# Capricorn Orogen Pty Ltd

A.C.N. 646 309 257

## ANNUAL REPORT
## 30 June 2022

# Contents

# Director's Report

Your Director presents the report on Capricorn Orogen Pty Ltd (**Capricorn Orogen** or **the Company**) for the financial year ended 30 June 2022.

Capricorn Orogen was incorporated on 1 December 2020 for the purpose of acquiring mining tenements in Western Australia.

**Director**

The name of the Director in office at any time during or since the end of the financial year is:

- Brian Bernard Rodan Sole Director

The Director has been in office since incorporation to the date of this report. For additional information on the Director, including details of the qualifications of the Director, please refer to the paragraph 'Information relating to the Director of this Director's Report.

**Company Secretary**

The Sole Director also held the position of Company Secretary during the year ended 30 June 2022.

**Dividend paid or recommended**

There were no dividends paid or recommended during the year ended 30 June 2022.

**Significant changes in the state of affairs**

There have been no significant changes in the state of affairs of the Company during the year ended 30 June 2022 other than disclosed elsewhere in this Annual Report.

**Operating and Financial Review**

**Nature of Operations and Principal Activities**

The Company was incorporated as a proprietary company limited by shares on 1 December 2020, for the purpose of acquiring, exploring, and developing copper, gold, and molybdenum projects in Western Australia.

**Operations Review**

The Company's main business undertaking is the exploration for and development of mineral resources. The Company owns a large and contiguous 3,905km$^2$ tenement package in the Gascoyne region (Ti Tree Shear Project) of Western Australia.

**Financial Review**

*Operating Results*

For the year ended 30 June 2022 the Company reported a loss before tax of $126,874 (2021: $4,125).

*Financial Position*

The net assets of the Company as at 30 June 2022 were $942,011 (2021: net liabilities $4,025). As at 30 June 2022, the Company's cash and cash equivalents were $500 (2021: $7,037) and it had a working capital deficit of $112,981 (2021: deficit $150,664).

The Company incurred a loss for the year of $126,874 (2021: loss $4,125) and a net operating cash out-flow of $135,811 (2021: out-flow $15,654).

# Director's Report

**Financial Review (continued)**

The Director is satisfied that the going concern basis of preparation is appropriate as the Director is confident of the Company's ability to borrow or raise additional funds as and when they are required.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by borrowing from related parties and managing cash flow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

**Events Subsequent to Reporting Date**

The following significant events have arisen since the end of the year:

a. **Acquisition of Capricorn Orogen Pty Ltd by Augustus Minerals Limited (formerly Augustus Copper Limited)**
   On 14 September 2021 Augustus Minerals Limited ('Augustus') entered into a Share Sale Agreement with Mining Investments Australia Pty Ltd (MIA), pursuant to which Augustus had a conditional right to acquire 100% of the issued capital in Capricorn Orogen and will progress towards a listing on the ASX. Settlement of the Share Sale Agreement occurred in September 2022.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

**Future Developments, Prospects and Business Strategies**

Likely developments, future prospects and business strategies of the operations of the Company and the expected results of those operations have not been included in this report as the Director believes that the inclusion of such information would likely result in unreasonable prejudice to the Company.

**Environmental Regulations**

The Company's operations are not currently subject to any significant environmental regulations in the jurisdiction it operates in, namely Australia, other than compliance with environmental obligations that are customary for a company that undertakes mineral exploration activities in Western Australia.

**Information relating to the Director:**

| | |
|---|---|
| ■ **Brian Rodan** | ☐ Sole Director |
| Qualifications | ☐ Fellow of the Australian Institute of Mining and Metallurgy (FAusIMM) |
| Experience | ☐ Managing Director and owner of Australian Contract Mining Pty Ltd (ACM), a mid-tier contracting company that successfully completed $1.5B worth of work over a 20 year period. ACM was sold to an ASX listed gold mining company in 2017.<br>Founding Director of Dacian Gold Limited, which purchased the Mt Morgans Gold Mine from the Administrator of Range River Gold Ltd. After it listed on the ASX in 2012 Mr Rodan was Dacian's largest shareholder.<br>Executive Director of Eltin Limited. 15 year tenure with Australia's largest full service ASX listed contract mining company with annual turnover of $850M (+). Mr Rodan is currently Managing Director and Executive Chairman of Siren Gold Limited (ASX: SNG) and Iceni Gold Limited (ASX: ICL). |

# Director's Report

**Indemnifying officers or auditors**

*Indemnification*

The Company has agreed to indemnify the Director of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Director of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

No insurance premiums have been paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

**Proceedings on behalf of the company**

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

The Company was not a party to any such proceedings during the year.

