

Flynn Gold Limited

(Formerly known as Pacific Trends Resources Tasmania Pty Ltd)

ABN 82 644 122 216

Financial Report - 31 October 2020

Flynn Gold Limited
(Formerly known as Pacific Trends Resources Tasmania Pty Ltd)
Corporate directory
31 October 2020

Directors	Mr Clive Duncan (Non-Executive Chairperson) - Appointed 1 January 2021 Mr Samuel Garrett (Executive Director) Mr Geoffrey Treweek (Non-Executive Director) Mr John Forwood (Non-Executive Director) Mr Colin Bourke (Non-Executive Director)
Company secretaries	Ms Melanie Leydin Mr Mathew Watkins
Registered office	Level 4 96-100 Albert Road South Melbourne VIC 3205
Principal place of business	Level 4 96-100 Albert Road South Melbourne VIC 3205
Auditor	William Buck Level 20, 181 William Street Melbourne, VIC 3000

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF FLYNN GOLD LIMITED**

I declare that, to the best of my knowledge and belief, during the period ended 31 October 2020 there have been:

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

William Buck

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136



N.S. Benbow

Director

Melbourne, 15th February, 2021

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

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williambuck.com

Flynn Gold Limited
(Formerly known as Pacific Trends Resources Tasmania Pty Ltd)
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General information

The financial statements cover Flynn Gold Limited as a consolidated entity consisting of Flynn Gold Limited (the 'Company') and the entities it controlled at the end of, or during, the period. This is the Company's first set of financial statements, covering the period from the date of incorporation, being 7 September 2020, to 31 October 2020.

The financial statements are presented in Australian dollars, which is Flynn Gold Limited's functional and presentation currency.

Flynn Gold Limited is a public company, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4
96-100 Albert Road
South Melbourne VIC 3205

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 February 2021. The directors have the power to amend and reissue the financial statements.

Flynn Gold Limited
(Formerly known as Pacific Trends Resources Tasmania Pty Ltd)
Statement of profit or loss and other comprehensive income
For the period ended 31 October 2020

	Note	Consolidated 31 October 2020 \$
Revenue		
Other income	3	43,563
Expenses		
Corporate expenses		(154,464)
Exploration and evaluation expenditure		<u>(2,524,553)</u>
Loss before income tax expense		(2,635,454)
Income tax expense		<u>-</u>
Loss after income tax expense for the period attributable to the owners of Flynn Gold Limited		(2,635,454)
Other comprehensive income for the period, net of tax		<u>-</u>
Total comprehensive income for the period attributable to the owners of Flynn Gold Limited		<u><u>(2,635,454)</u></u>
		Cents
Basic earnings per share	20	(35,994.36)
Diluted earnings per share	20	(35,994.36)

The abovementioned Basic earnings per share and Diluted earnings per share are done so on a pre-share split basis.

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

Flynn Gold Limited
(Formerly known as Pacific Trends Resources Tasmania Pty Ltd)
Statement of financial position
As at 31 October 2020

	Note	Consolidated 31 October 2020 \$
Assets		
Current assets		
Cash and cash equivalents	4	1,555,007
Trade and other receivables	5	459,673
Other current assets		<u>2,698</u>
Total current assets		<u>2,017,378</u>
Non-current assets		
Security deposits		<u>30,000</u>
Total non-current assets		<u>30,000</u>
Total assets		<u>2,047,378</u>
Liabilities		
Current liabilities		
Trade and other payables	6	700,846
Borrowings	7	<u>2,356,349</u>
Total current liabilities		<u>3,057,195</u>
Total liabilities		<u>3,057,195</u>
Net liabilities		<u><u>(1,009,817)</u></u>
Equity		
Issued capital	8	1,625,637
Accumulated losses		<u>(2,635,454)</u>
Total deficiency in equity		<u><u>(1,009,817)</u></u>

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

Flynn Gold Limited
(Formerly known as Pacific Trends Resources Tasmania Pty Ltd)
Statement of changes in equity
For the period ended 31 October 2020

