

**ERINBAR LIMITED**

ACN 063 389 079

# **ANNUAL REPORT – 2021**

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# DIRECTORS' REPORT

The Directors of Erinbar Limited ('the Company') submit their report for the year ended 30 June 2021.

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

## Directors

### **JEREMY D SHERVINGTON**

B.Juris.LLB – Appointed 16 February 1998, Non-executive Chairman from 23 December 2008.

Mr Shervington is a solicitor specialising in laws regulating companies and the securities industry in Australia.

He is also a director of various unlisted public and private companies. Currently an Executive Director of the Company.

### **JOHANN JACOBS**

B.Acc, MBL – Non-executive Director. Appointed 18 September 2012.

Mr Jacobs has more than 30 years' experience in the resource sector where he has managed established companies and acquisitions, expansions and start-up mining operations in Australia, South Africa, and Indonesia.

He is also a director of various listed and unlisted public and private companies. Currently an Executive Director of the Company.

### **ALAN COULTHARD**

Mr Coulthard is a retired accountant, currently residing in the UK. He was most recently employed by American Express in the UK and has also worked in the accounting area in Australia and the USA. He has been a director of a number of public and private companies including ASX listed companies Unitract Ltd, Papillon Resources Ltd, Prairie Mining Ltd and Northern Manganese Ltd. Mr Coulthard was appointed as a director on 28 November 2016.

## Company Secretary

### **GRAHAM SEPPELT**

Company Secretary from 6 December 2011.

Mr Seppelt has a wide exposure to a range of industries as a senior manager and contract accountant in corporate advisory roles. He is also company secretary for ASX listed companies BSA Limited.

## Principal Activities

During the year the Company continued evaluating opportunities to recapitalise the Company and to relist on the Australian Securities Exchange ("ASX").

During the year ended 30 June 2021 the Company spent significant time and resources evaluating a farm-in arrangement on gold tenements in the North West district of Ghana. In addition, the Company negotiated a transaction, which had all the conditions been met, would have resulted in the Company acquiring gold and copper tenements in Columbia. The transaction to acquire the Colombian assets did not proceed.

The Company has entered into a conditional contract to acquire a Ghanaian company which has farmin rights to tenements in the North Western region of Ghana, Africa's largest producer of gold. Due diligence is continuing with a seed capital raising being one of the conditions of the contract.

The Company's ultimate objective is to relist on the ASX.

Shareholders will be advised as and when there are further developments.

# DIRECTORS' REPORT

## Results and Dividends

The Company made a loss after tax of \$68,792 (2020: \$129,384).

## Corporate Performance

The performance of Erinbar Limited (formerly Australian Zircon NL) over the last five years is:

Year	Net (loss)/profit for the year	(Loss)/profit per share – cents	Shareholders' Equity	Share price at the beginning of the year – cents	Share price at the end of the year - cents
2016	88,391,080	0.6	276,493	N/A	N/A
2017	(193,935)	(0.3)	82,558	N/A	N/A
2018	(62,642)	(0.6)	19,916	N/A	N/A
2019	(12,380)	(0.1)	7,536	N/A	N/A
2020	(129,384)	(1.3)	(117,888)	N/A	N/A
2021	(68,792)	(0.68)	(186,680)	N/A	N/A

No dividends were paid in any of the above years. Directors have not recommended the payment of any dividend for the year ended 30 June 2021.

# DIRECTORS' REPORT

## Tenements Held

The Company currently holds no tenement licences.

## State of Affairs

During the year the Company issued no fully paid ordinary shares.

## Environmental Regulation

No notices of any breaches have been received from any authority.

## Significant Events after Balance Date

This will be updated pre signing.

In the opinion of the Directors there has not arisen in the interval between the end of the financial year and the date of this report, any matter or circumstance that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

## Going Concern

The financial statements have been prepared on the basis that the Company will continue to meet its commitments and can therefore continue normal business activities and realise assets and settle liabilities in the ordinary course of business at the amounts stated in these financial statements.

At 30 June 2021, the net liabilities of the Company were \$186,680 (2020: net liabilities \$117,888).

At the date of signing the financial report, the Directors consider there are reasonable grounds to believe that the Company can meet its debts as and when they fall due.

## 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.

## Director's Meetings

The nature of operations during the financial year ended 30 June 2021 was that of very little activity and minimal expenditure. As a result of this, no formal meetings were held during the year, with the Board communicating informally via telephone and email. Any decision making was effected by Circulating Resolution.

Due to the small size of the Company's Board of Directors, all members of the Board are also members of the Audit Committee. Mr J Jacobs is the chairman of the audit committee.

