

Cobre Limited

and its controlled entities

ACN 626 241 067

General Purpose Financial Report

For the period of incorporation commencing 18 May 2018 to 30 June 2019

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DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the consolidated entity) consisting of Cobre Limited (the Company) and its controlled entities (the Group), from 18 May 2018 being the date of incorporation up to 30 June 2019, henceforth referred to as the period ended 30 June 2019.

Directors

The following persons were directors of Cobre Limited as at the date of this report, unless otherwise stated:

Martin Christopher Holland - Executive Chairman and Managing Director – appointed 18 May 2018

Mr Holland is a co-founder of Cobre. Mr Holland has over 12 years of M&A and corporate finance experience focused on the mining sector. Mr Holland was the founder and CEO of Lithium Power International (LPI:ASX) from 2015 to 2018.

Mr Holland is the Chairman of Sydney based investment company, Holland International Pty Ltd, which has strong working relationships with leading institutions and banks across the globe.

Andrew Sissian - Finance Director – appointed 18 May 2018

Mr Sissian is a co-founder of Cobre. Mr Sissian has extensive experience in corporate finance as a technology and finance executive, advisor and investor. Mr Sissian has worked with Wilsons and the National Australia Bank, in both Australia and Shanghai, focused on institutional banking and acquisition finance across the resources, retail and agriculture sectors.

Mr Sissian is the CEO of 'Internet of Things' company, Procon Telematics Pty Ltd. Mr Sissian is a CPA and holds a Masters of Accounting and a Bachelor of Commerce.

Michael Addison - Non-Executive Director – appointed 25 November 2019

Mr Addison has a long history of involvement in the Australian and international mining industry, having founded two former ASX-listed Australian mining exploration and development companies: Endocoal Limited (formerly as Atlas Coal Limited) and Carabella Resources Limited.

Mr Addison has also held previous positions on the Boards of three other ASX-listed resource companies (Stratum Metals Limited, Intra Energy Limited and Frontier Diamonds Limited) and two unlisted public resource companies (Scott Creek Coal Limited and Northam Iron Limited). He was most recently a founding director of ASX-listed Genex Power Limited, a company focused on the origination and development of innovative clean energy generation and electricity storage solutions across Australia.

Mr Addison has deep expertise in the management and running of listed companies and an intimate working knowledge of the regulatory, legal and governance environments in which listed companies operate. He is a former Rhodes Scholar, has an Oxford University postgraduate degree in Management Studies and is a Fellow of the Australian Institute of Management.

Michael McNeilly - Non-Executive Director – appointed 6 November 2019

Michael is the Chief Executive Officer of Metal Tiger plc (AIM:MTR) and a nominee Director of Cobre appointed by Metal Tiger. As a nominee non-executive director of MOD Resources Limited (previously ASX:MOD), he was actively involved in the Sandfire Resources NL (ASX:SFR) recommended scheme offer for MOD Resources which saw Metal Tiger receive circa 6.3 million shares in SFR. Mr McNeilly resigned from the Board of MOD as part of the scheme of arrangement.

Mr McNeilly has formerly been a non-executive director of Greatland Gold plc (AIM:GGP) and a non-executive director at Arkle Resources plc (AIM:ARK). Mr McNeilly serves as a director on numerous of MTR's investment and subsidiary entities. Mr McNeilly previously worked as a corporate financier with both Allenby Capital and Arden Partners Limited (AIM:ARDN) as well as a corporate executive at Coinsilium (NEX:COIN) where he worked with early stage blockchain focussed start-ups. Mr. McNeilly studied Biology at Imperial College London and has a BA in Economics from the American University of Paris.

Justin Clyne - Company Secretary – appointed 5 September 2019

Mr Clyne is a qualified Chartered Company Secretary and a member of the Australian Institute of Company Directors. Mr Clyne was admitted as a Solicitor of the Supreme Court of New South Wales and High Court of Australia in 1996 before gaining admission as a Barrister in 1998. He had 15 years of experience in the legal profession acting for a number of the

country's largest corporations, initially in the areas of corporate and commercial law before dedicating himself full-time to the provision of corporate advisory and company secretarial services.

Mr Clyne is a director and/or secretary of a number of public listed and unlisted companies. He has significant experience and knowledge in international law, the Corporations Act, the ASX Listing Rules and corporate regulatory requirements generally.