**Auditor's independence declaration**

The Auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2022 has been received and can be found on page 6.

This Report of the Director is signed in accordance with a resolution of Director made pursuant to s.298(2) of the *Corporations Act 2001* (Cth).

**BRIAN RODAN**
Managing Director
Dated this 13th day of February 2023

HALL CHADWICK

To the Board of Directors,

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

As lead audit Director for the audit of the financial statements of Capricorn Orogen Pty Ltd for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours Faithfully

Hall Chadwick

**HALL CHADWICK WA AUDIT PTY LTD**

Mark Delaurentis

**MARK DELAURENTIS** CA
**Director**

Dated Perth, Western Australia this 13th day of February 2023

# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

| | Note | 2022<br>$ | 2021<br>$ |
|---|---|---|---|
| ***Continuing operations*** | | | |
| Revenue | | - | - |
| Administration Fees | **15** | 67,200 | - |
| Professional Fees | | 11,054 | 4,125 |
| Rental Costs | | 48,000 | - |
| Other Expenses | | 620 | - |
| Loss before tax | | (126,874) | (4,125) |
| Income tax benefit | **2** | - | - |
| **Net loss for the year** | | **(126,874)** | **(4,125)** |
| ***Other comprehensive income, net of income tax*** | | | |
| Items that will not be reclassified subsequently to profit or loss | | - | - |
| Items that may be reclassified subsequently to profit or loss | | - | - |
| **Other comprehensive income for the year, net of tax** | | - | - |
| **Total comprehensive loss for the year** | | **(126,874)** | **(4,125)** |

*The statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.*

# Statement of Financial Position

As at 30 June 2022

| | Note | 30 June 2022<br>$ | 30 June 2021<br>$ |
|---|---|---|---|
| ***Current Assets*** | | | |
| Cash and cash equivalents | **3a** | 500 | 7,037 |
| Trade and other receivables | **4** | 22,932 | 16,066 |
| Other current Assets | **5** | - | 59,636 |
| **Total Current Assets** | | **23,432** | **82,739** |
| ***Non-Current Assets*** | | | |
| Capitalised exploration and evaluation expenditure | **7** | 3,448,148 | 146,639 |
| Property, plant and equipment | **6** | 3,151 | - |
| **Total Non-Current Assets** | | **3,451,299** | **146,639** |
| **Total Assets** | | **3,474,731** | **229,378** |
| ***Current Liabilities*** | | | |
| Trade and other payables | **8** | 136,413 | 48,826 |
| Borrowings | **9** | - | 184,577 |
| **Total Current Liabilities** | | **136,413** | **233,403** |
| ***Non-Current Liabilities*** | | | |
| Borrowings | **9** | 2,396,307 | - |
| **Total Non-Current Liabilities** | | **2,396,307** | **-** |
| **Total Liabilities** | | **2,532,720** | **233,403** |
| **Net Assets** | | **942,011** | **(4,025)** |
| ***Equity*** | | | |
| Issued capital | **10a** | 100 | 100 |
| Contribution from parent | **10b** | 1,072,910 | - |
| Accumulated losses | | (130,999) | (4,125) |
| **Total Equity** | | **942,011** | **(4,025)** |

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

# Statement of Changes in Equity

For the year ended 30 June 2022

| | Note | Issued Capital $ | Contributed Capital $ | Accumulated Losses $ | Total $ |
|---|---|---|---|---|---|
| **Balance at 1 December 2020** | | - | - | - | - |
| Loss for the period | | - | - | (4,125) | (4,125) |
| Other comprehensive income for the period | | - | - | - | - |
| **Total comprehensive income for the period** | | **-** | **-** | **(4,125)** | **(4,125)** |
| *Transactions with owners, directly in equity* | | | | | |
| Shares Issued | | 100 | - | - | 100 |
| **Balance at 30 June 2021** | **10** | **100** | **-** | **(4,125)** | **(4,025)** |
| **Balance at 1 July 2021** | | 100 | - | (4,125) | (4,025) |
| Loss for the year | | - | - | (126,874) | (126,874) |
| Other comprehensive income for the year | | - | - | - | - |
| **Total comprehensive income for the year** | | **-** | **-** | **(126,874)** | **(126,874)** |
| *Transactions with owners, directly in equity* | | | | | |
| Contribution from parent | | - | 1,072,910 | - | 1,072,910 |
| Shares Issued | | - | - | - | - |
| **Balance at 30 June 2022** | **10** | **100** | **1,072,910** | **(130,999)** | **942,011** |

*The statement of changes in equity is to be read in conjunction with the accompanying notes.*

