

**Austrian Projects Corporation Pty Ltd**

**Special Purpose Financial Report**

**30 November 2017**

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# Consolidated statement of profit or loss and other comprehensive income

For the period 24 October 2017 to 30 November 2017

	2017
	\$
Revenue from operations	-
Administration	(9,932)
Audit fees	(15,000)
Travel expenses	(15,077)
Legal fees	(101,800)
Acquisition costs	(200,885)
<b>Loss before income tax</b>	<u>(342,694)</u>
Income tax benefit / (expense)	-
<b>Loss for the period after tax</b>	<u>(342,694)</u>
Exchange differences on translation of foreign operations which may subsequently be reclassified to profit or loss	2,296
<b>Total comprehensive loss for the period</b>	<u><u>(340,398)</u></u>

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

# Consolidated statement of financial position

As at 30 November 2017

	2017
	\$
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	588,770
GST receivable	45
Other receivables	3,000
<b>Total current assets</b>	<u>591,815</u>
<b>Non-current assets</b>	
<b>Total non-current assets</b>	<u>-</u>
<b>Total assets</b>	<u>591,815</u>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Trade and other payables	137,378
<b>Total current liabilities</b>	<u>137,378</u>
<b>Total liabilities</b>	<u>137,378</u>
<b>Net assets</b>	<u>454,437</u>
<b>EQUITY</b>	
Share capital	771,000
Options reserve	6,135
Performance rights reserve	17,700
Foreign currency translation reserve	2,296
Current period loss	(342,694)
<b>Total equity</b>	<u>454,437</u>

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

## Consolidated statement of changes in equity

As at 30 November 2017

### Attributable to owners of Austrian Projects Corporation Pty Ltd

	Contributed Equity \$	Reserves \$	Accumulated losses \$	Total equity \$
<b>Balance at 24 October 2017</b>	-	-	-	-
<b>Loss for the period</b>	-	-	(342,694)	(342,694)
<b>Foreign currency translation reserve</b>	-	2,296	-	2,296
<i>Transactions with owners in their capacity as owners</i>				
Shares issued	771,000	-	-	771,000
Options and performance rights issued	-	23,835	-	23,835
<b>Balance at 30 November 2017</b>	<b>771,000</b>	<b>26,131</b>	<b>(342,694)</b>	<b>454,437</b>

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

**Note 1 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements covers the consolidated entity consisting of Austrian Projects Corporation Pty Ltd and its subsidiaries (collectively referred to as 'the Group'). This report represents the period for 24 October 2017 to 30 November 2017.

**(a) Basis of preparation**

*(i)* Special purpose financial report

In the directors' opinion, the company is a non-reporting entity because there are no users dependent on general purpose financial report.

This is a special purpose financial report that has been prepared for the sole purpose to prepare and distribute a financial report to the members and must not be used for any other purpose.

The financial report has been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. Austrian Projects Corporation Pty Ltd is a for-profit entity for the purpose of preparing the financial statements, under Australian Accounting Standards.

*(ii)* New and amended standards adopted by the Group

In the reporting period ended 30 November 2017, the new standards that are mandatory for the first time have not affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

*(iii)* Early adoption of standards

The group has elected not to early adopt any of the new Standards.

*(iv)* Historical cost convention

These financial statements have been prepared on accruals basis and are based on historical cost convention, as modified by the revaluation of certain classes of property, plant and equipment.

*(v)* Going concern consideration

The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the settlement of liabilities in the normal course of business. As at 30 November 2017, the Group incurred a reported loss after tax of \$342,694 and had a net working capital surplus of \$454,437.

The going concern basis of preparation is dependent upon the continuity of normal business activity through the profitable operations of the Group's investment activities.

As at the date of this report, the Director considers that the Group has sufficient options to raise capital to continue its current plans and settle obligations as they fall due for a period beyond 12 months from the date of this report. Refer to Note 2 – Subsequent events. Accordingly the Director has prepared the financial report on a going concern basis.

The financial report does not contain any adjustments relating to the recoverability or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

**Note 1 Summary of significant accounting policies (continued)****(b) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of the subsidiaries of Austrian Projects Corporation Pty Ltd ("company" or "parent entity") and are reported as at 30 November 2017. Austrian Projects Corporation Pty Ltd and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies 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 Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Austrian Projects Corporation Pty Ltd.

**(c) Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenues are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the risks and rewards of ownership have transferred, the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Interest revenue is recognised on a time proportion basis using the effective interest rate method.