Consolidated	Issued capital \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 7 September 2020	-	-	-
Loss after income tax expense for the period	-	(2,635,454)	(2,635,454)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	(2,635,454)	(2,635,454)
Issue of shares (refer note 8)	1,625,637	-	1,625,637
Balance at 31 October 2020	<u>1,625,637</u>	<u>(2,635,454)</u>	<u>(1,009,817)</u>

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

Flynn Gold Limited
(Formerly known as Pacific Trends Resources Tasmania Pty Ltd)
Statement of cash flows
For the period ended 31 October 2020

	Note	Consolidated 31 October 2020 \$
Cash flows from operating activities		
Payments to suppliers (inclusive of GST)		(989)
Net cash used in operating activities	19	(989)
Cash flows from investing activities		
Cash acquired on acquisition of Kingfisher Exploration		201
Net cash from investing activities		201
Cash flows from financing activities		
Proceeds from issue of converting notes		1,555,000
Borrowings advanced from relates parties		795
Net cash from financing activities		1,555,795
Net increase in cash and cash equivalents		1,555,007
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period	4	<u>1,555,007</u>

Non-cash investing activities

The consolidated entity acquired \$30,000 in security deposits, funded by a loan facility extended by related party, Pacific Trends Resources Pty Ltd ("PTR"). PTR paid for the security deposits on the consolidated entity's behalf (refer to note 7).

Flynn Gold Limited
(Formerly known as Pacific Trends Resources Tasmania Pty Ltd)
Notes to the financial statements
31 October 2020

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below.

New or amended Accounting Standards and Interpretations adopted

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

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

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

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 16.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Flynn Gold Limited ('company' or 'parent entity') as at 31 October 2020 and the results of all subsidiaries for the period then ended. Flynn Gold Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 1. Significant accounting policies (continued)

Revenue recognition

The consolidated entity recognises revenue as follows:

Other revenue

Other revenue relates to the gain on loan forgiveness recognised during the period. Refer to note 3.

Current and non-current classification

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

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

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

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

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

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

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

Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred are expensed in full in the statement of profit or loss as they are incurred.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 October 2020. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

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

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Recovery of deferred tax assets

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

Treatment of the fair value of converting notes on initial recognition

In considering their accounting policy for converting notes, the directors considered the fair value of the underlying variable conversion entitlement of the converting notes as described in note 7. As the Company is yet to have its shares traded on a share exchange platform, the conversion entitlement does not meet the definition of a derivative financial instrument, which changes in value according to movements in a market price.

As a consequence, the conversion entitlement has not been separately valued from the underlying borrowing and both elements of the contract have been recorded at their face value, less any costs for issuing the converting notes, in the statement of financial position.

Acquisition of Kingfisher Exploration Pty Ltd

During the period, the Company acquired 100% of the ordinary shares of Kingfisher Exploration Pty Ltd. The key assets acquired was interests in several Tasmanian exploration licenses. The transaction was not accounted for as a business combination as there are no existing customers or employees, the enterprise has no prospect of any sales revenue in its long term forecast plans, and only holds tenements. As such, this did not meet the requirements of a business under AASB 3 *Business Combinations*. Refer to note 21 for further details.

Transactions with Pacific Trends Resources Pty Ltd

On incorporation date on 7 September 2020, the Company issued 7,292 ordinary shares at \$219 per share (on a pre-share split basis) to the shareholders of Pacific Trends Resources Pty Ltd ("PTR"). The total value of the shares issued was \$1,596,948.

On 17 October 2020 the Company acquired certain assets and other rights from PTR for a price of \$1,100,000. The acquisition was a non-cash transaction and funded by a loan facility advanced by PTR (refer to note 7). The legal property sold in the transaction consisted of rights to areas of interest for the exploration of mineral resources in Tasmania and Western Australia. The \$1,100,000 was fully expensed in accordance with the Company's accounting policy on exploration and evaluation expenditure.

