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Dynamic Drill & Blast Pty Ltd
Annual Report - 30 June 2019

Dynamic Drill & Blast Pty Ltd
Directors' report
For the year ended 30 June 2019

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2019.

Directors

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

Mark Troy Davis
Matthew Sydney Walter Hawkes – resigned 2 May 2019
Matthew Leo Freedman – appointed 11 June 2019
George Henry Miller Garnett – appointed 11 June 2019

Principal activities

During the financial year the principal continuing activities of the company consisted of:

- Drilling & blasting services
- Contract labour hire

Dividends

Since the start of the financial period, the directors have not paid or declared a dividend.

Review of operations

The profit / (loss) for the company after providing for income tax amounted to \$1,526,249 (30 June 2018: (\$584,426)).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

Since the report date the following significant events have occurred:

- On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during 2020.

Management is actively monitoring the global situation and its impact on the Company's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2020 financial year.

Although the company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in the fiscal year 2020.

- Since the reporting date of this report, the Company has secured a long-term contract with one of its customers.
- To further expand the Company's operations, the Directors wish to list the Company on the Australian Stock Exchange and is currently completing the requirements in order to undertake an Initial Public Offering.

Other than these matter, no matter have arisen since the end of the financial year to the date of this report of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Dynamic Drill & Blast Pty Ltd
Directors' report
For the year ended 30 June 2019

Environmental regulation

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

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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

On behalf of the directors



Mark Troy Davis
Director

24 June 2020

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF DYNAMIC DRILL & BLAST PTY LTD

As lead auditor of Dynamic Drill & Blast Pty Ltd for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

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



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 24 June 2020

Dynamic Drill & Blast Pty Ltd
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General information

The financial statements cover Dynamic Drill & Blast Pty Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Dynamic Drill & Blast Pty Ltd's functional and presentation currency.

Dynamic Drill & Blast Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Cooper Partners
Level 15, 216 St Georges Terrace
Perth WA 6000

Principal place of business

7 Goongarrie Street
Bayswater WA 6053

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 June 2020. The directors have the power to amend and reissue the financial statements.

Dynamic Drill & Blast Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

| | Note | 2019 \$ | 2018 \$ |
|--|-----------|------------------|------------------|
| Revenue | 3 | 19,068,888 | 12,972,705 |
| Other income | 4 | 213,588 | (19,633) |
| Finance income | | 32 | 414 |
| Expenses | | | |
| Operating expenses | 5 | (12,521,987) | (8,510,632) |
| Employee benefits expense | | (236,860) | (266,942) |
| Employment expense | | (3,853,870) | (3,482,235) |
| Depreciation and amortisation expense | | (187,856) | (207,137) |
| Doubtful debts | | 127,880 | (338,733) |
| Travel & accommodation | | (604,613) | (181,071) |
| Vehicle expenses | | (196,114) | (297,696) |
| Other expenses | | (523,395) | (232,091) |
| Finance costs | 5 | (22,618) | (20,713) |
| Profit / (loss) before income tax expense | | 1,263,075 | (583,764) |
| Income tax expense | 6 | 263,174 | (662) |
| Profit / (loss) after income tax expense for the year attributable to the owners of Dynamic Drill & Blast Pty Ltd | 18 | 1,526,249 | (584,426) |
| Other comprehensive income / (loss), net of tax | | - | - |
| Total comprehensive income / (loss) for the year | | 1,526,249 | (584,426) |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Dynamic Drill & Blast Pty Ltd
Statement of financial position
As at 30 June 2019

