

PROMETHEUS MINING PTY LTD

ACN 600 274 173

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

PROMETHEUS MINING PTY LTD
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PROMETHEUS MINING PTY LTD
DIRECTOR'S DECLARATION

The Director's present their report on the entity (referred to hereafter as Company), being Prometheus Mining Pty Ltd for the financial year ended 30 June 2017. This financial report has been prepared in accordance with Australian Accounting Standards and for the purpose of the preparation of the Investigating Accountants Report for inclusion in a prospectus.

Directors

The names of the directors in office at any time during or since the end of the year are:

Kabir Osman
AJ Arjun Devanand
Garry Plowright

Principal activity

The principal activity of the Company is mineral exploration.

Financial results

The financial results of the Company ended at 30 June 2017 are:

	30 June 2017
Cash and cash equivalents (\$)	1,557
Net assets (\$)	527,812
Total revenue (\$)	-
Net loss after tax (\$)	(237,000)

Review of operations

The Company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the Company's state of affairs that occurred during the financial year.

PROMETHEUS MINING PTY LTD
DIRECTOR'S DECLARATION

After balance date events

During May 2018 the Company raised \$600,000 via a convertible loan facility. The proceeds from the convertible loan are for the payment of outstanding trade payables and general working capital.

There have been no other matters or circumstances, which have arisen since 30 June 2017 that have significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2017, of the Company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2017, of the Company.

Likely developments and expected results of operation

The Company expects to maintain the present status and level of operations.

Environmental regulation

The Company's operations are not regulated by any significant environmental regulation under a law.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Indemnification of officers

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

Indemnification of auditors

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

This report is made in accordance with a resolution of the Directors.



Kabir Osman

Director

1 August 2018

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF PROMETHEUS MINING
PTY LTD

As lead auditor of Prometheus Mining Pty Ltd for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Investigating Accountants Report* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Phillip Murdoch
Partner

BDO Audit (WA) Pty Ltd
Perth, 30 July 2018

PROMETHEUS MINING PTY LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED AT 30 JUNE 2017

	30-June-2017	30-June-2016
	AUD \$	AUD \$
Revenue		
Other revenue	-	-
Expenses		
Accountancy Fees	2,980	4,010
Audit Fee	6,000	6,000
Bank Charges	800	880
Computer Expense	5,266	-
Consultancy Fee	53,182	9,091
Donations	441	-
Filing Fee	246	243
Fines & Penalties	632	1,250
General Expense	36,177	-
Loan Impairment- Prometheus Developments	20,915	
Insurance	8,164	6,388
Interest Paid	3,867	649
Marketing Expenses	83,656	18,369
Legal Fees	-	250,000
Printing & Stationery	86	-
Rates & Taxes	3,210	-
Subscriptions	130	-
Telephone	11,248	-
Loss from continuing operations before income tax	(237,000)	(296,880)
Income tax expense	-	-
Loss from continuing operations after income tax	(237,000)	(296,880)
Other comprehensive income, net of tax	-	-
Total other comprehensive loss for the year	(237,000)	(296,880)

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

PROMETHEUS MINING PTY LTD
STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED AT 30 JUNE 2017

	Notes	30-June-17 AUD \$	30-June-16 AUD \$
ASSETS			
Current Assets			
Cash and cash equivalents	4(a)	1,557	231,438
Trade and other receivables		24,721	11,591
Total Current Assets		26,278	243,029
Non- Current Assets			
Exploration and evaluation expenditure	8	1,048,337	1,042,415
Total Non-Current Assets		1,048,337	1,042,415
TOTAL ASSETS		1,074,615	1,285,444
LIABILITIES			
Current Liabilities			
Trade and other payables		529,138	520,582
Borrowings	5	17,665	50
Total Current Liabilities		546,803	520,632
TOTAL LIABILITIES		546,803	520,632
NET ASSETS		527,812	764,812
EQUITY			
Share capital	6	1,359,781	1,359,781
Accumulated losses	7	(831,969)	(594,969)
TOTAL EQUITY		527,812	764,812

The Statement of Financial Position is to be read in conjunction with the accompanying notes.

