

# **Solar Mining Services Pty Ltd**

ACN 142 081 598

## **Financial Statements**

**For the Year Ended 31 March 2022**

## **Solar Mining Services Pty Ltd**

**ACN 142 081 598**

## **Contents**

**For the Year Ended 31 March 2022**

	Page
<b>Financial Statements</b>	
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Directors' Declaration	23
Independent Auditor's Report	24

## **Solar Mining Services Pty Ltd**

**ACN 142 081 598**

## **Directors' Report**

**31 March 2022**

The directors present their report on Solar Mining Services Pty Ltd for the financial year ended 31 March 2022.

### **1. General information**

#### **Information on directors**

The names of each person who has been a director during the year and to the date of this report are:

Mr Ian Taylor Smith                      Resigned 9 December 2021

Mr Suresh Menon

Mr Vetkav Ramesh Subramanian

Mr Peter Ian Richards                  Resigned 2 September 2021, reappointed 26 November 2021

Mr Manish Nuwal

Mr Richard John Pearce                Appointed 2 September 2021, resigned 19 November 2021

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

#### **Principal activities**

The principal activity of Solar Mining Services Pty Ltd during the financial year was importation of explosives to be used in the mining sector and developing on ground capability to service this market

No significant changes in the nature of the Company's activity occurred during the financial year.

### **2. Operating results and review of operations for the year**

#### **Operating results**

The loss of the Company after providing for income tax amounted to \$ (1,212,711) (2021: Profit of \$ 2,053,372).

#### **Dividends paid or recommended**

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

#### **Review of operations**

A review of the operations of the Company during the financial year and the results of those operations show that the Company has continued in its pursuit to be a major player in the Australia mining explosives market.

### **3. Other items**

#### **Significant changes in state of affairs**

There have been no significant changes in the state of affairs of the Company during the year.

## Solar Mining Services Pty Ltd

ACN 142 081 598

## Directors' Report

31 March 2022

### 3. Other items (continued)

#### Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

#### Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

#### Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

#### Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Solar Mining Services Pty Ltd.

#### Proceedings on behalf of company

#### Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 March 2022 has been received and can be found on page 3 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

DocuSigned by:  
  
8402D14534ED412...  
Director: .....  
Mr Peter Ian Richards

Dated 26 April 2022

# ROTHSAY

AUDIT & ASSURANCE PTY LTD

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

To the directors of Solar Mining Services Pty Ltd.

As lead auditor for the audit of Solar Mining Services Pty Ltd for the year ended 31 March 2022, I declare that, to the best of my knowledge and belief, there have been:

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

**Rothsay Audit & Assurance Pty Ltd**



**Daniel Dalla**  
Director

Sydney, 26 April 2022

**A** Level 1/6 O'Connell Street  
Sydney NSW 2000

**A** Level 1, Lincoln Building,  
4 Ventnor Avenue, West Perth WA 6005

**E** [info@rothsay.com.au](mailto:info@rothsay.com.au)  
**W** [www.rothsay.com.au](http://www.rothsay.com.au)

**ABN** 14 129 769 151  
Rothsay Audit & Assurance Pty Ltd

Liability limited by a scheme approved under Professional Standards Legislation



**Solar Mining Services Pty Ltd**

ACN 142 081 598

**Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended 31 March 2022**

		2022	2021
	Note	\$	\$
Revenue	4	7,261,829	4,349,607
Other income	4	803,982	374,709
Cost of sales		(5,620,633)	(3,736,840)
Depreciation and amortisation expense		(222,364)	(190,995)
Employee benefits expense		(374,841)	(475,682)
Finance expenses		(439,805)	(572,136)
Foreign exchange (gain) loss		(638,438)	4,373,417
Other expenses		(2,337,389)	(1,327,350)
<b>Profit/(Loss) before income tax</b>		<b>(1,567,659)</b>	2,794,730
Income tax expense	5	354,948	(741,358)
<b>Profit/(Loss) for the year</b>		<b>(1,212,711)</b>	2,053,372
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	-
<b>Total comprehensive income for the year</b>		<b>(1,212,711)</b>	2,053,372

The accompanying notes form part of these financial statements.