# Statement of Cash Flows

For the year ended 30 June 2022

| | Note | 2022<br>$ | 2021<br>$ |
|---|---|---|---|
| ***Cash flows from operating activities*** | | | |
| Payments to suppliers | | (135,811) | (15,654) |
| **Net cash used in operating activities** | **3b** | **(135,811)** | **(15,654)** |
| ***Cash flows from Investing activities*** | | | |
| Payments for exploration and evaluation | | (2,079,242) | (158,114) |
| Payment for fixed assets | | (3,215) | - |
| **Net cash provided from investing activities** | | **(2,082,457)** | **(158,114)** |
| ***Cash flows from financing activities*** | | | |
| Proceeds from issue of shares | | - | 100 |
| Proceeds from borrowings | | 2,456,777 | 200,000 |
| Repayment of borrowings | | (245,046) | (19,295) |
| **Net cash provided from financing activities** | | **2,211,731** | **180,805** |
| **Net increase in cash held** | | **(6,537)** | **7,037** |
| Cash and cash equivalents at the beginning of the year | | 7,037 | - |
| **Cash and cash equivalents at the end of the year** | **3a** | **500** | **7,037** |

*The statement of cash flows is to be read in conjunction with the accompanying notes.*

# Notes to the Financial Statements

For the year ended 30 June 2022

**Note 1 Statement of Significant Accounting Policies**

Capricorn Orogen Pty Ltd is a company limited by shares, incorporated on 1 December 2020 and domiciled in Australia.

The financial report was authorised for issue on 13 February 2023 by the Director of the Company.

**1.1 Basis of Preparation**

**a. Statement of compliance**

This financial report is a general-purpose financial report prepared in accordance with Australian Accounting Standards of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the *Corporations Act 2001 (Cth).*

Capricorn Orogen Pty Ltd is a for-profit entity for the purpose of preparing general purpose financial statements under Australian Accounting Standards. Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

**b. Going concern**

The financial report 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.

The Company incurred a loss for the year of $126,874 (2021: $4,125) and a net operating cash out-flow of $135,811 (2021: out-flow $15,654). As at 30 June 2022, the balance of the Company's cash and cash equivalents was $500 (2021: $7,037) and it had a working capital deficit of $112,981 (2021: $150,664).

On 9 May 2022, Augustus Minerals Limited (formerly Augustus Copper Limited) provided a Letter of Support and confirmed their intention to continue funding the ongoing operations of the Company, for a period of no less than 12 months ending 9 May 2023. In September 2022, the Share Sale Agreement under which Augustus Minerals Limited acquired 100% of the issued capital in Capricorn Orogen Pty Ltd settled.

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

**c. Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 and in any future periods affected.

There are presently no estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

# Notes to the Financial Statements

For the year ended 30 June 2022

**Note 1 Statement of significant accounting policies (continued)**

**1.2 Significant accounting policies**

**a. Income tax**

The income tax expense or benefit for the year comprises current income tax expense or benefit and deferred tax expense or benefit. Current and deferred income tax expense or benefit is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

***Current tax***

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities or assets are therefore measured at the amounts expected to be paid to or recovered from the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

***Deferred tax***

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year, as well unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**b. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

# Notes to the Financial Statements

For the year ended 30 June 2022

**Note 1 Statement of significant accounting policies (continued)**

**c. Fair Value**

***Fair value of Assets and Liabilities***

The Company 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 AASB.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly 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).

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.

***Fair value hierarchy***

AASB 13 *Fair Value Measurement* 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 | Level 2 | Level 3 |
|---|---|---|
| Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. | Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. | 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.

# Notes to the Financial Statements

For the year ended 30 June 2022

**Note 1 Statement of significant accounting policies (continued)**

**c. Fair Value (continued)**

***Valuation techniques***

The Company 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 Company 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 Company 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.

**d. Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**e. Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

**Plant and equipment**

Plant and equipment is measured on the cost basis less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Director to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the financial year in which they are incurred.

# Notes to the Financial Statements

For the year ended 30 June 2022

**Note 1 Statement of significant accounting policies (continued)**

**e. Property, plant and equipment (continued)**

**Depreciation**

The depreciable amount of all fixed assets is depreciated using the method noted below over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates and method used for each class of depreciable asset are shown below:

| Fixed asset class | Depreciation Method | Depreciation rate |
|---|---|---|
| Plant & Equipment | Straight Line | 10% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit and loss.

**f. Trade and other receivables**

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Collectability of trade and other receivables are reviewed on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful amounts.

**g. Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid and stated at their amortised cost. The amounts are unsecured and are generally settled on 30 day terms.