Principal Activity and Significant Changes in the Nature of Activities

The principal activity of the Group during the financial year was acquiring 80% of the shares of Toucan Gold Pty Ltd ("Toucan") with the intention to explore and evaluate the Perrinvale Project, which covers 382km² of the Panhandle and Illaara Greenstone Belts in Western Australia.

Operating results

The net loss for the entity after providing for income tax amounted to \$150,210. During the year the Group acquired Toucan Gold Pty Ltd which comprises base metals exploration assets via a share sale and purchase agreement, which completed on the 18th of June 2019.

Financial Position

The net assets of the Group stand at \$750,802, including cash of \$178,208 and exploration assets of \$710,302. The Group is currently making preparations for listing, which if successful, will see the raising of cash in the business to fund its exploration activities.

Matters Subsequent to the end of the period

Since 30 June 2019, the following events have occurred that are deemed worthy of disclosure in the financial statements:

- (Services Agreement between New Resolution Geophysics Pty Ltd and Toucan): On 8 August 2019, Toucan entered into an agreement with New Resolution Geophysics Pty Ltd (NRG) under which NRG agreed to provide airborne geophysical services to Toucan. As at the date of this report, NRG has concluded providing these services to Toucan and Toucan has paid NRG a total fee of \$143,000 (plus GST) for those services. In accordance with the agreed funding arrangement between the shareholders of Toucan as set out in the Toucan Shareholders' Agreement, Toucan paid NRG for the services provided using funds loaned to it by Cobre.
- (Metal Tiger Subscription Agreement): On 2 September 2019, the Company and Metal Tiger entered into the Metal Tiger Subscription Agreement, which was subsequently amended by the terms of a side letter executed by the parties on 20 November 2019. Under the Metal Tiger Subscription Agreement, Metal Tiger agreed to subscribe for, and were issued, an initial 6,600,000 Shares at \$0.0758 per Share, raising \$500,280.
- (Pre-Offer Capital Raise): The Company conducted a pre-Offer capital raise in October and November 2019 (whereby the Lead Manager (or their nominee) and Sternship Advisers Pty Ltd participated in this capital raise). Under this pre-Offer capital raise, the Company issued a total of 2,483,445 Shares to various investors, at an issue price of \$0.151 per Share, raising a total of \$375,000.
- (Unlisted Options): The Company issued a total of 13,249,000 Unlisted Options (12,749,000 Unlisted Options issued on 24 September 2019, and 500,000 Unlisted Options issued on 29 November 2019) to the Directors (or their nominee entities) and the Company Secretary. The Unlisted Options have an exercise price of \$0.20 per Unlisted Option. The Unlisted Options will expire on 24 September 2024.
- (Sandiman Farm-in Agreement): On 13 November 2019, the Company entered into a joint-venture farm-in agreement with GTTS Generations Pty Ltd in respect of the Sandiman Tenement, which entitles the Company to earn up to an 80% interest in the Sandiman Tenement over a two-stage earn-in process. By way of initial consideration payable under the agreement, the Company has made payment of \$25,000 and has issued 166,667 Shares to GTTS Generations Pty Ltd. Further consideration is payable by the Company under the agreement over the course of the earn-in process.
- (Geko-Co Pty Ltd Services Agreement): On 27 November 2019, the Company entered into a services agreement with Geko-Co Pty Ltd to acquire services relating to the provision of an exploration manager to the Company, being Mr Todd Axford, who will act to develop the Company's projects in accordance with direction received from the Board, and in a manner that is in line with those undertaking similar positions within the Australian minerals industry. The Company has agreed to pay the Service Provider a monthly fee of \$20,850 (excluding GST) and will reimburse the Service Provider's expenses incurred in carrying out the required services. For each day services are provided in excess of 20 days per month, Geko-Co Pty Ltd will be paid a fee of \$1,042.50 for each additional day.