On 31 December 2020, the Company entered into a "Memorandum Regarding Restructure Arrangements" deed (the "Deed") with related parties, PTR and Pacific Trends Resources Holdings Pty Ltd ("PTR Holdings"). The deed recorded and confirmed the following arrangements as having been made and completed:

- PTR acted as guarantor and administrator on behalf of its shareholders, for purchase of the Company's shares on incorporation. This effectively created a receivable from PTR in the Company, for the value of the issued shares mentioned above.
- This receivable was offset against the Company's related party loan from PTR (refer to note 7).
- The net amount of this related party loan was completely forgiven.

The arrangements and releases recorded in the Deed confirm contractual arrangements and releases which existed between all parties as at 31 October 2020.

Flynn Gold Limited
(Formerly known as Pacific Trends Resources Tasmania Pty Ltd)
Notes to the financial statements
31 October 2020

Note 3. Other income

Consolidated
31 October
2020
\$

Gain on loan forgiveness	<u><u>43,563</u></u>
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As detailed in note 2, the Company entered into a number of transactions with Pacific Trends Resources Pty Ltd ("PTR").

On 7 September 2020, the Company issued 7,292 ordinary shares at a price of \$219 per share (on a pre-share split basis), on the date of incorporation, resulting in a receivable from PTR of \$1,596,948 to be recognised.

On 17 October 2020, the Company acquired certain assets and rights from PTR for a price of \$1,100,000, resulting in a payable to PTR of that amount

As detailed in note 21, the Company acquired 100% of the ordinary shares of Kingfisher Exploration Pty Ltd ("Kingfisher") for consideration comprising of cash and shares component. Settlement of the consideration was partly paid by PTR and Pacific Trends Resources Holdings Pty Ltd ("PTR Holdings"), on behalf of the Company, resulting in payables to PTR and PTR Holdings.

On 31 December 2020, the Company entered into a "Memorandum Regarding Restructure Arrangements" deed (the "Deed") with PTR and PTR Holdings. As part of the arrangements and releases recorded in the Deed (which confirm contractual arrangements and releases which existed between all parties as at 31 October 2020), the related party receivables were offset against the related party payables and the net amount of this related party loan was completely forgiven.

Consolidated
31 October
2020
\$

<i>Reconciliation of gain on loan forgiveness</i>	
Related party receivable recognised on issue of 7,292 shares on incorporation (refer to note 2)	1,596,948
Related party payable recognised on the Company's acquisition of PTR's assets (refer to note 2)	(1,100,000)
Related party payable recognised on completion of Kingfisher acquisition (refer to note 21)	(665,511)
Kingfisher consideration paid by PTR on behalf of the Company, not to be forgiven under the Deed (refer to note 21)	<u>125,000</u>
Net related party payable to be forgiven	<u><u>(43,563)</u></u>

Note 4. Current assets - cash and cash equivalents

Consolidated
31 October
2020
\$

Cash at bank	7
Cash held on trust	<u>1,555,000</u>
	<u><u>1,555,007</u></u>

Accounting policy for cash and cash equivalents

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

Flynn Gold Limited
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Notes to the financial statements
31 October 2020

Note 4. Current assets - cash and cash equivalents (continued)

The consolidated entity has legal title to the cash held on trust, as it is held in a bank account to which the consolidated entity is the contractual beneficiary.

Note 5. Current assets - trade and other receivables

	Consolidated 31 October 2020 \$
Converting note proceeds receivable	445,000
Other receivables	<u>14,673</u>
	<u><u>459,673</u></u>

Accounting policy for trade and other receivables

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

Note 6. Current liabilities - trade and other payables

	Consolidated 31 October 2020 \$
Trade payables	162,871
Deferred consideration for acquisition of Kingfisher Exploration	456,000
Other payables	<u>81,975</u>
	<u><u>700,846</u></u>

Refer to note 10 for further information on financial instruments.

Refer to note 21 for further information on deferred consideration for acquisition of Kingfisher Exploration.