| | Note | 2019 \$ | 2018 \$ |
|--------------------------------------|------|-------------------------|---------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 7 | 2,749,412 | 672,185 |
| Trade and other receivables | 8 | 1,502,612 | 846,148 |
| Current tax | | - | 34,150 |
| Other | 9 | 66,141 | 127,230 |
| Total current assets | | <u>4,318,165</u> | <u>1,679,713</u> |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 658,566 | 841,132 |
| Deferred tax | 11 | 263,174 | - |
| Other | | 540 | 94 |
| Total non-current assets | | <u>922,280</u> | <u>841,226</u> |
| Total assets | | <u>5,240,445</u> | <u>2,520,939</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 12 | 3,262,502 | 2,069,835 |
| Borrowings | 13 | 539,024 | 739,815 |
| Employee benefits | 14 | 181,422 | 520,506 |
| Other | 15 | 8,832 | 5,406 |
| Total current liabilities | | <u>3,991,780</u> | <u>3,335,562</u> |
| Non-current liabilities | | | |
| Borrowings | 16 | 821,702 | 284,963 |
| Total non-current liabilities | | <u>821,702</u> | <u>284,963</u> |
| Total liabilities | | <u>4,813,482</u> | <u>3,620,525</u> |
| Net assets | | <u>426,963</u> | <u>(1,099,586)</u> |
| Equity | | | |
| Issued capital | 17 | 306 | 6 |
| Retained profits / (losses) | 18 | 426,657 | (1,099,592) |
| Total equity | | <u>426,963</u> | <u>(1,099,586)</u> |

The above statement of financial position should be read in conjunction with the accompanying notes

Dynamic Drill & Blast Pty Ltd
Statement of changes in equity
For the year ended 30 June 2019

| | Issued capital \$ | Reserves \$ | Retained profits \$ | Total equity \$ |
|--|-------------------------|----------------|---------------------------|--------------------|
| Balance at 1 July 2017 | 5 | - | (515,166) | (515,161) |
| Profit / (loss) after income tax expense for the year | - | - | (584,426) | (584,426) |
| Other comprehensive income / (loss) for the year, net of tax | - | - | - | - |
| Total comprehensive income / (loss) for the year | - | - | (584,426) | (584,426) |
| Transactions with owners in their capacity as owners: | | | | |
| Issue of share capital | 1 | - | - | 1 |
| Balance at 30 June 2018 | 6 | - | (1,099,592) | (1,099,586) |
| | Issued capital \$ | Reserves \$ | Retained Profits \$ | Total equity \$ |
| Balance at 1 July 2018 | 6 | - | (1,099,592) | (1,099,586) |
| Profit / (loss) after income tax expense for the year | - | - | 1,526,249 | 1,526,249 |
| Other comprehensive income / (loss) for the year, net of tax | - | - | - | - |
| Total comprehensive income / (loss) for the year | - | - | 1,526,249 | 1,526,249 |
| Transactions with owners in their capacity as owners: | | | | |
| Issue of share capital | 300 | - | - | 300 |
| Balance at 30 June 2019 | 306 | - | 426,657 | 426,963 |

The above statement of changes in equity should be read in conjunction with the accompanying notes

Dynamic Drill & Blast Pty Ltd
Statement of cash flows
For the year ended 30 June 2019

| | Note | 2019 \$ | 2018 \$ |
|---|-----------|--------------------------------|------------------------------|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 18,412,423 | 13,503,915 |
| Payments to suppliers and employees (inclusive of GST) | | <u>(16,746,345)</u> | <u>(12,713,321)</u> |
| | | 1,666,078 | 790,594 |
| Interest received | | 32 | 414 |
| Income taxes paid | | <u>34,150</u> | <u>(85,629)</u> |
| Net cash from operating activities | 22 | <u>1,700,260</u> | <u>705,379</u> |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (146,974) | (330,526) |
| Proceeds from disposal of property, plant and equipment | | 351,500 | 367 |
| Payments for Investments | | 300 | - |
| Loans from Related Parties | | <u>(42,548)</u> | <u>-</u> |
| Net cash used in investing activities | | <u>162,278</u> | <u>(330,159)</u> |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 1,259,912 | 310,112 |
| Repayment of borrowings | | <u>(1,045,223)</u> | <u>(149,287)</u> |
| Net cash used in financing activities | | <u>214,689</u> | <u>160,825</u> |
| Net increase in cash and cash equivalents | | 2,077,227 | 536,045 |
| Cash and cash equivalents at the beginning of the financial year | | <u>672,185</u> | <u>136,140</u> |
| Cash and cash equivalents at the end of the financial year | 7 | <u><u>2,749,412</u></u> | <u><u>672,185</u></u> |