PROMETHEUS MINING PTY LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED AT 30 JUNE 2017

	Issued Capital	Accumulated Losses	Total Equity
	AUD \$	AUD \$	AUD \$
Balance at 01 July 2015	751,200	(298,089)	453,111
Comprehensive income:			
Loss after income tax expense for the year	-	(296,880)	(296,880)
Total comprehensive loss for the year	-	(296,880)	(296,880)
Transactions with owners in their capacity as owners:			
Share-based payments	250,000	-	250,000
Contribution of Equity	358,581	-	358,581
At 30 JUNE 2016	1,359,781	(594,969)	764,812
Balance at 01 July 2016	1,359,781	(594,969)	764,812
Comprehensive income:			
Loss after income tax expense for the year	-	(237,000)	(237,000)
Total comprehensive loss for the year	-	(237,000)	(237,000)
Transactions with owners in their capacity as owners:			
Contribution of Equity	-	-	-
At 30 JUNE 2017	1,359,781	(831,969)	527,812

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

PROMETHEUS MINING PTY LTD
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED AT 30 JUNE 2017

	Notes	30-JUNE-17 AUD \$	30-JUNE-16 AUD \$
Cash flows from operating activities			
Payment to suppliers and employees (incl. GST)		(223,959)	(46,819)
Net cash flows from operating activities	4(b)	(223,959)	(46,819)
Cash flows from investing activities			
Payments for acquisition costs - tenements		(5,922)	(110,000)
Net cash flows from investing activities		(5,922)	(110,000)
Cash flows from financing activities			
Proceeds from the issue of shares		-	358,581
Net cash flows from financing activities		-	358,581
Net increase in cash and cash equivalents		(229,881)	201,762
Cash and cash equivalents at the start of the year		231,438	29,676
Cash and cash equivalents at the end of the year	4(a)	1,557	231,438

The Statement of Cash Flows is to be read in conjunction with the accompanying notes.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the Company. The financial report has been prepared for the purpose of the preparation of the Investigating Accountants Report for inclusion in a prospectus. The directors have determined that the Company is not a reporting entity. Prometheus Mining Pty Ltd (“Company”) is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the director’s report.

The financial report has been prepared in accordance with the recognition and measurement requirements specified by all Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards:

AASB 101:	Presentation of Financial Statements
AASB 107:	Cash Flow Statements
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1048:	Interpretations and Application of Standards
AASB 1054:	Australian Additional Disclosures

Compliance with the recognition and measurement requirements of Australian Accounting Standards results in compliance with recognition and movement requirements of International Financial Reporting Standards (“IFRS”).

The following specific accounting policies, which are consistent with the previous year unless otherwise stated, have been adopted in the preparation of this report:

a) *Basis of preparation of the financial report*

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

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 3.

Functional and presentation currency

The functional currency of the Company is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars, which is the entity’s functional currency.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 settlement of liabilities in the normal course of business.

The company has incurred a net loss of AUD\$237,000 (2016: \$296,880) and experienced net cash outflows from operating and investing activities of AUD\$229,881 (2016: \$156,819).

The ability of the company to continue as a going concern is dependent upon the success of the fundraising under the prospectus and until that time, the continued support of shareholders.

The Directors believe that the company will continue as a going concern. As a result, the financial report has been prepared on a going concern basis. However, there is a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, its ability to realise its assets and discharge its liabilities in the normal course of business.

c) New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

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

Any significant impact on the accounting policies of the Company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

e) Trade and other payables

Trade and other payables represent the liabilities at the end of the reporting period for goods and services received by the Company that remain unpaid.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Issued Capital

Common 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.

g) 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 normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the end of the financial year; 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 end of the financial year. All other assets are classified as non-current.

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

h) 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.

i) 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.

j) *Exploration and Evaluation Expenditure*

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that rights to tenure over the area of interest are current and one of the following conditions is met:

such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or

exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is written off, furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to above is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest unless the Group's right of tenure to that area of interest is current.

k) *Share-Based Payments*

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2017

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 year ended 30 June 2017. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 year are discussed below.

Carrying amount of exploration and evaluation expenditure

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

Management reviews the carrying value of exploration and evaluation expenditure on a regular basis to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support continued carry forward of capitalised costs. This assessment requires judgement as to the status of the individual projects and their estimated recoverable amount.