# DIRECTORS' REPORT

## Auditor's Independence Declaration

An independence declaration form has been obtained from the Company's auditors Elderton Audit Pty Ltd, a copy of which is on page 6 of this report.

## Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- i) All non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- ii) The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 100: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Elderton Audit Pty Ltd's associated entity, Greenwich & Co for non-audit services provided during the year to 30 June 2021:

	\$
Taxation Services	550
	<u>550</u>



**J D Shervington**

Chairman

Perth, 2 December 2021

# ELDERTON

AUDIT PTY LTD

## Auditor's Independence Declaration

To those charged with governance of Erinbar Limited

As auditor for the audit of Erinbar Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



Elderton Audit Pty Ltd



**Nicholas Hollens**

Managing Director

Perth

2 December 2021

# STATEMENT OF PROFIT OR LOSS AND OTHER INCOME

## YEAR ENDED 30 JUNE 2021

	<u>Note</u>	<u>2021</u> \$	<u>2020</u> \$
Other income	3	-	7
Finance expenses	4	(11,853)	(6,332)
Corporate expenses		(56,939)	(123,059)
<b>Loss before income tax</b>		<b>(68,792)</b>	<b>(129,384)</b>
Income tax benefit/(expense)	5	-	-
<b>Loss from continuing operations</b>		<b>(68,792)</b>	<b>(129,384)</b>
<b>Loss for the year</b>		<b>(68,792)</b>	<b>(129,384)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive loss for the year attributable to shareholders</b>		<b>(68,792)</b>	<b>(129,384)</b>
<b>Earnings per share</b>			
Basic loss per share (cents)	14	(0.68)	(1.29)
Diluted loss per share (cents)	14	(0.68)	(1.29)

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



# STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2021

	<u>Note</u>	<u>2021</u> \$	<u>2020</u> \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	1,875	9,076
Trade and other receivables	7	186	3,850
<b>Total current assets</b>		<u>2,062</u>	<u>12,926</u>
<b>Total assets</b>		<u>2,062</u>	<u>12,926</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	10,000	3,485
<b>Total current liabilities</b>		<u>10,000</u>	<u>3,485</u>
<b>Non-current liabilities</b>			
Loans payable	9	178,742	127,329
<b>Total non-current liabilities</b>		<u>178,742</u>	<u>127,329</u>
<b>Total liabilities</b>		<u>188,742</u>	<u>130,814</u>
<b>Net liabilities</b>		<u>(186,680)</u>	<u>(117,888)</u>
<b>Equity</b>			
Issued capital	11	2,003,684	2,003,684
Accumulated Losses		(2,190,364)	(2,121,572)
<b>Equity</b>		<u>(186,680)</u>	<u>(117,888)</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

# STATEMENT OF CHANGES IN EQUITY

## YEAR ENDED 30 JUNE 2021

	Issued capital	Accumulated losses	Total
	\$	\$	\$
Balance at 1 July 2019	1,999,724	(1,992,188)	7,536
<b>Comprehensive Income</b>			
Loss for the year	-	(129,384)	(129,384)
Other comprehensive income for the year	-	-	-
Capital raisings	4,200	-	4,200
Capital raising costs	(240)	-	(240)
<b>Total comprehensive income for the year</b>	<b>3,960</b>	<b>(129,384)</b>	<b>(125,424)</b>
Balance at 30 June 2020	2,003,684	(2,121,572)	(117,888)
<b>Balance at 1 July 2020</b>	<b>2,003,684</b>	<b>(2,152,572)</b>	<b>(117,888)</b>
<b>Comprehensive Income</b>			
Loss for the year	-	(68,792)	(68,792)
Other comprehensive income for the year	-	-	-
Capital raisings	-	-	-
Capital raising costs	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(68,792)</b>	<b>(68,792)</b>
Balance at 30 June 2021	2,003,684	(2,190,364)	(186,680)

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# STATEMENT OF CASHFLOWS

## YEAR ENDED 30 JUNE 2021

	<u>Note</u>	<u>2021</u> \$	<u>2020</u> \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(46,760)	(123,074)
Interest paid		-	(3)
Interest received		-	7
Sundry revenue from other activities		-	(350)
<b>Net cash outflow from operating activities</b>	16	<u>(46,760)</u>	<u>(123,420)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issuing share capital	11	-	4,200
Cost of issuing share capital	11	-	(240)
Proceeds from borrowings	9	39,559	121,000
<b>Net cash outflow from financing activities</b>		<u>39,559</u>	<u>124,960</u>
<b>Net (decrease) / increase in cash and cash equivalents held</b>		<b>(7,201)</b>	<b>1,540</b>
Cash and cash equivalents at the beginning of the financial year		<u>9,076</u>	<u>7,536</u>
<b>Cash and cash equivalents at the end of the financial year</b>	6	<u><b>1,875</b></u>	<u><b>9,076</b></u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Corporate Information

These financial statements of Erinbar Limited (or "the Company") for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on the date of the Directors' Report.