**Solar Mining Services Pty Ltd**

ACN 142 081 598

**Statement of Financial Position**

As At 31 March 2022

	2022	2021
Note	\$	\$
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	6 934,117	758,832
Trade and other receivables	7 1,880,150	1,429,300
Inventories	8 7,384,538	4,134,619
TOTAL CURRENT ASSETS	<u>10,198,805</u>	6,322,751
NON-CURRENT ASSETS		
Property, plant and equipment	9 20,611,511	16,002,801
Deferred tax assets	17 895,519	540,570
TOTAL NON-CURRENT ASSETS	<u>21,507,030</u>	16,543,371
TOTAL ASSETS	<u>31,705,835</u>	22,866,122
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Trade and other payables	11 10,617,590	5,510,244
Lease liabilities	10 55,056	73,291
Employee benefits	13 195,190	181,503
TOTAL CURRENT LIABILITIES	<u>10,867,836</u>	5,765,038
NON-CURRENT LIABILITIES		
Borrowings	12 17,429,163	19,338,870
Lease liabilities	10 1,909,494	1,906,912
TOTAL NON-CURRENT LIABILITIES	<u>19,338,657</u>	21,245,782
TOTAL LIABILITIES	<u>30,206,493</u>	27,010,820
NET ASSETS	<u>1,499,342</u>	(4,144,698)
<b>EQUITY</b>		
Issued capital	14 74	6
Reserves	7,215,013	358,330
Retained earnings	(5,715,745)	(4,503,034)
TOTAL EQUITY	<u>1,499,342</u>	(4,144,698)

The accompanying notes form part of these financial statements.

**Solar Mining Services Pty Ltd**

ACN 142 081 598

**Statement of Changes in Equity  
For the Year Ended 31 March 2022**

2022

	Issued Capital	Accumulated Losses	Share Premium Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 April 2021</b>	6	(4,503,034)	358,330	(4,144,698)
Loss for the year	-	(1,212,711)	-	(1,212,711)
<b>Transactions with owners in their capacity as owners</b>				
Issue of shares	68	-	6,856,683	6,856,751
<b>Balance at 31 March 2022</b>	<b>74</b>	<b>(5,715,745)</b>	<b>7,215,013</b>	<b>1,499,342</b>

2021

	Issued Capital	Accumulated Losses	Share Premium Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 April 2020</b>	6	(6,556,406)	358,330	(6,198,070)
Profit for the year	-	2,053,372	-	2,053,372
Transactions with owners in their capacity as owners	-	-	-	-
<b>Balance at 31 March 2021</b>	<b>6</b>	<b>(4,503,034)</b>	<b>358,330</b>	<b>(4,144,698)</b>

The accompanying notes form part of these financial statements.



**Solar Mining Services Pty Ltd**

ACN 142 081 598

**Statement of Cash Flows**  
**For the Year Ended 31 March 2022**

	2022	2021
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	8,376,457	4,345,523
Payments to suppliers and employees	(7,223,245)	(2,864,341)
Interest paid	(157,437)	(263,828)
Net cash provided by/(used in) operating activities	20 <u>995,775</u>	<u>1,217,354</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of plant and equipment	634,721	-
Purchase of property, plant and equipment	(4,508,335)	(2,971,879)
Net cash provided by/(used in) investing activities	<u>(3,873,614)</u>	<u>(2,971,879)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	3,155,834	2,344,067
Repayment of lease liabilities	(102,710)	(47,735)
Net cash provided by/(used in) financing activities	<u>3,053,124</u>	<u>2,296,332</u>
Net increase/(decrease) in cash and cash equivalents held	175,285	541,807
Cash and cash equivalents at beginning of year	<u>758,832</u>	<u>217,025</u>
Cash and cash equivalents at end of financial year	6 <u><u>934,117</u></u>	<u><u>758,832</u></u>

The accompanying notes form part of these financial statements.