**h. Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

**i. Contribution from parent**

Contribution from parent includes amounts that have been contributed by the Parent entity (MIA) that reflect an investment in the Company as a wholly owned subsidiary. This amount is reflected as a capital investment in the books of the Parent.

# Notes to the Financial Statements

For the year ended 30 June 2022

**Note 1 Statement of significant accounting policies (continued)**

**j. Financial Instruments**

***Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instruments. For Financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instruments is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

***Classification and Subsequent Measurement***

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measure at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortization of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliability predicted, the contractual term) of the financial instrument to the net carry amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss. The Company does not designate any interest in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial statements.

***Financial assets at fair value through profit and loss or through other comprehensive Income***

Financial assets are classified at 'fair value through profit or loss' or Fair value through 'Other comprehensive Income' when they are either held for trading for purposes of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss if electing to choose 'fair value through profit or loss' or other comprehensive income if electing 'Fair Value through other comprehensive income'.

***Financial Liabilities***

The Company's financial liabilities include trade and other payables, loan and borrowings, provisions for cash bonus and other liabilities which include deferred cash consideration and deferred equity consideration for acquisition of subsidiaries & associates.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, and payables, net of directly attributable transaction costs.

# Notes to the Financial Statements

For the year ended 30 June 2022

**Note 1 Statement of significant accounting policies (continued)**

**j. Financial Instruments (continued)**

***Derecognition***

Financial assets are derecognised where the contractual rights to receipts of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risk and benefits associated with the asset. Financial Liabilities are recognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

***Impairment of financial assets***

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in the financial assets reserve in other comprehensive income.

***Impairment of non-financial assets***

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. 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.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# Notes to the Financial Statements

For the year ended 30 June 2022

**Note 1 Statement of significant accounting policies (continued)**

**k. Revenue and other income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest income is recognised as it accrues in the profit and loss using the effective interest method.

All revenue is stated net of the amount of Goods and Services Tax (GST).

**l. Exploration and evaluation expenditure**

Costs incurred with respect to the acquisition of rights to explore for each identifiable area of interest are capitalised on the statement of financial position.

Capitalised costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Capitalised costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

When production commences, the capitalised costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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

**m. Operating Segments**

AASB 8 – Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Board in order to allocate resources to the segments and to assess their performance. Capricorn Orogen Pty Ltd has only one operation, being the exploration for minerals. Consequently, the Company does not report segmented operations.

**n. New and Amended Standards Adopted by the Company**

The Company has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting year. The Company has not had to change its accounting policies.

# Notes to the Financial Statements
For the year ended 30 June 2022

**Note 2 Income Tax**

| | 2022 $ | 2021 $ |
|---|---|---|
| **a. Income tax benefit** | | |
| Current tax | - | - |
| Deferred tax | - | - |
| Income tax expenses/(benefit) | - | - |
| **b. Reconciliation of income tax expense to prima facie tax payable** | | |
| Loss before income tax expense | (126,874) | (4,125) |
| The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax expense as follows: | | |
| Prima facie tax on operating loss at 25% (2021: 26%) | (31,718) | (1,072) |
| Add / (less) tax effect of: | | |
| • Temporary differences | (504,484) | (31,338) |
| • Permanent differences | 86 | - |
| • Deferred tax asset not brought to account | 536,116 | 32,410 |
| | - | - |

**c. The applicable weighted average effective tax rates attributable to the operating result are as follows:**

The tax rate used in the above reconciliations is the corporate tax rate of 25% (2021: 26%) payable by the Australian corporate entity on taxable profits under Australian tax law.

| **d. Tax losses carried forward** | 2022 $ | 2021 $ |
|---|---|---|
| Opening Losses carried forward | 124,655 | - |
| Tax loss for the year | 2,144,466 | 124,655 |
| Total tax losses carried forward | **2,269,121** | **124,655** |

Potential deferred tax assets attributable to tax losses have not been brought to account at 30 June 2022 because the Director does not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

i. the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
ii. the Company continues to comply with conditions for deductibility imposed by law; and
iii. no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss.

The total net deferred tax asset not brought to account at 30 June 2022 totalled $567,280.