The registered office of the Company is located at 52 Ord Street, West Perth, Western Australia 6005.

## 2. Summary of Significant Accounting Policies

### (a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The financial report is presented in Australian dollars.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial liabilities and financial assets.

### *Going concern*

The financial statements have been prepared on the basis that the Company will continue to meet its commitments and can therefore continue normal business activities and realise assets and settle liabilities in the ordinary course of business at the amounts stated in these financial statements.

For the year ended 30 June 2021, the Company incurred an operating loss of \$68,792 (2020: \$129,384). The Company has recorded net liabilities of \$186,680 as at 30 June 2021. The deficit in net assets is largely due to loans advanced by Directors, which are to be converted into equity during the coming years. Nonetheless, there remains significant uncertainty as to whether the Company will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial statements.

The Directors recognise that the ability of the Company to continue as a going concern and to pay its debts as and when they fall due is dependent on the ability of the Company to secure additional funding through either the issue of further shares and options, convertible notes, and the continual financial support of entities related to the directors.

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 from those stated in the financial report.

At the date of signing the financial report, the Directors consider there are reasonable grounds to believe that it can meet its debts as and when they fall due.

The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, or the amounts or classification of liabilities, which might be necessary should the Company not be able to continue as a going concern.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (b) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on judgements, estimates and assumptions of future events. The key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are the going concern assumption (Note 2a).

### (c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### *Interest income*

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

### (d) Borrowing costs

Borrowing costs, where applicable, will be (also elsewhere as appropriate) recognised as an expense when incurred, except to the extent that they relate to the acquisition of qualifying assets in which case they are capitalised.

### (e) Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset as follows: Plant and equipment 3 - 5 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period the item is derecognized.

### (f) Exploration and evaluation

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the Statement of Financial Position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or where exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

### (g) Impairment

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount.

Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined.

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (h) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### (i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30-90 days.

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

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

### (j) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently recorded with increases for interest charged, less any repayments made to the loan provider.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

### (k) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### *Restoration*

Provisions for future environmental restoration are recognised where there is a present obligation as a result of exploration, production, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning mined strands and restoring the affected areas.

The provision of future restoration costs is the best estimate of the present value of the future expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at the Statement of Financial Position date, with a corresponding change in the cost of the associated asset. The amount of the provision for the future restoration costs are capitalised and depleted as a component of the cost of those activities. The unwinding of the effect of discounting on the provision is recognised as a finance cost.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (l) Employee leave benefits

#### *Wages, salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the reporting date are recognised in other payables and annual leave in respect of employees' services up to reporting date are recognised in provisions. They are measured at the amounts expected to be paid when the liabilities are settled.

#### *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures, and periods of service.

Expected future payments are discounted using market yields at the reporting date on notional government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash flows.

### (m) Trade and other payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition and are recognised at amortised cost.

### (n) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of share proceeds received.

### (o) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Statement of Financial Position date.

Deferred income tax is provided on all temporary differences at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except;

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

The carrying amount of deferred income tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each Statement of Financial Position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured 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 (and tax laws) that have been enacted or substantively enacted at the Statement of Financial Position date.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

### (p) Earnings per share

Basic earnings per share is calculated as net profit / (loss) attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares on issue, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit (loss) to members of the Company, adjusted for:

- Costs of servicing equity (other than dividends);
- The after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

### (q) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

### (r) Foreign currency translation

Both the functional and presentation currency of the Company and its joint arrangement is Australian dollars (\$). Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the Statement of Financial Position.

### (s) Share based payments

From time to time, the Company provides benefits to Senior Executives of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

The fair value is determined by an external valuer using the Black-Scholes or binomial method.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The cost of equity-settled transactions is recognised, together with the corresponding increase in equity, over the period in which the performance and /or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the profit or loss is the product of:

- (i) the grant date fair value of the award;
- (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period; and
- (iii) the expired portion of the vesting period.

The charge to the profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

### (t) Changes to Accounting Policies

A number of new standards and amendments to standards are effective for annual periods beginning 1 January 2019. These new standards and amendments have been applied in preparing these financial statements and none of them have had a significant effect on the financial statements of the Company.