- (Pre-Offer Consultancy Agreements): The Company separately entered into consultancy agreements with each of Holland International Pty Ltd as trustee for the Holland Family Trust, Ventureworks Partners Pty Ltd, and Ruck Pty Ltd (each a Contractor), in respect of services provided to the Company by the relevant Contractor's key persons under those agreements, being Mr Martin C Holland, Mr Andrew Sissian and Mr Robert Crossman, respectively. Under these agreements, the Company agreed to make payments to each Contractor in respect of the services that were provided by that Contractor to the Company in the financial year ended 2019 and that are being provided in the financial year ending 2020 on a pro-rata basis until the date that these agreements will terminate, being:
 - in respect of Holland International Pty Ltd as trustee for the Holland Family Trust, the earlier of the date of Admission or 20 February 2020;
 - in respect of Ventureworks Partners Pty Ltd, the earlier of the date of Admission or 1 February 2020; and
 - in respect of Ruck Pty Ltd, this agreement terminated on 21 November 2019.
- The amounts payable to each Contractor under these agreements are as follows:
 - a lump sum payment of \$50,000 for services provided in financial year ended 2019 (note that this has been accrued for as at 30 June 2019); and
 - a monthly fee of \$10,000 for services provided in financial year ending 2020.
- (Executive Services Agreement – Mr Martin C Holland): On 21 November 2019, the Company entered into an executive services agreement with Mr Martin C Holland in respect of his position as Executive Chairman and Managing Director of the Company. The Company has agreed to pay Mr Martin C Holland an annual salary of \$240,000 plus superannuation.
- (Consultancy Agreement – Ventureworks Partners Pty Ltd): On 21 November 2019, the Company entered into a consultancy agreement with Ventureworks Partners Pty Ltd. Under this agreement, Ventureworks Partners Pty Ltd has agreed to procure Mr Andrew Sissian, as a key person, to perform the services of a Finance Director to the Company. Under this agreement, the Company has agreed to pay to Ventureworks Partners Pty Ltd a base consultancy fee, on a monthly basis of \$10,000 plus GST for up to 40 hours per month of work performed. Any additional hours of work performed will be paid at a rate of \$250 plus GST per hour, capped at a maximum monthly fee of \$18,300 plus GST in aggregate payable to Ventureworks Partners Pty Ltd.
- (Non-Executive Director Agreements: Mr Michael Addison and Mr Michael McNeilly): The Company entered into agreements with each of Mr Michael Addison and Mr Michael McNeilly, on 25 November 2019 and 29 November 2019 respectively, in respect of their services to the Company as Non-Executive Directors. Under these agreements, the Company has agreed to pay each Non-Executive Director an annual salary package of \$60,000 per annum.
- Effective as and from 22 November 2019, the Company changed its status from a private company limited by shares (Pty Ltd) to a public company limited by shares (Limited) to enable the company to undertake a listing on the ASX.

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

Likely Future Developments

The Group will continue to focus on exploration, evaluation and development activities at the Perrinvale Project.

Environmental Regulation

The Company is subject to and compliant with all aspects of environmental regulation of its mining activities.

Meetings of Directors

The number of meetings of the Company's Board of Directors (the Board) held during the period ended 30 June 2019 and the number of meetings attended by each director were:

	Meetings Attended	Number eligible to attend
Martin Holland	5	5
Andrew Sissian	5	5

Indemnification of Directors and Officers

Under the Constitution of the Company every officer (and former officer) of the Company is indemnified, to the extent permitted by law, against all expenses and liabilities incurred as such by an officer providing it is in respect of a liability to another person (other than the Company or a related corporate body) where such liability does not arise out of conduct involving a lack of good faith and is in respect of a liability for costs and expenses incurred

- in defending any proceedings, whether civil or criminal, in which judgment is given favour of the person or in which the person is acquitted; or
- in connection with an application, in relation to such proceedings, in which the court grants relief to the person under the Corporations Act.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify the auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the period ended 30 June 2019.

Options

At the reporting date of this report, there are no unissued ordinary shares of the Company under option.

Non – audit services

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

- all non-audit services are reviewed prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

There were no fees payable to Ernst and Young for non-audit services provided during the period ended 30 June 2019.

Proceedings on Behalf of the Company

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

Auditor's Independence Declaration

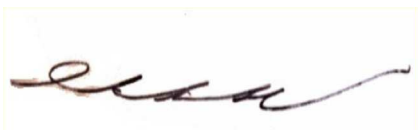
A copy of the auditor's independence declaration follows this directors' report.

Auditor

Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors

On behalf of the directors



Martin Holland - Chairman

6 December 2019

Auditor's Independence Declaration to the Directors of Cobre Limited

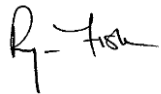
As lead auditor for the audit of the financial report of Cobre Limited for the period of incorporation from 18 May 2018 to 30 June 2019, I declare to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Cobre Limited and the entities it controlled during the period of incorporation from 18 May 2018 to 30 June 2019.