# Notes to the Financial Statements

For the year ended 30 June 2022

### Note 3 Cash and Cash Equivalents

| | 2022 $ | 2021 $ |
|---|---|---|
| **a. Reconciliation of cash** | | |
| Cash at bank | 500 | 7,037 |
| **b. Cash Flow information** | | |
| **Reconciliation of cash flow from operations to loss after income tax** | | |
| Loss after income tax | (126,874) | (4,125) |
| *Changes in assets and liabilities* | | |
| • Increase in GST receivable | (6,866) | (16,066) |
| • Increase in loans from related parties | - | 1,100 |
| • Increase/(decrease) in payables | (2,071) | 3,437 |
| Cash flow utilised in operations | **(135,811)** | **(15,654)** |

### Note 4 Trade and Other Receivables

| | | |
|---|---|---|
| **Current** | | |
| *Unsecured* | | |
| GST receivable | 22,932 | 16,066 |

### Note 5 Other Assets

| | | |
|---|---|---|
| **Current** | | |
| Deposits paid | - | 59,636 |

### Note 6 Property, Plant and Equipment

| | | |
|---|---|---|
| **Non-current** | | |
| Plant & equipment at cost | 3,215 | - |
| Accumulated depreciation | (64) | - |
| | **3,151** | - |

**Movements in carrying amounts**

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year:

| | Plant and Equipment | Total |
|---|---|---|
| Balance at beginning of year | - | - |
| Additions | 3,215 | 3,215 |
| Disposals | - | - |
| Depreciation | (64) | (64) |
| Closing balance 30 June 2022 | **3,151** | **3,151** |

# Notes to the Financial Statements
For the year ended 30 June 2022

**Note 7 Capitalised Exploration and Evaluation Expenditure**

Movement in the Capitalised exploration and evaluation expenditure between the beginning and the end of the current financial year:

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Balance at the beginning of year | 146,639 | - |
| Acquisitions of tenements | | |
| - Tenement application fees | 2,502 | 4,740 |
| - Ti Tree Shear Project | 1,250,378 | - |
| - Transactions fees and costs | 33,843 | - |
| Total acquisitions | 1,286,723 | 4,740 |
| Expenditure incurred during the period | 2,014,786 | 141,899 |
| Closing Balance | **3,448,148** | **146,639** |

**Note 8 Trade and Other Payables**

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **Current** | | |
| *Unsecured* | | |
| Trade Payables | 136,413 | 48,826 |
| | **136,413** | **48,826** |

**Note 9 Borrowings**

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **Current** | | |
| *Unsecured* | | |
| Loans – Related Parties | - | 184,577 |
| | - | 184,577 |
| **Non-current** | | |
| *Unsecured* | | |
| Loans – Related Parties | 2,396,307 | - |
| | **2,396,307** | **-** |

Loans from related parties have been provided on an initial interest free basis. Further information regarding these loans can be found at Note 15.

**Reconciliation of movements in borrowings for the financial period:**

| | 30 Jun 2021<br>$ | Cash Flows<br>Additions | Cash Outflows<br>Repayments | 30 Jun 2022<br>$ |
|---|---|---|---|---|
| Loans – Related Parties | 184,577 | 2,456,777 | (245,047) | 2,396,307 |
| **Total** | **184,577** | **2,456,777** | **(245,047)** | **2,396,307** |

**Note 10 Issued Capital**

| | 30 Jun 2022<br>No. | 30 Jun 2022<br>$ | 30 Jun 2021<br>No. | 30 June 2021<br>$ |
|---|---|---|---|---|
| Ordinary Shares | 100 | 100 | 100 | 100 |

# Notes to the Financial Statements

For the year ended 30 June 2022

**Note 10 Issued capital (continued)**

**a. Ordinary Shares**

| | 30 Jun 2022 No. | 30 Jun 2022 $ | 30 Jun 2021 No. | 30 June 2021 $ |
|---|---|---|---|---|
| Opening balance | 100 | 100 | - | - |
| Shares issued during the period | | | | |
| - Initial share issue at $1.00 per share | - | - | 100 | 100 |
| Total Share Capital | 100 | 100 | 100 | 100 |

The Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**b. Contribution from parent**

| | 2022 $ | 2021 $ |
|---|---|---|
| Opening Balance | - | - |
| Capital contributions during the year | 1,072,910 | - |
| Closing Balance 30 June | **1,072,910** | **-** |

Mining Investments Australia Pty Ltd (the Parent) transferred ownership of the 'Gascoyne' tenements to the Company at market value of $1,072,910 during the financial year. The full amount less $1, payable under the Sales Agreement, has been reflected in this report as a capital contributed by the Parent as a wholly owned subsidiary. This amount is reflected as a capital investment in the books of the Parent.

**Capital Management**

Management manages the Company's capital by assessing the Company's cash flow and capital requirements and responding to those needs. These responses include management of capital projects, future acquisition of mineral licences and reduction of expenditure.