Accounting policy for trade and other payables

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

Flynn Gold Limited
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Notes to the financial statements
31 October 2020

Note 7. Current liabilities - Borrowings

	Consolidated 31 October 2020 \$
Related party loans	351,975
Other loans	4,374
Converting notes	<u>2,000,000</u>
	<u><u>2,356,349</u></u>

Reconciliation

Reconciliation of the related party loans at the beginning and end of the current financial period are set out below:

Opening balance	-
Related party receivable recognised on issue of 7,292 shares on incorporation (refer to note 2)	(1,596,948)
Related party payable recognised on the Company's acquisition of PTR's assets (refer to note 2)	1,100,000
Related party payable recognised on completion of Kingfisher acquisition (refer to note 21)	665,511
Forgiveness of related party loan (refer to note 3)	(43,563)
Amounts paid for exploration expenditure by PTR on behalf of the consolidated entity	<u>226,975</u>
Closing balance	<u><u>351,975</u></u>

Related party loans consist of loans payable to Pacific Trends Resources Pty Ltd and Pacific Trends Resources Holdings Pty Ltd, both commonly controlled entities. These entities are related parties due to their common directorships.

The loans are non-interest bearing, payable at call, have no rights of equity conversion, and have no explicit limit to their facilities.

As at 20 January 2020, the loan had been completely repaid.

During 29 - 31 October 2020, the Company issued 200 converting notes at a subscription price of \$10,000 to sophisticated investors, raising a total of \$2,000,000 before costs. The maturity dates of the notes are 12 months from the date of issue.

The notes automatically convert into shares upon the first of the following events occur:

- The Company undertakes an initial public offering (IPO), or accepts a reverse takeover event (RTO); and
- Maturity of the converting notes.

If conversion occurs as a result of IPO or RTO within six months of the notes' issue date, the conversion price will be 20 percent discount to the IPO issue price of the Company. If conversion occurs as a result of IPO or RTO between six to 12 months of the notes' issue date, the conversion price will be 25 percent discount to the IPO issue price of the Company. No interest will be payable on the notes.

If conversion occurs as a result of maturity of the notes, the conversion price will be \$720 per share (on a pre-share split basis). No interest will be payable on the notes.

Flynn Gold Limited
(Formerly known as Pacific Trends Resources Tasmania Pty Ltd)
Notes to the financial statements
31 October 2020

Note 7. Current liabilities - Borrowings (continued)

Accounting policy for converting notes

The component of the converting notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

When converting notes have a variable conversion option, this is treated as a derivative financial liability in the statement of financial position. This derivative is reflected at its fair value in subsequent financial reporting periods on the statement of financial position, with change in the fair value of the derivative taken to profit or loss.

When the conversion option is for a fixed number of shares, the principal liability is recorded at fair value and any difference between this principal fair value and the consideration received for the converting note taken to equity.

Over the course of the life of the converting note, the difference between the initial fair value recognised for the note and its face value is amortised back onto the statement of financial position using the effective interest rate as a finance cost.

Note 8. Equity - issued capital

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	7 September 2020	-		-
Issue of shares to shareholders of Pacific Trends Resources Pty Ltd (refer note 2)	7 September 2020	7,292	\$219.00	1,596,948
Issue of shares as consideration for acquisition of Kingfisher Exploration Pty Ltd (refer to note 21)	18 October 2020	40	\$219.00	8,760
Issue of shares as consideration for acquisition of Kingfisher Exploration Pty Ltd (refer to note 21)	19 October 2020	<u>91</u>	\$219.00	<u>19,929</u>
Balance	31 October 2020	<u><u>7,423</u></u>		<u><u>1,625,637</u></u>

The Company was incorporated on 7 September 2020, where it issued 7,292 ordinary shares at a price of \$219 (on a pre-share split basis) per share (refer to note 2).

Ordinary shares

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

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

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Accounting policy for issued capital

Ordinary shares are classified as equity.

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

Note 9. Equity - dividends

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

Flynn Gold Limited
(Formerly known as Pacific Trends Resources Tasmania Pty Ltd)
Notes to the financial statements
31 October 2020

Note 10. Financial instruments

Financial risk management objectives

During the period, the consolidated entity was only exposed to one material financial risk - liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

The consolidated entity had the following financial instruments at reporting date.