**(d) Income tax**

The income tax expense or benefit for the period is the tax payable or recoverable on the current period's taxable income or loss based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

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

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**(e) Acquisition of controlled entities**

The controlled entities acquired in Austria during the period are entities recently incorporated and not yet trading as businesses. The acquisitions are not a business combination and the transactions have been treated as an asset acquisition in accordance with AASB 3.

**(f) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and in cash management accounts as well as deposits held at call with financial institutions, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(g) Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are generally due for settlement within 30-60 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade and other receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade or other receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

**(h) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**(i) Contributed equity**

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

**(j) Goods and Services Tax (GST)**

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



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

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 taxation authority is included with other receivables or payables in the statement of financial position.

**Note 2 Subsequent events**

*Acquisition of Austrian mineral projects*

The Company agreed to acquire mineral projects in Austria prior to 30 November 2017 as follows:

- (i) Austrian Gold Projects via consideration to date as follows:
  - US\$50,000 non-refundable initial payment on 10 November 2017;
  - US\$50,000 payment paid on 21 December 2017 post balance date; and
  - 25,000,000 shares and 36,000,000 performance shares issued on 21 December 2017 post balance date.
  
- (ii) Austrian Cobalt Projects via consideration to date as follows:
  - A\$30,000 non-refundable initial payment on 15 November 2017;
  - A\$120,000 payment paid on 19 December 2017 post balance date; and
  - 15,000,000 shares and 17,000,000 performance shares issued on 19 December 2017 post balance date.

A further payment of A\$190,000 is required on completion of the acquisition of the Cobalt projects upon the achievement of all regulatory hurdles.

On completion, the parties agree to ensure that the consideration shares and performance shares described above are to be transferred to Quest Minerals Limited ("Quest") and Quest issue the same amount of shares and performance shares to the vendors.

The acquisition of these projects remains subject to the completion of all commercial conditions precedent.

*Reverse takeover of Quest Minerals Limited*

On 13 November 2017, the Company entered into a binding heads of agreement with Quest Minerals Limited ("Quest") whereby Quest will acquire 100% of the issued shares of the Company.

Completion is subject to and conditional upon a number of conditions precedent, including receipt by Quest of all shareholder and regulatory approvals required by the Corporations Act and ASX Listing Rules to complete the transaction.

Quest will provide the following for the acquisition of the Company:

- (i) 186,000,000 Shares;
- (ii) 65,000,000 Consideration Options having an exercise price of \$0.03 and expiring 30 September 2020;
- (iii) 240,000,000 Performance Shares in two classes subject to specified performance hurdles being met, expiring 5 years from the date of issue; and
- (iv) Payment of a net smelter royalty of 2.5% of all gold produced from the Austrian Gold Projects up to a total cumulative payment of US\$2,500,000.

A general meeting of shareholders of Quest is planned to occur on 19 January 2018 to allow shareholders to provide approval for the acquisition, subject to the remaining conditions precedent.

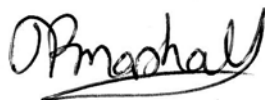
In addition, Quest is required to issue no less than 150,000,000 Capital Raising Shares at \$0.03 to raise a minimum of \$4.5m which will be used to fund future expenditure.

## DIRECTOR'S DECLARATION

In the director's opinion :

- (a) the financial statements and notes set out on pages 1 to 7 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the group's financial position as at 30 November 2017 and of their performance for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in black ink that reads "Torey Marshall". The signature is written in a cursive style with a horizontal line underneath the name.

Torey Marshall

Director

18 January 2018



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## Independent Auditor's Report to the Members of Austrian Projects Corporation Pty Ltd

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Austrian Projects Corporation Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 November 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity for the period then ended, and comprising notes to the financial statements, including a summary of significant accounting policies and directors' declaration.

In our opinion, the accompanying financial report of Austrian Projects Corporation Pty Ltd:

- a presents fairly, in all material respects, the consolidated entity's financial position as at 30 November 2017 and of its performance for the period then ended in accordance with the accounting policies described in Note 1; and
- b complies with Australian Accounting Standards to the extent described in Note 1.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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.

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

#### **Emphasis of Matter – Basis of Accounting and Restriction on Distribution**

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the period ended 30 November 2017, but does not include the financial report and our auditor's report thereon.

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

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

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

#### **Responsibility of the Directors for the Financial Report**

The Directors of the Group are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies used and described in Note 1 to the financial report are appropriate to meet the needs of the Members. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be 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 related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's financial reporting process.

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

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

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

[http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner - Audit & Assurance

Perth, 18 January 2018