# Notes to the Financial Statements

For the year ended 30 June 2022

**Note 11 Financial Risk Management**

**a. Financial Risk Management Policies**

The Board's objective when managing capital is to maintain a strong capital base so as to safeguard the Company's ability to continue as a going concern. This note presents information about the Company's exposure to each of the below risks, its objectives, policies, and procedures for measuring and managing risk, and the management of capital.

The Company's financial instruments include cash, short term deposits, accounts payable and other receivables.

The Company does not speculate in the trading of derivative instruments.

A summary of the Company's Financial Assets and Liabilities is shown below:

| Subsidiary | Floating Interest Rate $ | Fixed Interest Rate $ | Non-interest Bearing $ | Total $ |
|---|---|---|---|---|
| **2021** | | | | |
| **Financial Assets at amortised cost:** | | | | |
| Cash and cash equivalents | 7,037 | - | - | 7,037 |
| Trade and other receivables | - | - | 16,066 | 16,066 |
| Other asset | - | - | 59,636 | 59,636 |
| Total Financial Assets | 7,037 | - | 75,702 | 82,739 |
| **Financial Liabilities at amortised cost:** | | | | |
| Trade and other payables | - | - | 48,826 | 48,826 |
| Borrowings | - | - | 184,577 | 184,577 |
| Total Financial Liabilities | - | - | 233,403 | 233,403 |
| Net Financial Assets/(Liabilities) | **7,037** | **-** | **(157,701)** | **(150,664)** |

| Subsidiary | Floating Interest Rate $ | Fixed Interest Rate $ | Non-interest Bearing $ | Total $ |
|---|---|---|---|---|
| **2022** | | | | |
| **Financial Assets at amortised cost:** | | | | |
| Cash and cash equivalents | 500 | - | - | 500 |
| Trade and other receivables | - | - | 22,932 | 22,932 |
| Total Financial Assets | 500 | - | 22,932 | 23,432 |
| **Financial Liabilities at amortised cost:** | | | | |
| Trade and other payables | - | - | 136,413 | 136,413 |
| Borrowings | - | - | 2,396,307 | 2,396,307 |
| Total Financial Liabilities | - | - | 2,532,720 | 2,532,720 |
| Net Financial Assets/(Liabilities) | **500** | **-** | **(2,509,788)** | **(2,509,288)** |

**b. Specific Financial Risk Exposures and Management**

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate and equity price risk. However, the sole material risk at the present stage of the Company is liquidity risk.

# Notes to the Financial Statements
For the year ended 30 June 2022

**Note 11 Financial Risk Management (continued)**

The Sole Director has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Company's risk profile. This includes assessing, monitoring and managing risks for the Company and setting appropriate risk limits and controls. The Company is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Instead, the Board approves all expenditure, is intimately acquainted with all operations and discuss all relevant issues at the Board meetings. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

**i. Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Due to the current nature of the Company, being a pre-IPO exploration entity, the Company is not exposed to material credit risk.

**ii. Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Ultimate responsibility for liquidity risk management rests with the Sole Director, who has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Typically, the Company ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The financial liabilities of the Company include trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date with the exception of the unsecured loan.

# Notes to the Financial Statements

For the year ended 30 June 2022

**Note 11 Financial Risk Management (continued)**

*Contractual Maturities*

The following are the contractual maturities of financial liabilities of the Company:

| | Within 1 year<br>$ | Greater than 1 year<br>$ | Total<br>$ |
|---|---|---|---|
| **2021** | | | |
| **Financial liabilities due for payment:** | | | |
| Trade and other payables | 48,826 | - | 48,826 |
| Borrowings | 184,577 | - | 184,577 |
| Total Financial Assets | 233,403 | - | 233,403 |
| | | | |
| **Financial Assets:** | | | |
| Cash and cash equivalents | 7,037 | - | 7,037 |
| Trade and other receivables | 16,066 | - | 16,066 |
| Other assets | 59,636 | - | 59,636 |
| | 82,739 | - | 82,739 |
| Net inflow/(outflow) on financial instruments | **(150,664)** | **-** | **(150,664)** |

| | Within 1 year<br>$ | Greater than 1 year<br>$ | Total<br>$ |
|---|---|---|---|
| **2022** | | | |
| **Financial liabilities due for payment:** | | | |
| Trade and other payables | 136,413 | - | 136,413 |
| Borrowings | - | 2,396,307 | 2,396,307 |
| Total Financial Assets | 136,413 | 2,396,307 | 2,532,720 |
| | | | |
| **Financial Assets:** | | | |
| Cash and cash equivalents | 500 | - | 500 |
| Trade and other receivables | 22,932 | - | 22,932 |
| | 23,432 | - | 23,432 |
| Net inflow/(outflow) on financial instruments | **(112,981)** | **(2,396,307)** | **(2,509,288)** |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

**iii. Market Risk**
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Due to the current nature of the Company, being a pre-IPO exploration entity, the Company is not exposed to material market risk.