## Solar Mining Services Pty Ltd

ACN 142 081 598

# Notes to the Financial Statements

## For the Year Ended 31 March 2022

The financial report covers Solar Mining Services Pty Ltd as an individual entity. Solar Mining Services Pty Ltd is a for-profit proprietary Company, incorporated and domiciled in Australia.

The functional and presentation currency of Solar Mining Services Pty Ltd is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

### 1 Basis of Preparation

In the Directors' opinion, the Company is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. This special purpose financial report has been prepared to meet the reporting requirements of the *Corporations Act 2001*.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and the disclosure requirements of the following accounting standards

- AASB 101 *Presentation of Financial Statements*
- AASB 107 *Statement of Cash Flows*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*; and
- AASB 1054 *Australian Additional Disclosures*.

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

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

### 2 Summary of Significant Accounting Policies

#### (a) Revenue and other income

##### Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

##### Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

## Solar Mining Services Pty Ltd

ACN 142 081 598

### Notes to the Financial Statements For the Year Ended 31 March 2022

#### 2 Summary of Significant Accounting Policies (continued)

##### (b) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is not provided for the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

##### (c) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

##### (d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

##### (e) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

## Solar Mining Services Pty Ltd

ACN 142 081 598

### Notes to the Financial Statements For the Year Ended 31 March 2022

#### 2 Summary of Significant Accounting Policies (continued)

##### (f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

##### Property developments

Property developments comprise costs incurred whilst working towards the construction and operation of production facilities. Costs include consultants', surveyors and builders fee. Manufacturing has not commenced at either location and no depreciation has been provided. Depreciation will be provided when the respective development is finished and ready for use.

##### Plant and equipment

Plant and equipment are measured using the cost model.

##### Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Motor Vehicles	8%
Office Equipment	5 to 25%
Computer Equipment	33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

##### (g) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### Financial assets

All recognised financial assets are subsequently measured in their entirety at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

## Solar Mining Services Pty Ltd

ACN 142 081 598

### Notes to the Financial Statements For the Year Ended 31 March 2022

#### 2 Summary of Significant Accounting Policies (continued)

##### (g) Financial instruments (continued)

###### *Amortised cost*

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

###### *Impairment of financial assets*

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL).

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

## Solar Mining Services Pty Ltd

ACN 142 081 598

# Notes to the Financial Statements

## For the Year Ended 31 March 2022

### 2 Summary of Significant Accounting Policies (continued)

#### (g) Financial instruments (continued)

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

##### *Financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

#### **Financial liabilities**

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

#### (h) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

#### (i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

## Solar Mining Services Pty Ltd

ACN 142 081 598

# Notes to the Financial Statements

## For the Year Ended 31 March 2022

### 2 Summary of Significant Accounting Policies (continued)

#### (j) Leases

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### *Exceptions to lease accounting*

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

#### (k) Employee benefits

A liability is recognised for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

#### **Defined contribution schemes**

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

#### (l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

## Solar Mining Services Pty Ltd

ACN 142 081 598

# Notes to the Financial Statements

## For the Year Ended 31 March 2022

### 2 Summary of Significant Accounting Policies (continued)

#### (m) Going concern

The financial statements show a deficiency in current net assets of \$669,031. Included within the financial report are unsecured borrowings due to Solar Overseas Mauritius Limited of \$17,429,163. The financial report has been prepared on a going concern basis. This basis has been adopted as the Company has received a guarantee of continuing financial support from Solar Overseas Mauritius Limited to allow the Company to meet its liabilities and it is the belief of the directors that such financial support will continue to be made available.

No adjustments have been made to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

#### (n) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 31 March 2022, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

#### (o) New Accounting Standards and Interpretations

A number of new standards are effective for annual periods beginning after 31 March 2022 and earlier application is permitted; however the Company has not early adopted the new or amended standards in preparing these financial statements. The new standards are not expected to have a significant impact on the Company's financial statements, apart from:

- AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities)
- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for Profit Tier 2 Entities.