	Consolidated 31 October 2020 \$
Cash and cash equivalents	1,555,007
Trade and other receivables	459,673
	<hr/> 2,014,680
Trade and other payables	700,846
Borrowings	2,356,349
	<hr/> 3,057,195

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Details of the contractual maturities of financial instruments are disclosed in notes to these financial statements, including the significant accounting policies set out in note 1.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 11. Key management personnel disclosures

Directors

The following persons were directors of Flynn Gold Limited during the financial period:

Mr Samuel Garrett - Executive Director	Appointed 7 September 2020
Mr John Forwood - Non-Executive Director	Appointed 7 September 2020
Mr Geoffrey Treweek - Non-Executive Director	Appointed 7 September 2020
Mr Colin Bourke - Non-Executive Director	Appointed 7 September 2020

Mr Clive Duncan was appointed as Non-Executive Chairperson on 1 January 2021.

Compensation

No compensation was paid during the period, or payable at period end to the directors, with the exception of the items disclosed in the related party note (refer to note 15).

Flynn Gold Limited
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Notes to the financial statements
31 October 2020

Note 12. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by William Buck, the auditor of the company:

	Consolidated 31 October 2020 \$
<i>Audit services - William Buck</i>	
Audit or review of the financial statements	<u>7,500</u>

Note 13. Contingent liabilities

With the exception of the matter below, the consolidated entity had no contingent liabilities at 31 October 2020.

The consolidated entity holds a number of exploration licences. The licences are attached to security deposits which were provided when the licences were granted. These security deposits are released once rehabilitation obligations have been discharged.

Note 14. Planned exploration expenditure

	Consolidated 31 October 2020 \$
Minimum exploration expenditure commitments	
Within one year	<u>783,900</u>

In the case of not meeting the commitments, the consolidated entity will seek the approval for extension from the relevant authority to maintain current rights to tenure to exploration and mining tenements.

Note 15. Related party transactions

Parent entity
Flynn Gold Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 17.

Key management personnel
Disclosures relating to key management personnel are set out in note 11.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 31 October 2020 \$
Payment for other expenses:	
Consulting fees paid to Metal Ventures Pty Ltd	23,500
Consulting fees paid to Geoff Treweek	8,304
Consulting fees paid to John Forwood	18,250

Flynn Gold Limited
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Notes to the financial statements
31 October 2020

Note 15. Related party transactions (continued)

Metal Ventures Pty Ltd is an entity associated with Mr Samuel Garrett.

During 29 - 31 October 2020, the Company issued 200 converting notes at a subscription price of \$10,000 to sophisticated investors, as disclosed in note 7. The following table details the number of notes that were issued to related parties.

	Notes	\$
Equity Trustees Ltd ACF Lowell Resources Fund (entity associated with John Forwood)	20	200,000
Treweek Investments Pty Ltd (entity associated with Geoff Treweek)	1	10,000
Undaunted Exploration Pty Ltd (entity associated with John Forwood)	4	40,000

The Company was incorporated on 7 September 2020, where it issued 7,292 fully paid ordinary shares at a price of \$219 per share (on a pre-share split basis) (refer to note 2). The following table details the number of shares that were issued to related parties.

	Shares	\$
Treweek Investments Pty Ltd (Atf G & K Treweek Super Fund) (entity associated with Geoff Treweek)	298	65,262
Metal Ventures Limited (Atf Garrett Family Trust) (entity associated with Samuel Garrett)	290	63,510
Foreign Dimensions Pty Ltd (Atf The Colin & Imelda Bourke Family Trust) (entity associated with Colin Bourke)	5,022	1,099,818
Laura Brigid Bourke (close member of family of Colin Bourke)	91	19,929
Imelda Aileen Bourke (close member of family of Colin Bourke)	91	19,929
Emma Audrey Bourke (close member of family of Colin Bourke)	91	19,929
Undaunted Exploration Pty Ltd (Atf Forwood Family Trust) (entity associated with John Forwood)	9	1,971
Equity Trustees Ltd ACF Lowell Resources Fund (entity associated with John Forwood)	46	10,074
	<u>5,938</u>	<u>1,300,422</u>