*AASB 16 Leases* removes the lease classification test and required all leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test for lessees.

The Company has assessed the impact of AASB 16 and with no leases, has deemed the impact to be nil.

### 3. Other Income

	<u>2021</u>	<u>2020</u>
	\$	\$
Interest income	-	7
Other	-	-
	<u>-</u>	<u>7</u>

### 4. Loss Before Tax for the Year Includes the Following Expenses:

	<u>2021</u>	<u>2020</u>
	\$	\$
Interest expense	<u>11,853</u>	<u>6332</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 5. Income Tax Expense

	<u>2021</u>	<u>2020</u>
	\$	\$
<u>Numerical reconciliation between tax expense and pre-tax net loss</u>		
(Loss) before tax	(68,792)	(129,384)
Income tax (benefit) at 25%	(20,637)	(38,815)
Gains / Losses not recognised	20,637	38,815
Income tax (benefit)/expense on pre-tax net loss	-	-

Deferred tax assets have not been recognised in respect of the following items:

Tax losses (at 25%)	32,874,986	32,854,348
Capital losses	-	-
	<u>32,871,986</u>	<u>32,854,348</u>

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise such benefits.

## 6. Cash and Cash Equivalents

	<u>2021</u>	<u>2020</u>
	\$	\$
Cash at bank and in hand	1,875	9,076

Cash at bank earns interest at floating rates based on daily bank deposit rates.

## 7. Trade and Other Receivables

	<u>2021</u>	<u>2020</u>
	\$	\$
Other receivables	186	3,850
	<u>186</u>	<u>3,850</u>

## 8. Trade and Other Payables

	<u>2021</u>	<u>2020</u>
<u>Current</u>	\$	\$
Other payables	10,000	3,485
	<u>10,000</u>	<u>3,485</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 9. Loan Liabilities

During the year ending 30 June 2021, loan funding was provided by two Directors of the Company.

Each Director, Messrs Shervington and Jacobs, provided \$19,780 in loan funding to the Company, for total loan funds received of \$39,560. The purpose of the loans was to provide the Company with working capital to continue its work in seeking suitable business opportunities.

The loan total from each Director has been made in several tranches, as and when required.

Terms of the loans are as follows:

- unsecured;
- interest accrued and compounded monthly in arrears at 8% per annum;
- repayable on demand once the next equity raising by the Company has occurred; or
- loan amounts are convertible to equity at the election of the lender on terms agreed by negotiation with the Company.

The balance of the loans together with interest payable as at 30 June 2021 is detailed below.

	<u>2021</u>	<u>2020</u>
	\$	\$
Interest payable	18,183	6,329
Loan principal	160,559	121,000
	<u>178,742</u>	<u>127,329</u>

## 10. Capital Raisings

There were no share placements made during the year ending 30 June 2021.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 11. Issued Equity

	<u>Date</u>	<u>2021</u>	<u>2020</u>
		\$	\$
<u>Share capital</u>			
At the beginning of financial year		2,003,684	1,999,724
Share placement	19 December 2019	-	4,000
Share placement	3 March 2020	-	200
Less costs relating to the capital raisings		-	(240)
At the end of the financial year		<u>2,003,684</u>	<u>2,003,684</u>
		<u>Number</u>	<u>Number</u>
<u>Fully paid ordinary shares</u>			
At the beginning of the financial year		10,033,620	9,998,620
Share placement	19 December 2019	-	33,333
Share placement	3 March 2020	-	1,667
At the end of the financial year		<u>10,033,620</u>	<u>10,033,620</u>

Fully paid ordinary shares have the right to receive dividends as declared in proportion to the number of shares held. Fully paid ordinary shares have the right, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held.

Fully paid ordinary shares entitle their holders to vote, either in person or by proxy, at a meeting of the Company. On a poll, each fully paid ordinary share is entitled to one vote.

## 12. Auditor's Remuneration

	<u>2021</u>	<u>2020</u>
	\$	\$
Audit and review of financial reports (Elderton Audit Pty Ltd)	6,394	5,300
Taxation services (Greenwich & Co)	550	550
	<u>6,944</u>	<u>5,850</u>

## 13. Events Subsequent to Balance Date

In the opinion of the Directors there has not arisen in the interval between the end of the financial year and the date of this report, any matter or circumstance that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 14. Earnings per Share

	<u>2021</u>	<u>2020</u>
	\$	\$
Earnings used to calculate basic and diluted earnings per share	(68,792)	(129,384)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	10,033,620	10,033,620

The calculation of diluted earnings per share does not include weighted potential ordinary shares on issue as they were not in the money at any time during the financial period.