These standards remove the ability of the Company to prepare special purpose financial statements and will require the Company to prepare general purpose financial statements – Tier 2; and apply the disclosures set out in AASB 1060.

As the Company applies all the recognition and measurement requirements of all Australian Accounting Standards, there will be no impact on the amounts recognised in the financial statements. Additional disclosures will be required than is currently provided. Both standards will apply to the Company from the financial year beginning 1 July 2021; i.e. for the year ended 30 June 2022.

### 3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.



**Solar Mining Services Pty Ltd**

ACN 142 081 598

**Notes to the Financial Statements****For the Year Ended 31 March 2022****3 Critical Accounting Estimates and Judgments (continued)****Key estimates - impairment of property, plant and equipment**

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

**Key estimates - receivables**

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

**Key estimates - inventory**

Each item on inventory is reviewed on an annual basis to determine whether it is being carried at higher than its net realisable value. During the year, management have written down inventory based on best estimate of the net realisable value, although until the time that inventory is sold or disposed, this is an estimate.

**Key judgments - taxes***Deferred tax assets*

Determining income tax provisions involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset based on budgets, current and future expected economic conditions.

**4 Revenue and Other Income**

	<b>2022</b>	<b>2021</b>
	\$	\$
- Sales revenue	<b>7,261,829</b>	4,349,607
	<b>7,261,829</b>	<b>4,349,607</b>
	<b>2022</b>	<b>2021</b>
	\$	\$
Other Income		
- other income	<b>803,982</b>	374,709
	<b>803,982</b>	<b>374,709</b>

**Solar Mining Services Pty Ltd**

ACN 142 081 598

**Notes to the Financial Statements  
For the Year Ended 31 March 2022****5 Income Tax Expense**

Reconciliation of income tax to accounting profit:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Prima facie tax payable on profit from ordinary activities before income tax at 25 (2021: 27.5%)	<b>(391,915)</b>	768,551
Tax effect of:		
- other non-allowable/non-assessable items	<b>36,967</b>	(27,193)
Income tax benefit/(expense)	<b>354,948</b>	741,358

**6 Cash and Cash Equivalents**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and in hand	<b>934,117</b>	758,832
	<b>934,117</b>	758,832

**7 Trade and Other Receivables**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Current		
Trade receivables	<b>1,576,608</b>	1,235,635
Allowance for impairment	<b>(23,884)</b>	-
	<b>1,552,724</b>	1,235,635
Other receivable	<b>327,426</b>	193,665
	<b>1,880,150</b>	1,429,300

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

**Solar Mining Services Pty Ltd**

ACN 142 081 598

**Notes to the Financial Statements  
For the Year Ended 31 March 2022****8 Inventories**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Current		
At cost:		
Consumables	<b>54,117</b>	53,750
Finished goods	<b>7,330,421</b>	4,080,869
	<b>7,384,538</b>	4,134,619

**9 Property, plant and equipment**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Buildings		
At cost	<b>18,270,140</b>	13,520,297
	<b>18,270,140</b>	13,520,297
Capital works in progress		
At cost	-	155,744
	-	155,744
Plant and equipment		
At cost	<b>542,379</b>	378,888
Accumulated depreciation	<b>(138,839)</b>	(70,231)
	<b>403,540</b>	308,657
Motor vehicles		
At cost	<b>156,477</b>	179,037
Accumulated depreciation	<b>(44,553)</b>	(38,981)
	<b>111,924</b>	140,056
Right-of-Use asset		
At cost	<b>2,109,435</b>	2,022,378
Accumulated depreciation	<b>(283,528)</b>	(144,331)
	<b>1,825,907</b>	1,878,047
	<b>20,611,511</b>	16,002,801