**iv. Sensitivity Analysis**
Due to the current nature of the Company, being a pre-IPO exploration entity, the Company is not exposed to material financial risk sensitivities.

# Notes to the Financial Statements

For the year ended 30 June 2022

**Note 11 Financial risk management (continued)**

**v. Net Fair Values**

The fair values of financial assets and financial liabilities are presented in the table below and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

| | Note | Carrying Amount $ | Fair Value $ |
|---|---|---|---|
| **2021** | | | |
| **Financial Assets:** | | | |
| Cash and cash equivalents | 3a | 7,037 | 7,037 |
| Trade and other receivables | 4 | 16,066 | 16,066 |
| Other asset | 5 | 59,636 | 59,636 |
| | | 82,739 | 82,739 |
| **Financial liabilities:** | | | |
| Trade and other payables | 8 | 48,826 | 48,826 |
| Borrowings | 9 | 184,577 | 184,577 |
| Total Financial Liabilities | | 233,403 | 233,403 |

| | Note | Carrying Amount $ | Fair Value $ |
|---|---|---|---|
| **2022** | | | |
| **Financial Assets:** | | | |
| Cash and cash equivalents | 3a | 500 | 500 |
| Trade and other receivables | 4 | 22,932 | 22,932 |
| | | 23,432 | 23,432 |
| **Financial liabilities:** | | | |
| Trade and other payables | 8 | 136,413 | 136,413 |
| Borrowings | 9 | 2,396,307 | 2,396,307 |
| Total Financial Liabilities | | 2,532,720 | 2,532,720 |

Financial instruments whose carrying value is equivalent to fair value due to their nature include

- Cash and cash equivalents;
- Trade and other receivables; and
- Trade and other payables.

The methods and assumptions used in determining the fair values of financial instruments are disclosed in the accounting policy notes specific to the asset or liability.

# Notes to the Financial Statements

For the year ended 30 June 2022

**Note 12 Contingent Assets and Liabilities**

The Company entered into a Binding Heads of Agreement to purchase the Bassit Bore tenements (E09/1676) during the year. To the date of this report, cash payments totalling $120,000 (plus GST) have been paid as consideration. The Company discloses a contingent liability, equal to 400,000 shares in Augustus Minerals Ltd ('Augustus') at the IPO price of $0.20, to be issued as further consideration for this transaction should Augustus list on the ASX. Augustus is expected to list on the ASX during the 2023 financial year.

The Company has no other contingent assets or liabilities as at 30 June 2022.

**Note 13 Events Subsequent to Reporting Date**

The financial report was authorised for issue on 13 February 2023 by the Director. The following significant events have arisen since the end of the year.

a. **Acquisition of Capricorn Orogen Pty Ltd by Augustus Minerals Limited (formerly Augustus Copper Limited)**
   On 14 September 2021 Augustus Minerals Limited ('Augustus') entered into a Share Sale Agreement with Mining Investments Australia Pty Ltd (MIA), pursuant to which Augustus had a conditional right to acquire 100% of the issued capital in Capricorn Orogen and will progress towards a listing on the ASX. Settlement of the Share Sale Agreement occurred in September 2022.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

**Note 14 Key Management Personnel Compensation (KMP)**

The name and position of the KMP is as follows:

- Brian Bernard Rodan Sole Director

No benefits were paid or provided to KMP during the year ended 30 June 2022.

**Note 15 Related Party Transactions**

Transactions between parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Related party transactions with Capricorn Orogen Pty Ltd are listed below:

| | 2022<br>$ | Amounts outstanding at 30 Jun 2022<br>$ | 2021<br>$ | Amounts outstanding at 30 Jun 2021<br>$ |
|---|---|---|---|---|
| ***a) Purchase of Goods and Services:*** | | | | |
| **101 Consulting Pty Ltd**<br>101 Consulting Pty Ltd, a business controlled by Bronwyn Bergin, spouse of Mr Brian Rodan, provides administration support services. | | | | |
| - Fees incurred during the year | - | - | 2,750 | 2,750 |