## 15. Financial Instruments and Financial Risk Management Objectives and Policies

It is, and has been throughout previous years, the Company's policy that no speculative trading in derivatives shall be undertaken.

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

The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are cash flow risk, and liquidity risk. Management reviews and agrees policies for managing each of these risks which are summarized below.

The following discussion also includes a sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable. The sensitivity analysis has been prepared for the period ended 30 June 2021 using the amounts of debt and other financial assets and liabilities held as at the Statement of Financial Position date.

### Foreign currency risk

There were no foreign currency loans outstanding at 30 June 2021.

### Fair values

The fair values and carrying amounts for all of the financial assets of the Company as at 30 June 2020 and Company as at 30 June 2021 are the same.

### Interest rate risk

The Company is not subject to any interest rate risk.

### 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 manages this risk by monitoring its working capital position on a regular basis.

### Capital Management

In order to maintain a solid capital base it is the Board's policy to maintain market, creditor, and investor confidence and meet growth demands of the Company. The board is currently reviewing its strategy for the future of the Company which will maximise return for shareholders. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 16. Reconciliation of Loss after Tax to Cash Flows from Operations

	<u>2021</u>	<u>2020</u>
	\$	\$
Operating (loss) after income tax	(68,792)	(129,384)
<u>Adjustment for non-cash items:</u>		
Depreciation - Plant & equipment	-	-
Loss on sale of Plant and Equipment	-	-
Interest expense (financing)	11,853	6,329
<u>Changes in operating assets and liabilities relating to operating activities:</u>		
Decrease/(Increase) in trade and other receivables	4,014	(4,200)
(Decrease) in trade and other payables	(6,165)	3,835
Net cash outflow from operating activities	<u>(46,760)</u>	<u>(123,420)</u>

## 17. Key Management Personnel

There was no remuneration paid to Key Management Personnel at 30 June 2020 and 30 June 2021.

During the year ended 30 June 2021, no Performance Rights were issued. The balance of Performance Rights at 30 June 2021 can be seen in the following table.

	Balance at 1 July 2020	Issued during the year	Lapsed during the year	Balance at 30 June 2021
Key management personnel	11,000,000	-	-	11,000,000
	<u>11,000,000</u>	<u>-</u>	<u>-</u>	<u>11,000,000</u>

## 18. Related Party Transactions

There were no other related party transactions during the year, except for the loans referred to in Note 9.

## 19. Segment Reporting

The Company operates in the exploration and mining industry in Australia.

The Company operates predominantly in one geographical area. On this basis, the entire operations are considered to be those of only one segment for financial reporting purposes.

## 20. Commitments

### a) Exploration commitments

There were no exploration commitments at 30 June 2021.

### b) Lease commitments

There were no commitments at 30 June 2021.

# DIRECTOR'S DECLARATION

In accordance with a resolution of the Directors of Erinbar Limited, I state that:

In the opinion of the Directors:

- (a) The financial statements, notes and the additional disclosures included in the Directors' report are 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 2021 and of the Company's performance for the year ended on that date;
  - (ii) Complying with Accounting Standards and *Corporations Regulations 2001*,  
which as stated in Note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.



**J D Shervington**  
Chairman  
Perth, 2 December 2021

# ELDERTON

AUDIT PTY LTD

## Independent Audit Report to the members of Erinbar Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Erinbar Limited (the Company), which comprises the statement of financial position as at 30 June 2021, 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, 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 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Company incurred a net loss of \$68,792 during the year ended 30 June 2021 and, as of that date, the Company's current liabilities exceeded its total assets by \$186,680. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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 respect of this matter.



## Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in Directors' Report, 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 on the other information obtained prior to the date of this auditor's report, 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 Directors for the Financial Report

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

Elderton Audit Pty Ltd

**Elderton Audit Pty Ltd**

Nicholas Hollens

**Nicholas Hollens**

Managing Director

Perth

2 December 2021

## Registered and Head Office

Erinbar Limited  
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P.O. Box 424  
West Perth WA 6872  
Ph: +61 (0) 419 035 297  
Email: [seppelt@bold.net.au](mailto:seppelt@bold.net.au)

## Auditors

**Elderton Audit Pty Ltd**  
Level 2, 267 St Georges Terrace  
Perth WA 6000

## Solicitor

**Jeremy Shervington**  
**Barrister & Solicitor**  
52 Ord Street  
West Perth WA 6005

## Share Registry

**Erinbar Limited**  
PO Box 424  
West Perth WA 6872

## Website

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