The above statement of cash flows should be read in conjunction with the accompanying notes

Dynamic Drill & Blast Pty Ltd
Notes to the financial statements
For the year ended 30 June 2019

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going Concern

The financial reports has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. For the year ended 30 June 2019, the Company recorded a profit before income tax of \$1,263,075. The Company's net cash flow from operating activities was \$1,655,858 with a net current asset position of \$326,385.

Subsequent to reporting date, on 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreaks as a pandemic. These events are having a significant impact and recovery from the COVID-19 is unknown but it may have an impact on the Company's activities and potentially impact on being able to raise capital in an uncertain market.

In context of this operating environment, the ability of the Company to continue as a going concern is depending on securing additional funding through debt or equity to continue to funds its operational activities. These conditions indicate a material uncertainty that may case a significant doubt about the entity's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that there will be sufficient funds available to continue to meet the Company's working capital requirements as at the date of this report and that sufficient funds will be available to finance the operations of the Company for the following reasons:

- The Directors have assessed the likely cash flow for the 12 month period from the date of signing this financial report and its impact on the Company and believe there will be sufficient funds to meet the Company's working capital requirements at the date of this report.
- The Company has the ability to reduce its expenditure to conserve cash.
- The Company can call upon further working capital from the existing shareholders if required.
- Additional cash funding from the Australian Government in the form of cash payments and credits have eased the financial burden during the global pandemic.
- The Company intends to capital raise by listing on the Australian Stock Exchange which is expected to significantly increase the Company's working capital position.

Should the Company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements or raise additional capital through equity or debts raisings and that the financial reports does not include any adjustments relating to the recoverability and classification or recorded asset amounts or liabilities that might be necessary should the Company not continue as a going concern and meet its debts as and when they become due and payable. The directors plan to continue the Company's operations on the basis s outlined above and believe there will be sufficient funds for the Company to meet its obligations and liabilities for at least twelve months from the date of this report.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Dynamic Drill & Blast Pty Ltd. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of Dynamic Drill & Blast Pty Ltd.

Note 1. Significant accounting policies (continued)

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition

Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Contract revenue is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to work performed based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 1. Significant accounting policies (continued)

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the company has transferred goods or services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

Note 1. Significant accounting policies (continued)

Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|---------------------------------|------------|
| Buildings | 40 years |
| Leasehold improvements | 3-10 years |
| Plant and equipment | 3-7 years |
| Plant and equipment under lease | 2-5 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 1. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

Refund liabilities

Refund liabilities are recognised where the company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset.

All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 1. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2019. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

AASB16 Leases

AASB 16 Leases specifies how to recognise, measure and disclose leases. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed for lessees.

The standard provides a single lessee accounting model, requiring lessees to recognise assets (the right to use the leased item) and lease liabilities (obligations to make lease repayments) for almost all leases. The company plans to apply the practical expedients in relation to short term leases (less than or equal to 12 months) and leases of low value assets whereby lease accounting remains similar to current practice.

The standard will affect primarily the accounting for the company's operating leases of offices and motor vehicles.

The company will apply the standard from its mandatory adoption date of 1 July 2019. The company intends to apply the modified retrospective transition approach and will not restate comparative amounts for the year prior to first adoption, which will be presented in the 31 December 2019 half year financial report. 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.

Operating cash flows will increase under AASB16 as the element of cash paid attributable to the repayment of principal will be included in financing cash flows. The net increase/decrease in cash and cash equivalents will remain the same.

The lease term is determined at inception of the lease. Leases allow for options to extend the term of the lease. Exercising or letting an option lapse may have a material impact on the lease valuations.