Ernst & Young



Ryan Fisk
Partner
6 December 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2019

	Note	2019 \$
EXPENSES		
Bank fees		(210)
Director fees		(150,000)
TOTAL COMPREHENSIVE LOSS BEFORE TAX		(150,210)
Tax expense	7	-
TOTAL COMPREHENSIVE LOSS AFTER TAX		(150,210)
PROFIT / LOSS ATTRIBUTABLE TO:		
Owners of the parent		(150,210)
Non-controlling interest		-
Basic earnings per share	11	(0.018)
Diluted earnings per share	11	(0.018)

The financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	3	178,208
Trade and other receivables	4	62,323
TOTAL CURRENT ASSETS		240,531
NON-CURRENT ASSETS		
Exploration and evaluation expenditure	5	710,302
TOTAL NON-CURRENT ASSETS		710,302
TOTAL ASSETS		950,833
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	6	200,031
TOTAL CURRENT LIABILITIES		200,031
TOTAL LIABILITIES		200,031
NET ASSETS		750,802
EQUITY		
Fully paid ordinary shares	10	815,597
Accumulated losses		(150,210)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		665,387
Non-controlling interests		85,415
TOTAL EQUITY		750,802

The financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY THE PERIOD ENDED 30 JUNE 2019

	Issued Capital	Retained Earnings	Non- Controlling Interest	Total
	\$	\$	\$	\$
At 18 May 2018	-	-	-	-
Loss for the period attributable to members of the Company	-	(150,210)	-	(150,210)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	(150,210)	-	(150,210)
Non-controlling interest	-	-	85,415	85,415
Shares issued during the period	842,624	-	-	842,624
Shares issue expenses	(27,027)	-	-	(27,027)
Balance as at 30 June 2019	815,597	(150,210)	85,415	750,802

The financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2019

	Note	2019 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees		(210)
Net cash used in operating activities		(210)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditure		(296,014)
Cash obtained on acquisition		22,441
Net cash used in investing activities		(273,573)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash receipts from share issues		474,518
Share issue costs		(27,027)
Increase in borrowings		4,500
Net cash provided by financing activities		451,991
Net increase in cash held		178,208
Cash and cash equivalents at beginning of the year		-
Cash and cash equivalents at end of the year	3	178,208

The financial statements should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The consolidated financial statements of Cobre Limited (the Company) and its subsidiaries (collectively, the Group) for the period commencing 18 May 2018, the incorporation date of the Company and ending 30 June 2019 were authorised for issue in accordance with a resolution of the directors on 6 December 2019.

Further information on the nature of the operations and principal activities of the Group is provided in the Directors' report. The Company is incorporated in Australia.

2. Significant Accounting Policies

2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions.

The financial report also complies with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated. The Group is a for-profit, private sector entity which is not publicly accountable.

The financial report has been prepared for the period commencing 18 May 2018, being the date of incorporation of the Company, to 30 June 2019, henceforth referred to as the period ended 30 June 2019. As a result, there are no comparatives presented in the financial report. The financial report has been prepared on an accruals basis and is based on historical costs, with the functional and presentation currencies being Australian Dollars.

2.2 Basis for Consolidation

The consolidated financial statements comprise the balance sheet of the Group as at 30 June 2019, and the profit and loss, statement of changes in equity and statement of cash flows for the period defined above. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, noncontrolling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 Going concern basis of accounting

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group has incurred net losses after tax of \$150,210 and net cash outflows from operating and investing activities of \$273,783 for the period ended 30 June 2019.

The Group has not generated significant revenues from operations and the directors have prepared cash flow forecasts which indicate that the current cash resources will not be sufficient to fund planned exploration expenditure, other principal activities and working capital requirements without the raising of additional capital.

The Company is in the process of undertaking an Initial Public Offering for 50,000,000 ordinary fully paid shares at an issue price of \$0.20 per share to raise \$10,000,000 at the time of signing these financial statements. Based on the consolidated entity's cash-flow forecasts and achieving the funding referred to above, the directors are confident that the Group will be able to continue as a going concern. The directors are also confident they are able to manage discretionary spending to ensure that cash is available to meet debts as and when they fall due.

Should the Company be unable to raise the required funding, there is a material uncertainty whether the Company and the Group will be able to continue as a going concern and therefore, whether they will be able to realise their assets and discharge their liabilities in the normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Company and the Group not continue as going concerns.