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 31 October 2020 \$
Current payables:	
Trade payable to Metal Ventures Pty Ltd	10,250
Trade payable to Geoff Treweek	3,650
Trade payable to John Forwood	9,750

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 31 October 2020 \$
Current borrowings:	
Loan from commonly controlled entities	351,975

Flynn Gold Limited
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Note 15. Related party transactions (continued)

Loans from commonly controlled entities consists of loans payable to Pacific Trends Resources Pty Ltd and Pacific Trends Resources Holdings Pty Ltd. These entities are related parties due to their common directorships.

As at 20 January 2020, the loan had been completely repaid.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 16. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 31 October 2020 \$
Loss after income tax	<u>(1,262,580)</u>
Total comprehensive income	<u>(1,262,580)</u>

Statement of financial position

	Parent 31 October 2020 \$
Total current assets	<u>2,265,678</u>
Total assets	<u>3,415,878</u>
Total current liabilities	<u>3,052,821</u>
Total liabilities	<u>3,052,821</u>
Equity	
Issued capital	1,625,637
Accumulated losses	<u>(1,262,580)</u>
Total equity	<u><u>363,057</u></u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 October 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 31 October 2020.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 October 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

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Note 17. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 31 October 2020 %
Kingfisher Exploration Pty Ltd	Australia	100.00%

Note 18. Events after the reporting period

On 13 November 2020, the Company's ordinary shares were subdivided (share split) on the basis of every one share being divided by 4,092.

On 13 November 2020, the Company also changed its name from Pacific Trends Resources Tasmania Pty Ltd to Flynn Gold Pty Ltd.

During the month of November 2020, the Company received \$445,000 as balance of the funds raised from the converting notes issued during the period ended 31 October 2020.

On 1 January 2021, the Company converted from a proprietary limited company to a public company.

On 1 January 2021, Mr Clive Duncan was appointed as a director of the Company.

As at 20 January 2021, the related party loan of \$351,975 had been completely repaid (refer to note 15).

No other matter or circumstance has arisen since 31 October 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 19. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 31 October 2020 \$
Loss after income tax expense for the period	(2,635,454)
Adjustments for:	
Acquisition of Kingfisher exploration expenditure assets (financed through loan with PTR)	1,143,038
Acquisition of PTR exploration expenditure assets (financed through loan with PTR)	1,100,000
Gain on loan forgiveness	(43,563)
Change in operating assets and liabilities:	
Increase in trade and other payables	230,015
Increase in related party loans	204,975
Net cash used in operating activities	<u><u>(989)</u></u>

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Note 20. Earnings per share

	Consolidated 31 October 2020 \$
Loss after income tax attributable to the owners of Flynn Gold Limited	<u>(2,635,454)</u>
	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>7,322</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>7,322</u>
	Cents
Basic earnings per share	(35,994.36)
Diluted earnings per share	(35,994.36)

The abovementioned Basic earnings per share and Diluted earnings per share are done so on a pre-share split basis.

Accounting policy for earnings per share

Basic earnings per share

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

Diluted earnings per share

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.

The rights to shares held by converting noteholders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted earnings per share as they do not meet the requirements for inclusion in AASB 133 *Earnings per Share*. The rights are non-dilutive as the consolidated entity has generated a loss for the year.

Note 21. Acquisition of Kingfisher Exploration Pty Ltd

On 14 September 2020, the Company acquired 66.67% of the ordinary shares of Kingfisher Exploration Pty Ltd ("Kingfisher") for consideration comprising of a cash component and shares component. Kingfisher held a 40% interest in a number of Tasmanian exploration licenses. The transaction was not accounted for as a business combination as there are no existing customers or employees, the enterprise has no prospect of any sales revenue in its long term forecast plans, and only holds tenements. As such, this did not meet the requirements of a business under AASB 3 *Business Combinations*.