**Solar Mining Services Pty Ltd**

ACN 142 081 598

**Notes to the Financial Statements**

For the Year Ended 31 March 2022

**9 Property, plant and equipment (continued)****Movements in carrying amounts of property, plant and equipment**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Capital Works in Progress	Property Developments	Plant and Equipment	Motor Vehicles	Right-of-U se Asset	Total
	\$	\$	\$	\$	\$	\$
<b>Year ended 31 March 2022</b>						
Balance at the beginning of the year	155,744	13,520,297	308,657	140,056	1,878,047	16,002,801
Additions	-	5,372,475	6,263	-	87,057	5,465,795
Disposals	-	(621,148)	-	(13,573)	-	(634,721)
Transfers	(155,744)	(1,484)	157,228	-	-	-
Depreciation expense	-	-	(68,608)	(14,559)	(139,197)	(222,364)
<b>Balance at the end of the year</b>	<b>-</b>	<b>18,270,140</b>	<b>403,540</b>	<b>111,924</b>	<b>1,825,907</b>	<b>20,611,511</b>

	Capital Works in Progress	Property Developments	Plant and Equipment	Motor Vehicles	Right-of-U se Asset	Total
	\$	\$	\$	\$	\$	\$
<b>Year ended 31 March 2021</b>						
Balance at the beginning of year	54,916	10,038,917	355,821	155,357	1,052,858	11,657,869
Additions	100,828	3,481,380	9,789	-	946,665	4,538,662
Disposals	-	-	(2,735)	-	-	(2,735)
Depreciation expenses	-	-	(54,218)	(15,301)	(121,476)	(190,995)
<b>Balance at the end of the year</b>	<b>155,744</b>	<b>13,520,297</b>	<b>308,657</b>	<b>140,056</b>	<b>1,878,047</b>	<b>16,002,801</b>

**Solar Mining Services Pty Ltd**

ACN 142 081 598

**Notes to the Financial Statements  
For the Year Ended 31 March 2022****10 Leases**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Current		
Lease liabilities	<b>55,056</b>	73,291
	<b>55,056</b>	73,291
Non-Current		
Lease liabilities	<b>1,909,494</b>	1,906,912
	<b>1,909,494</b>	1,906,912

**11 Trade and Other Payables**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Current		
Trade payables	<b>461,035</b>	134,429
Other payables	<b>135,576</b>	127,220
Payable to related party - Solar Industries India Ltd	<b>2,428,253</b>	2,580,646
Payable to related party - Economic Explosives Limited	<b>7,592,726</b>	2,667,949
	<b>10,617,590</b>	5,510,244

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

**12 Borrowings**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Non-Current		
Unsecured loan from Solar Overseas Mauritius Ltd	<b>17,429,163</b>	19,338,870
	<b>17,429,163</b>	19,338,870

**13 Employee Benefits**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Current		
Annual leave	<b>195,190</b>	181,503
	<b>195,190</b>	181,503

**Solar Mining Services Pty Ltd**

ACN 142 081 598

**Notes to the Financial Statements  
For the Year Ended 31 March 2022****14 Issued Capital**

	2022	2021
	\$	\$
7,415,087 (2021: 558,334) Ordinary shares	74	6
	<u>74</u>	<u>6</u>

**Ordinary shares**

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

**Capital Management**

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk.

**15 Reserves****Share premium reserve**

The share premium reserve records the premium on the issue of ordinary fully paid shares.

**16 Contracted Commitments**

	2022	2021
	\$	\$
Contracted commitments for:		
Plant & Equipment	551,309	41,329
	<u>551,309</u>	<u>41,329</u>