2.4 Summary of significant accounting policies

a) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
 - Held primarily for the purpose of trading
 - Expected to be realised within twelve months after the reporting period
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
 - It is held primarily for the purpose of trading
 - It is due to be settled within twelve months after the reporting period
- Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

b) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

c) Trade and other receivables

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

d) Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale 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. Accumulated 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 accumulated 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. There are currently no material restoration requirements for the areas of interest held.

e) Trade and other payables

Trade and other payables represent the liabilities outstanding at period end for goods and services provided to the consolidated entity which remain unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and usually paid within 30 days of recognition.

f) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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

h) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition for 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, assuming this market is accessible by the Group.

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) Key estimates

i. Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed

using value in-use calculations which incorporate various key assumptions. These assumptions are disclosed in each of the notes to the financial report where applicable.

ii. Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Where government grants have been provided as part of a joint expenditure agreement, the value provided by the government does not contribute to the balance of exploration and evaluation. The balance of those grants is not presented separately within the financial statements. There are no unfulfilled conditions and other contingencies attaching to government assistance that have not been recognised.

iii. Fair Value of Acquisition

As outlined within Note 8, the Company acquired the assets of Toucan Gold Pty Ltd during the period. There is significant estimation required in determining fair value of the assets acquired and liabilities assumed. Judgement is exercised in assessing whether the transaction is an asset acquisition or a business combination under AASB 3. Given the transaction does not acquire inputs, processes and outputs of Toucan, it has been classified as an asset acquisition.

j) Share based payments

Equity-settled transactions are awards of shares, or options/warrants over shares, that are provided to employees in exchange for the rendering of services. The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

k) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Cobre Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

COBRE LIMITED

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

3. Cash and Cash Equivalents	30 June 2019 (\$)
Cash on hand	100
Cash at bank	178,108
	<u>178,208</u>

4. Trade and Other Receivables

Other receivables*	36,361
Related party receivables	4,500
GST receivable	21,462
	<u>62,323</u>

*Other receivables relates to a grant from the Department of Mines, Industry and Safety, wherein expenditure incurred by Toucan as part of the consolidated group will be partly reimbursed once complete.

5. Exploration and Evaluation Assets

Opening Balance	-
Exploration and evaluation additions	3,514
Exploration and evaluation acquired (refer to Note 8)	706,788
	<u>710,302</u>

6. Trade and Other Payables

Trade payables	50,031
Directors' fee accrual	150,000
	<u>200,031</u>

7. Income Tax Expense

Loss before tax of the group	(150,210)
Total income tax benefit calculated at 27.5%	41,308
Deferred tax asset not brought to account*	41,308
Total income tax expense	<u>-</u>

*The deferred tax assets have not been recognised in respect of the losses as it is not yet considered probable that future taxable income will be available to utilise them.

8. Controlled Entities

The consolidated financial statements include the financial statements of the following companies that are subsidiaries of the parent and together make up the Group:

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Entity	Percentage Owned
Toucan Gold Pty Ltd – Refer to summary of transaction	80%

The Company acquired 80% of the fully paid shares in Toucan on 18 June 2019 in accordance with the terms of the Toucan Share Sale and Purchase Agreement between the company and Resource Assets Pty Ltd and Bernard Aylward in his own capacity and in his capacity as trustee for the Galbraith Family Trust (Aylward) (Toucan Vendors)

Toucan holds sole legal ownership of the Perrinvale Tenements.

The Group has assessed the acquisition does not meet the definition of a business combination in accordance with the accounting standards and therefore recognises the individual identifiable assets acquired and liabilities assumed. The cost of the acquisition has been allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. The Perrinvale project was previously owned by Fortescue Metals Group Ltd (FMG), and as part of the original acquisition by Toucan to purchase the project, Toucan agreed to pay FMG 2% of revenue from copper production in the event that production began. This agreement is still in place for the Group, however the current estimation of the fair value of the financial liability that arises on the acquisition of Toucan is nil given there are no probable and identifiable cash flows that can stem from the assets acquired, therefore no liability is recognised.

The Toucan Vendors have no obligation to fund future exploration activity of Toucan, at any time, up until the completion of a bankable feasibility study.