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.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Contract revenue and work in progress

Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement such as assumed levels of project execution productivity.

Revenue from the Company arises from providing professional services to our customers. These are to be predominately recognised over time with reference to inputs on satisfaction of the performance obligations. The services that have been determined to be one performance obligation are highly interrelated and fulfilled over time, therefore revenue continues to be recognised over time.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Dynamic Drill & Blast Pty Ltd
Notes to the financial statements
For the year ended 30 June 2019

Note 3. Revenue

| | 2019 \$ | 2018 \$ |
|--|--------------------------|--------------------------|
| <i>Revenue from contracts with customers</i> | | |
| Rendering of services | 19,050,988 | 12,972,705 |
| | <u>19,050,988</u> | <u>12,972,705</u> |
| <i>Other revenue</i> | | |
| Other revenue | 17,900 | - |
| | <u>17,900</u> | <u>-</u> |
| Revenue | <u><u>19,068,888</u></u> | <u><u>12,972,705</u></u> |

Note 4. Other income

| | 2019 \$ | 2018 \$ |
|--|-----------------------|------------------------|
| Net gain/(loss) on disposal of property, plant and equipment | 213,588 | (19,633) |
| | <u>213,588</u> | <u>(19,633)</u> |
| Other income | <u><u>213,588</u></u> | <u><u>(19,633)</u></u> |

Note 5. Expenses

| | 2019 \$ | 2018 \$ |
|--|-------------------|------------------|
| Profit before income tax includes the following specific expenses: | | |
| <i>Cost of sales</i> | | |
| Cost of sales | 12,521,987 | 8,510,632 |
| | <u>12,521,987</u> | <u>8,510,632</u> |
| <i>Finance costs</i> | | |
| Finance costs expensed | 22,618 | 20,713 |
| | <u>22,618</u> | <u>20,713</u> |

Note 6. Income tax expense

| | 2019 \$ | 2018 \$ |
|--|------------------|------------|
| Profit/(Loss) before income tax | 1,263,075 | (583,764) |
| At the company statutory income tax rate 27.5% (2018: 27.5%) | 347,345 | (160,535) |
| Non deductible items & adjustments | 60,360 | (227,055) |
| Non recognition of deferred taxes | | 388,252 |
| Recognition of deferred taxes | (670,879) | |
| | <u>(263,174)</u> | <u>662</u> |

Dynamic Drill & Blast Pty Ltd
Notes to the financial statements
For the year ended 30 June 2019

Note 7. Current assets - cash and cash equivalents

| | 2019 | 2018 |
|--------------|------------------|----------------|
| | \$ | \$ |
| Cash on hand | 6 | 6 |
| Cash at bank | 2,749,406 | 672,179 |
| | <u>2,749,412</u> | <u>672,185</u> |

Note 8. Current assets - trade and other receivables

| | 2019 | 2018 |
|--|------------------|----------------|
| | \$ | \$ |
| Trade receivables | 1,502,312 | 1,389,400 |
| Less: Provision for expected credit loss | - | (543,252) |
| | <u>1,502,312</u> | <u>846,148</u> |
| Sundry receivables | 300 | - |
| | <u>1,502,612</u> | <u>846,148</u> |

Note 9. Current assets - other

| | 2019 | 2018 |
|-------------|---------------|----------------|
| | \$ | \$ |
| Prepayments | 58,020 | 127,230 |
| Bond paid | 8,121 | - |
| | <u>66,141</u> | <u>127,230</u> |

Note 10. Non-current assets - property, plant and equipment

| | 2019 | 2018 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Leasehold improvements - at cost | 35,280 | 35,280 |
| Less: Accumulated depreciation | (4,328) | (3,551) |
| | <u>30,952</u> | <u>31,729</u> |
| Plant and equipment - at cost | 1,949,994 | 2,389,679 |
| Less: Accumulated depreciation | (1,322,380) | (1,580,276) |
| | <u>627,614</u> | <u>809,403</u> |
| | <u>658,566</u> | <u>841,132</u> |