NOTE 4: CASH AND CASH EQUIVALENTS

(a) Reconciliation to cash at the end of the year

	<u>30-June-17</u>	<u>30-June-16</u>
	AUD \$	AUD \$
Cash and cash equivalents	1,557	231,438

(b) Reconciliation of net loss after income tax to net cash flows used in operating activities

	<u>30-June-17</u>	<u>30-June-16</u>
	AUD \$	AUD \$
Net loss after income tax	(237,000)	(46,880)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(13,130)	(11,456)
Increase/(decrease) in trade and other payables	26,171	11,517
Net cash flows used in operating activities	<u>(223,959)</u>	<u>(46,819)</u>

PROMETHEUS MINING PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 30 JUNE 2017

NOTE 5: BORROWINGS

	30-June-17	30-June-16
	AUD \$	AUD \$
Loan to K Osman	17,665	50

NOTE 6: ISSUED CAPITAL

	30-June-17	30-June-16
	AUD \$	AUD \$
Fully paid common shares	1,009,781	1,009,781

(a) Movements in Common Shares

Date	Details	Number of shares issued	AUD \$
Balance at July 2015	Opening balance	127,500,000	751,200
31 May 2016	Issue of shares	39,000,000	-
31 May 2016	Share-based payment	2,500,000	250,000
20 June 2016	Issue of shares	1	358,581
30-June-2016	Closing balance	169,000,001	1,359,781
30-June-2017	Closing balance	169,000,001	1,359,781

NOTE 7: ACCUMULATED LOSSES

	30-June-17	30-June-16
	AUD \$	AUD \$
Balance at beginning of the year	(594,969)	(298,089)
Loss after income tax expense for the year	(237,000)	(296,880)
Balance at the end of the year	(831,969)	(594,969)

NOTE 8 : EXPLORATION AND EVALUATION EXPENDITURE

	30-June-17	30-June-16
Balance at beginning of the year	1,042,415	423,350
Exploration costs	5,922	619,065
Balance at the end of the year	1,048,337	1,042,415

NOTE 9: COMMITMENTS AND CONTINGENT LIABILITIES

The Company was not committed to make any expenditures as at 30 June 2017.

As part of the acquisition of the tenement, the Company has agreed to pay a royalty of \$1.00 per tonne of iron ore sold from that tenement to the original owner, subject to a maximum obligation of \$10 million. Given the stage of development of the project, it is not practicable to estimate a value of the financial effect of this obligation.

Otherwise, the Company had no contingent liabilities as at 30 June 2017.

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

During May 2018 the Company raised \$600,000 via a convertible loan facility. The proceeds from the convertible loan are for the payment of outstanding trade payables and general working capital.

There have been no other matters or circumstances, which have arisen since 30 June 2017 that have significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2017, of the Company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2017, of the Company.

NOTE 11: COMPANY DETAILS

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

Level 2, 14 Ventnor Ave , West Perth WA 6005

**PROMETHEUS MINING PTY LTD
DIRECTOR'S DECLARATION
FOR THE PERIOD ENDED 30 JUNE 2017**

The Directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 – 16 presents fairly the Company's financial position as at 30 June 2017 and performance for the year ended on that date of the Company in accordance with the accounting policies outlined in Note 1 to the financial statements.
2. In the director's 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 Directors.



**Kabir Osman
Director
1 August 2018**

INDEPENDENT AUDITOR'S REPORT

To the members of Prometheus Mining Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Prometheus Mining Pty Ltd, which comprises the statement of financial position as at 30 June 2017, 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 managements' assertion statement.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Entity as at 30 June 2017 and of its financial performance and its cash flows for the year then ended in accordance with the basis of accounting described in note 1.

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 Entity in accordance with 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(b) 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.

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 to assist the Entity to meet the requirements of Investigating Accountants Report for inclusion in a prospectus. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.



Responsibilities of management and those charged with governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report, and have determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of Investigating Accountants Report for inclusion in a prospectus and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity'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 management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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 'P. Murdoch', written over a horizontal line.

Phillip Murdoch

Partner

Perth, 30 July 2018