# Notes to the Financial Statements

For the year ended 30 June 2022

**Note 15 Related Party Transactions (continued)**

| | 2022<br>$ | Amounts outstanding at 30 Jun 2022<br>$ | 2021<br>$ | Amounts outstanding at 30 Jun 2021<br>$ |
|---|---|---|---|---|
| **MCA Nominees Pty Ltd**<br>MCA Nominees Pty Ltd, a business controlled by Mr Brian Rodan, provides mining administration and consulting services to the Company as well as the head office premises. | | | | |
| - Administration fees incurred during the year | 67,200 | - | - | - |
| - Rent & outgoings incurred during the year | 48,000 | - | - | - |
| **Mining Investments Australia Pty Ltd**<br>Mining Investments Australia Pty Ltd, a business controlled by Mr Brian Rodan, is in the business of developing and trading mining tenement packages for sale. | | | | |
| - Reimbursement of Capitalised Exploration and Evaluation Expenditure related to the Gascoyne Project prior to the acquisition of the tenements as per sale agreement dated 9th August 2021. | 260,812 | - | - | - |
| ***b) Loans from Related Parties*** | | | | |
| **Augustus Minerals Limited**<br>Augustus Minerals Limited, (formerly Augustus Copper Limited), controlled by Mr Brian Rodan, provided an unsecured loan to the Company on an interest-free basis. | | | | |
| Balance at the end of the year | - | 2,396,307 | - | 180,705 |

**Note 16 Royalty Deed**

During the financial year the Company acquired the tenements making up the Ti Tree Shear Project, together with the relevant mining information, from Mining Investments Australia Pty Ltd, a business controlled by Mr Brian Rodan, pursuant to a sale agreement (MIA Acquisition Agreement).

The aggregate consideration paid to Mining Investments Australia Pty Ltd by the Company was $1, and the assumption of a royalty payable to Redland Plains Pty Ltd, a company also controlled by Mr Brian Rodan.

Redland Plains Pty Ltd (Continuing Party), Mining Investments Australia Pty Ltd (Outgoing Party), and Capricorn Orogen Pty Ltd (Incoming Party) entered a Deed of Assignment and Assumption in relation to the Royalty Deed dated 9 August 2021.

# Notes to the Financial Statements

For the year ended 30 June 2022

**Note 16 Royalty Deed (continued)**

Under the Royalty Deed, the Company will pay a royalty to Redland Plains Pty Ltd on any gold or other minerals extracted from a significant number of the tenements making up the Projects as follows:

a) respect of all gold extracted from the Tenements:

i) 0% net smelter return royalty for 0 to 29,999 troy ounces of gold;
ii) 1.5% net smelter return royalty for 30,000 to 149,999 troy ounces of gold;
iii) 2.5% net smelter return royalty for 150,000 and above troy ounces of gold; and

b) a 2.5% net smelter return on all other minerals extracted from the Tenements.

**Note 17 Commitments**

***Tenement expenditure commitments***

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the Western Australian State Government. These obligations may be reset when application for a mining lease is made and at other times. The Company has a minimum expenditure commitment on tenures under it controls. The Company can apply for exemption from compliance with minimum exploration expenditure requirements. Due to the nature and scale of the Company's exploration activities, the Company is unable to estimate its likely tenement holdings and therefore minimum expenditure requirements more than 1 year ahead.

| | **2022** | **2021** |
|---|---|---|
| | **$** | **$** |
| Within one year | 1,202,055 | - |
| Between one and five years | 3,374,466 | - |
| Due later than five years | - | - |
| | **4,576,521** | **-** |

Other than the above, the Sole Director considers that there are no other material commitments outstanding as at 30 June 2022.

**Note 18 Company Details**

The registered office of the Company and principal place of business is:

Address: Level 2
41-43 Ord Street
West Perth WA 6005

# Director's Declaration

The Director has determined that the Company is a reporting entity and that this general purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Director of the Company declares that:

1. The financial statements and notes, as set out on pages 7 to 29, are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards as described in Note 1 to the financial statements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

    b. give a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and

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

This declaration is made in accordance with a resolution of the Sole Director:

BRIAN RODAN
Sole Director
Dated this 13th day of February 2023

# INDEPENDENT AUDITOR'S REPORT
# TO THE MEMBERS OF CAPRICORN OROGEN PTY LTD

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Capricorn Orogen Pty Ltd ("the Company"), which comprises the statement of financial position as at 30 June 2022, 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 statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Company 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 2022 and of its financial performance for the year then ended; and

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

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.1a.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's 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* (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 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 1.1b in the financial report which indicates that the Company incurred a net loss of $126,874 during the year ended 30 June 2022. As stated in Note 1.1b, these events or conditions, along with other matters as set forth in Note 1.1b, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

## 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 Note 1.1a, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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

## Auditor’s Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

HALL CHADWICK

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Hall Chadwick

**HALL CHADWICK WA AUDIT PTY LTD**

Mark Delaurentis

**MARK DELAURENTIS CA**
**Director**

Dated Perth, Western Australia this 13th day of February 2023