Dynamic Drill & Blast Pty Ltd
Notes to the financial statements
For the year ended 30 June 2019

Note 10. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| | Land and buildings \$ | Leasehold improvements \$ | Plant and equipment \$ | Plant under lease \$ | Total \$ |
|-------------------------|-----------------------------|---------------------------------|------------------------------|----------------------------|-------------|
| Balance at 1 July 2017 | - | 32,506 | 596,365 | 88,874 | 717,745 |
| Additions | - | - | 347,305 | - | 347,305 |
| Disposals | - | - | (16,781) | - | (16,781) |
| Hire purchases ended | - | - | 88,874 | (88,874) | - |
| Depreciation expense | - | (777) | (206,360) | - | (207,137) |
| Balance at 30 June 2018 | - | 31,729 | 809,403 | - | 841,132 |
| Additions | - | - | 165,983 | - | 165,983 |
| Disposals | - | - | (160,694) | - | (160,694) |
| Depreciation expense | - | (777) | (187,078) | - | (187,855) |
| Balance at 30 June 2019 | - | 30,952 | 627,614 | - | 658,566 |

Note 11. Non-current assets - deferred tax

Recognised on the Statement of Financial Position, deferred income tax at the end of the reporting period relates to the following: (2019: 27.5%, 2018: 27.5%)

| | 2019 \$ | 2018 \$ |
|----------------------------|------------|------------|
| Employee benefits | 49,891 | 143,139 |
| Tax losses carried forward | 213,283 | 378,346 |
| Non recognised in 2018 | - | (521,485) |
| Deferred tax asset | 263,174 | - |

Note 12. Current liabilities - trade and other payables

| | 2019 \$ | 2018 \$ |
|----------------|------------|------------|
| Trade payables | 3,192,002 | 2,086,432 |
| Other payables | 70,500 | (16,597) |
| | 3,262,502 | 2,069,835 |

Dynamic Drill & Blast Pty Ltd
Notes to the financial statements
For the year ended 30 June 2019

Note 13. Current liabilities - borrowings

| | 2019 | 2018 |
|------------------|----------------|----------------|
| | \$ | \$ |
| Bank loans | 139,024 | 47,988 |
| Other borrowings | 400,000 | 691,827 |
| | <u>539,024</u> | <u>739,815</u> |

Note 14. Current liabilities – employee benefits

| | 2019 | 2018 |
|----------------|----------------|----------------|
| | \$ | \$ |
| Annual Leave | 115,407 | 135,514 |
| Superannuation | 66,015 | 384,992 |
| | <u>181,422</u> | <u>520,506</u> |

Note 15. Current liabilities - other

| | 2019 | 2018 |
|--------------|--------------|--------------|
| | \$ | \$ |
| Credit Cards | 8,832 | 5,406 |
| | <u>8,832</u> | <u>5,406</u> |

Note 16. Non-current liabilities - borrowings

| | 2019 | 2018 |
|------------------|----------------|----------------|
| | \$ | \$ |
| Bank loans | 129,875 | 284,963 |
| Other borrowings | 691,827 | - |
| | <u>821,702</u> | <u>284,963</u> |

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

| | 2019 | 2018 |
|------------------|------------------|------------------|
| | \$ | \$ |
| Bank loans | 268,899 | 332,951 |
| Other borrowings | 1,091,827 | 691,827 |
| | <u>1,360,726</u> | <u>1,024,778</u> |

Assets pledged as security

The bank loans are chattel mortgages secured over the company's motor vehicles and drill equipment.

