cents

The following unlisted options were issued during the period and are not share-based payments to employees of the Group.

Option series	Number	Grant date	Expiry date	Exercise price cents
OPT002	8,010,000	19 June 2020	24 months from the listing date	20 cents

### Expenses arising from share-based payment transactions

	2020 \$
Options issued to key management personnel	79,479
	<u>79,479</u>

On 19 June 2020, 3,000,000 options were granted to key management personnel for nil consideration.

The following table summarise the share options during the period.

Grant date	Expiry date	Exercise price	Balance at start of the period	Granted during the period	Exercised during the period	Forfeited during the period	Balance at the end of the period	Vested and exercisable
								at end of the period
		\$	No.	No.	No.	No.	No.	No.
<b>2020</b>								
19 Jun 20 <sup>(i)</sup>	26 Jun 25	\$0.20	–	3,000,000	–	–	3,000,000	3,000,000
<b>Total</b>			–	<b>3,000,000</b>	–	–	<b>3,000,000</b>	<b>3,000,000</b>
Weighted average exercise price			–	\$0.20	–	–	\$0.20	\$0.20

(i) These options were granted in accordance with shareholder approval received on 19 June 2020.

Set out below are the options exercisable at the end of the financial period:

Grant date	Expiry date	2020 No.
19 June 2020	26 June 2025	3,000,000
		<u>3,000,000</u>

The weighted average remaining contractual life of options outstanding at the end of the financial period was 4.99 years.

For the options granted during the current financial period, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
19 Jun 20	26 Jun 25	\$0.050	\$0.200	100.00%	Nil	0.40%	\$0.026

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial period ended 30 June 2020

## 22. Parent entity disclosures

The following details information related to the parent entity, Miramar Resources Limited, at 30 June 2020. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	2020 \$
<b>Results of the parent entity</b>	
Loss for the period	(189,416)
Other comprehensive income	–
<b>Total comprehensive loss for the period</b>	<b>(189,416)</b>
<b>Financial position of parent entity at period end</b>	
Current assets	330,739
Non-current assets	100
<b>Total assets</b>	<b>330,839</b>
Current liabilities	31,315
Non-current liabilities	–
<b>Total liabilities</b>	<b>31,315</b>
<b>Total equity of the parent entity comprising of:</b>	
Share capital	409,461
Reserves	79,479
Accumulated losses	(189,416)
<b>Total equity</b>	<b>299,524</b>

**(a) Guarantees entered into by the parent entity in relation to the debts of its subsidiary**

The parent entity had not entered into any guarantees in relation to the debts of its subsidiary as at 30 June 2020.

**(b) Parent entity contingencies**

The parent entity had no contingent liabilities as at 30 June 2020 other than disclosed in this financial report.

**(c) Commitments for the acquisition of property, plant and equipment by the parent entity**

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 other than disclosed in this financial report.