9. Parent Entity	30 June 2019 (\$)
Current Assets	27,282
Non-Current Assets	806,626
Current Liabilities	168,521
Net Assets	665,387
Issued Capital	815,597
Profit/(Loss) of the Parent	(150,210)
Net Equity of the Parent	665,387

10. Contributed Equity

Movements in ordinary share capital	Number of Shares	\$
Beginning of the period	-	-
Issued	29,448,461	474,518
Issued as part of acquisition of Toucan assets	7,362,115	368,106
Share issue costs		(27,027)
At the end of the reporting period	36,810,576	815,597

11. Earnings Per Share

	30 June 2019
Loss after income tax attributable to the owners of Cobre Limited (\$)	(150,210)
Weighted average number of ordinary shares used in calculating basic earnings per share	8,386,447
Weighted average number of ordinary shares used in calculating diluted earnings per share	8,386,447
Basic earnings per share (\$)	(0.018)
Diluted earnings per share (\$)	(0.018)

12. Commitments and Contingent Liabilities

There are no additional commitments or contingent liabilities held by the Group outside of those disclosed above.

13. Events Subsequent to Reporting Date

Since 30 June 2019, the following events have occurred that are deemed worthy of disclosure in the financial statements:

- (Services Agreement between New Resolution Geophysics Pty Ltd and Toucan): On 8 August 2019, Toucan entered into an agreement with New Resolution Geophysics Pty Ltd (NRG) under which NRG agreed to provide airborne geophysical services to Toucan. As at the date of this report, NRG has concluded providing these services to Toucan and Toucan has paid NRG a total fee of \$143,000 (plus GST) for those services. In accordance with the agreed funding arrangement between the shareholders of Toucan as set out in the Toucan Shareholders' Agreement, Toucan paid NRG for the services provided using funds loaned to it by Cobre.
- (Metal Tiger Subscription Agreement): On 2 September 2019, the Company and Metal Tiger entered into the Metal Tiger Subscription Agreement, which was subsequently amended by the terms of a side letter executed by the parties on 20 November 2019. Under the Metal Tiger Subscription Agreement, Metal Tiger agreed to subscribe for, and were issued, an initial 6,600,000 Shares at \$0.0758 per Share, raising \$500,280.
- (Pre-Offer Capital Raise): The Company conducted a pre-Offer capital raise in October and November 2019 (whereby the Lead Manager (or their nominee) and Sternship Advisers Pty Ltd participated in this capital raise). Under this pre-Offer capital raise, the Company issued a total of 2,483,445 Shares to various investors, at an issue price of \$0.151 per Share, raising a total of \$375,000.
- (Unlisted Options): The Company issued a total of 13,249,000 Unlisted Options (12,749,000 Unlisted Options issued on 24 September 2019, and 500,000 Unlisted Options issued on 29 November 2019) to the Directors (or their nominee entities) and the Company Secretary. The Unlisted Options have an exercise price of \$0.20 per Unlisted Option. The Unlisted Options will expire on 24 September 2024.
- (Sandiman Farm-in Agreement): On 13 November 2019, the Company entered into a joint-venture farm-in agreement with GTTS Generations Pty Ltd in respect of the Sandiman Tenement, which entitles the Company to earn up to an 80% interest in the Sandiman Tenement over a two-stage earn-in process. By way of initial consideration payable under the agreement, the Company has made payment of \$25,000 and has issued 166,667 Shares to GTTS Generations Pty Ltd. Further consideration is payable by the Company under the agreement over the course of the earn-in process.
- (Geko-Co Pty Ltd Services Agreement): On 27 November 2019, the Company entered into a services agreement with Geko-Co Pty Ltd to acquire services relating to the provision of an exploration manager to the Company, being Mr Todd Axford, who will act to develop the Company's projects in accordance with direction received from the Board, and in a manner that is in line with those undertaking similar positions within the Australian minerals industry. The Company has agreed to pay the Service Provider a monthly fee of \$20,850 (excluding GST) and will reimburse the Service Provider's expenses incurred in carrying out the required services. For each day services are provided in excess of 20 days per month, Geko-Co Pty Ltd will be paid a fee of \$1,042.50 for each additional day.
- (Pre-Offer Consultancy Agreements): The Company separately entered into consultancy agreements with each of Holland International Pty Ltd as trustee for the Holland Family Trust, Ventureworks Partners Pty Ltd, and Ruck Pty Ltd (each a Contractor), in respect of services provided to the Company by the relevant Contractor's key persons under those agreements, being Mr Martin C Holland, Mr Andrew Sissian and Mr Robert Crossman, respectively. Under these agreements, the Company agreed to make payments to each Contractor in respect of the services that were provided by that Contractor to the Company in the financial year ended 2019 and that are being provided in the financial year ending 2020 on a pro-rata basis until the date that these agreements will terminate, being:
 - in respect of Holland International Pty Ltd as trustee for the Holland Family Trust, the earlier of the date of Admission or 20 February 2020;
 - in respect of Ventureworks Partners Pty Ltd, the earlier of the date of Admission or 1 February 2020; and
 - in respect of Ruck Pty Ltd, this agreement terminated on 21 November 2019.