Dynamic Drill & Blast Pty Ltd
Notes to the financial statements
For the year ended 30 June 2019

Note 17. Equity - issued capital

| | 2019 Shares | 2018 Shares | 2019 \$ | 2018 \$ |
|--|---------------------|----------------|------------|------------|
| Ordinary shares - fully paid | 30,300 | 303 | 306 | 6 |
| <i>Movements in ordinary share capital</i> | | | | |
| Details | No of shares | | \$ | |
| Opening balance (1 July 2017) | 303 | | | 6 |
| Shares Issued | - | | | - |
| Closing Balance (30 June 2018) | 303 | | | 6 |
| Shares issued | 29,997 | | | 300 |
| Closing balance (30 June 2019) | 30,300 | | | 306 |

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 18. Equity - retained profits

| | 2019 \$ | 2018 \$ |
|---|-------------|-------------|
| Retained profits at the beginning of the financial year | (1,099,592) | (515,166) |
| Profit after income tax expense for the year | 1,526,249 | (584,426) |
| Retained profits at the end of the financial year | 426,657 | (1,099,592) |

Note 19. Equity - dividends

Dividends

There were no dividends paid or declared during the current or previous financial period.

Franking credits

| | 2019 \$ | 2018 \$ |
|--|------------|------------|
| Franking credits available for subsequent financial years based on a tax rate of 30% | 489,812 | 523,962 |

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 20. Contingent liabilities

There were no contingent liabilities as at the date of this report.

Note 21. Events after the reporting period

Subsequent to year end the following events occurred:

- The Company formally commenced a process to list of the Australian Securities Exchange;
- The Company successfully tendered a new long term contract with a major client.
- On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity and future results of operations during 2020.

Management is actively monitoring the global situation and its impact on the Company's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2020 financial year.

Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in fiscal year 2020.

Other than these matters, no matters have arisen since the end of the financial year to the date of this report of a material and unusual nature likely, in the opinion of the Director's, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Dynamic Drill & Blast Pty Ltd
Notes to the financial statements
For the year ended 30 June 2019

Note 22. Reconciliation of profit / (loss) after income tax to net cash from operating activities

| | 2019 | 2018 |
|---|------------------|----------------|
| | \$ | \$ |
| Profit / (loss) after income tax expense for the year | 1,526,249 | (584,426) |
| Adjustments for: | | |
| Depreciation and amortisation | 191,692 | 207,137 |
| Net gain on disposal of non-current assets | (213,588) | 19,633 |
| Movement in DTA | (263,174) | 662 |
| Change in operating assets and liabilities: | | |
| Increase/(decrease) in trade and other receivables | (656,528) | 869,943 |
| Increase/(decrease) in prepayments | 68,762 | (95,683) |
| Increase/(decrease) in trade and other payables | 1,180,698 | 165,001 |
| Increase/(decrease) in provision for income tax | 34,150 | (85,629) |
| Increase/(decrease) in employee benefits | (335,235) | 182,380 |
| Increase/(decrease) in other operating liabilities | 167,234 | 26,361 |
| Net cash from operating activities | <u>1,700,260</u> | <u>705,379</u> |

Note 23. Commitments

| | 2019 | 2018 |
|--|------------------|------------------|
| | \$ | \$ |
| Operating lease commitments: | | |
| No later than one year | 1,551,384 | 1,001,203 |
| Later than one year but not later than 2 years | 119,699 | 1,476,305 |
| Later than 2 years but not later than 5 years | 21,492 | 85,661 |
| Total | <u>1,692,575</u> | <u>2,563,168</u> |

Dynamic Drill & Blast Pty Ltd
Directors' declaration
For the year ended 30 June 2019

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Dynamic Drill & Blast Pty Ltd;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Mark Troy Davis
Director

24 June 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Dynamic Drill & Blast Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Dynamic Drill & Blast Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Dynamic Drill & Blast Pty Ltd, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 1, and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Company in accordance with the 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 (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for an other purpose. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' report for the year ended 30 June 2019, 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 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or 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 (<http://www.auasb.gov.au/Home.aspx>) at:

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

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

BDO
A handwritten signature in black ink, appearing to read 'Dean Just'.

Dean Just

Director

Perth, 24 June 2020