The acquisition of Kingfisher was accounted for as a payment for exploration expenditure, under which it is expensed to the profit and loss as per the Company's accounting policies. The consideration paid for the acquisition was as follows:

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Note 21. Acquisition of Kingfisher Exploration Pty Ltd (continued)

- \$281,000 cash component and 40 fully paid ordinary shares in the Company to be paid seven days after the acquisition date;
- 40 fully paid ordinary shares in, and to be issued by related party, Pacific Trends Resources Pty Ltd ("PTR");
- 40 fully paid ordinary shares in, and to be issued by related party, Pacific Trends Resources Holdings Pty Ltd ("PTR Holdings");
- \$165,500 cash component to be paid six months after the acquisition date; and
- \$165,500 cash component to be paid 12 months after the acquisition date.

Details of the assets and liabilities acquired are as follows:	\$
Cash at bank	75
Security deposits	5,333
Exploration license application fees	1,798
GST	27
Loans	(2,386)
	<u>4,847</u>

The initial \$281,000 cash component of the 66.67% acquisition was paid by PTR on behalf of the Company.

On 19 October 2020, the Company acquired the remaining 33.33% of the ordinary shares of Kingfisher for consideration comprising of a cash component and shares component. The acquisition was accounted for as a payment for exploration expenditure, under which it is expensed to the profit and loss as per the Company's accounting policies. The consideration paid for the acquisition was as follows:

- \$125,000 cash component and 91 fully paid ordinary shares in the Company to be paid seven days after the acquisition date;
- 91 fully paid ordinary shares in, and to be issued by related party, PTR;
- 91 fully paid ordinary shares in, and to be issued by related party, PTR Holdings;
- \$62,500 cash component to be paid six months after the acquisition date; and
- \$62,500 cash component to be paid 12 months after the acquisition date.

Details of the assets and liabilities acquired are as follows:	\$
Cash at bank	126
Security deposits	2,667
Exploration license application fees	899
GST	17
Loans	(1,321)
	<u>2,388</u>

The initial \$125,000 cash component of the 33.33% acquisition was paid by PTR on behalf of the Company.

As detailed in note 2, the Company entered into a number of transactions with PTR.

On 31 December 2020, the Company entered into a "Memorandum Regarding Restructure Arrangements" deed (the "Deed") with PTR and PTR Holdings. As part of the arrangements per the Deed, excluding the initial \$125,000 cash component of the 33.33% acquisition, any other related party loan payable recognised in the Company, as a result of the Kingfisher acquisition, was offset against any related party receivable recognised in the Company.

The arrangements and releases recorded in the Deed confirm contractual arrangements and releases which existed between all parties as at 31 October 2020.

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Note 22. Share Based payments

On 18 October 2020, the Company issued 40 fully paid ordinary shares at \$219 per share (on a pre-share split basis) as part settlement of the acquisition of Kingfisher Exploration Pty Ltd (refer to note 21).

On 19 October 2020, the Company issued 91 fully paid ordinary shares at \$219 per share (on a pre-share split basis) as part settlement of the acquisition of Kingfisher Exploration Pty Ltd (refer to note 21).

The fair value of the shares issued was based on the recent issue of 7,292 ordinary shares (on a pre-share split basis) by the Company on incorporation.

Flynn Gold Limited
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Directors' declaration
31 October 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 October 2020 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Mr Clive Duncan
Non-Executive Chairperson

15 February 2021
Melbourne

Flynn Gold Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Flynn Gold Limited (the Company) and its controlled entities (collectively, the Group), which comprises the consolidated statement of financial position as at 31 October 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from its incorporation on 7 September 2020 through to 31 October 2020 (the period), and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 31 October 2020 and of its financial performance for the period ended on that date; 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 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.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the period ended 31 October 2020, but does not include the financial report and the auditor's report thereon.

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

ACCOUNTANTS & ADVISORS

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.


Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our independent auditor's report.


William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136



N.S. Benbow
Director

Melbourne, 15th February, 2021