COBRE LIMITED

- The amounts payable to each Contractor under these agreements are as follows:
 - a lump sum payment of \$50,000 for services provided in financial year ended 2019 (note that this has been accrued for as at 30 June 2019); and
 - a monthly fee of \$10,000 for services provided in financial year ending 2020.
- (Executive Services Agreement – Mr Martin C Holland): On 21 November 2019, the Company entered into an executive services agreement with Mr Martin C Holland in respect of his position as Executive Chairman and Managing Director of the Company. The Company has agreed to pay Mr Martin C Holland an annual salary of \$240,000 plus superannuation.
- (Consultancy Agreement – Ventureworks Partners Pty Ltd): On 21 November 2019, the Company entered into a consultancy agreement with Ventureworks Partners Pty Ltd. Under this agreement, Ventureworks Partners Pty Ltd has agreed to procure Mr Andrew Sissian, as a key person, to perform the services of a Finance Director to the Company. Under this agreement, the Company has agreed to pay to Ventureworks Partners Pty Ltd a base consultancy fee, on a monthly basis of \$10,000 plus GST for up to 40 hours per month of work performed. Any additional hours of work performed will be paid at a rate of \$250 plus GST per hour, capped at a maximum monthly fee of \$18,300 plus GST in aggregate payable to Ventureworks Partners Pty Ltd.
- (Non-Executive Director Agreements: Mr Michael Addison and Mr Michael McNeilly): The Company entered into agreements with each of Mr Michael Addison and Mr Michael McNeilly, on 25 November 2019 and 29 November 2019 respectively, in respect of their services to the Company as Non-Executive Directors. Under these agreements, the Company has agreed to pay each Non-Executive Director an annual salary package of \$60,000 per annum.
- Effective as and from 22 November 2019, the Company changed its status from a private company limited by shares (Pty Ltd) to a public company limited by shares (Limited) to enable the company to undertake a listing on the ASX.

14. Related Parties

Transactions between related parties as set out below are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Directors

The names of each person holding the position of Director of Cobre Limited during the period are:

- Martin Holland
- Andrew Sissian
- Robert Crossman

Transactions with related parties:

The Directors Martin Holland, Andrew Sissian and Robert Crossman were each paid \$50,000 for their services prior to 30 June 2019. These Directors were the only Key Management Personnel employed through the period.

Directors' and Executive Officer's holdings of shares and options

At 30 June 2019, the following was the total Director shareholdings:

- Christopher Holland – 10,524,334 shares
- Andrew Sissian – 4,799,052 shares
- Robert Crossman – 7,250,025 shares

15. Company Details

Cobre Limited is a company domiciled in Australia and its registered office and principal place of business is located at:

Level 7, 151 Macquarie Street,
Sydney NSW 2000

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the period from incorporation and ended on that date;
 - (ii) complying with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements; and
 - (iii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), and the *Corporations Act 2001*

- (c) 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



Martin Holland - Chairman

6 December 2019

Independent auditor's report to the members of Cobre Limited

Opinion

We have audited the financial report of Cobre Limited (the "Company") and its subsidiaries (collectively 'the Group'), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period from incorporation being 18 May 2018 to 30 June 2019 ('the period'), notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the period ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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

Without qualifying our conclusion, we draw attention to Note 2 in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. As a result of these matters, there is significant uncertainty whether the consolidated entity 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 the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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 - Reduced Disclosure Requirements 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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

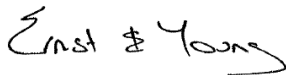
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

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

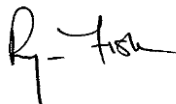
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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 Group'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 Group'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 Group 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 Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.



Ernst & Young



Ryan Fisk
Partner
Sydney
6 December 2019

CORPORATE DIRECTORY

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Auditors

Ernst & Young

200 George Street

Sydney NSW 2000