**Solar Mining Services Pty Ltd**

ACN 142 081 598

**Notes to the Financial Statements  
For the Year Ended 31 March 2022****17 Tax assets and liabilities**

	<b>Opening Balance</b>	<b>Charged to Income</b>	<b>Closing Balance</b>
	\$	\$	\$
<b>Deferred tax assets</b>			
Employee entitlements	46,307	3,606	49,913
Unrealised foreign exchange losses	177,074	(577,619)	(400,545)
Deferred tax assets attributable to tax losses	1,053,954	(190,845)	863,109
Other	4,594	23,499	28,093
<b>Balance at 31 March 2021</b>	<b>1,281,929</b>	<b>(741,359)</b>	<b>540,570</b>
Employee entitlements	<b>49,913</b>	<b>(1,115)</b>	<b>48,798</b>
Unrealised foreign exchange losses	<b>(400,545)</b>	<b>164,898</b>	<b>(235,647)</b>
Deferred tax assets attributable to tax losses	<b>863,109</b>	<b>181,130</b>	<b>1,044,239</b>
Other	<b>28,093</b>	<b>10,036</b>	<b>38,129</b>
<b>Balance at 31 March 2022</b>	<b>540,570</b>	<b>354,949</b>	<b>895,519</b>

**18 Auditors' Remuneration**

	<b>2022</b>	<b>2021</b>
	\$	\$
Remuneration of the auditor, Rothsay Audit & Assurance Pty Ltd, for:)		
- auditing of the financial report	<b>11,500</b>	11,000
- other assurance services	<b>7,850</b>	7,500
	<b>19,350</b>	18,500

**19 Contingencies**

In the opinion of the Directors, the Company did not have any contingencies at 31 March 2022 (31 March 2021:None).

**Solar Mining Services Pty Ltd**

ACN 142 081 598

**Notes to the Financial Statements  
For the Year Ended 31 March 2022****20 Cash Flow Information****Reconciliation of result for the year to cashflows from operating activities**

Reconciliation of net income to net cash provided by operating activities:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Profit for the year	<b>(1,212,711)</b>	2,053,372
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	<b>222,364</b>	190,995
- net loss on disposal of property, plant and equipment	-	2,737
- foreign exchange losses (gains)	<b>638,438</b>	(4,373,417)
- capitalised borrowing costs included as operating cashflows	<b>282,369</b>	308,307
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	<b>(450,850)</b>	(773,841)
- (increase)/decrease in inventories	<b>(3,249,919)</b>	(949,237)
- increase/(decrease) in trade and other payables	<b>5,107,346</b>	4,003,965
- increase/(decrease) in income taxes	<b>(354,949)</b>	741,359
- increase/(decrease) in employee entitlements	<b>13,687</b>	13,114
Cashflows from operations	<b>995,775</b>	1,217,354

**21 Statutory Information**

The registered office of the company is:

Solar Mining Services Pty Ltd  
Suite 2003, Level 20  
109 Pitt Street  
SYDNEY NSW 2000

The principal place of business is:

Unit 1  
7 Greenhill Road  
WAYVILLE SA 5034



## Solar Mining Services Pty Ltd

ACN 142 081 598


### Directors' Declaration

The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 2 to the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 22, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards as stated in Note 1; and
  - (b) give a true and fair view of the Company's financial position as at 31 March 2022 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

DocuSigned by:  
  
8402D14534ED412...

Director: .....

Mr Peter Ian Richards

Dated 26 April 2022

# ROTHSAY

AUDIT & ASSURANCE PTY LTD

## SOLAR MINING SERVICES PTY LTD

### INDEPENDENT AUDITOR'S REPORT

To the members of Solar Mining Services Pty Ltd

#### Opinion

We have audited the financial report of Solar Mining Services Pty Ltd ("the Company"), which comprises the statement of financial position as at 31 March 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Company's financial position as at 31 March 2022 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, 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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Key Audit Matter - Going Concern

Note 2 (m) in the financial report states that the Company's current liabilities exceeded its current assets by \$669,031 and it has received a letter of financial support from a related party, Solar Overseas Mauritius Limited. We considered the matters stated in Note 2 (m) along with management forecasts in determining the appropriateness of the going concern basis of accounting.

**A** Level 1/6 O'Connell Street  
Sydney NSW 2000

**A** Level 1, Lincoln Building,  
4 Ventnor Avenue, West Perth WA 6005

**E** info@rothsay.com.au  
**W** www.rothsay.com.au

**ABN** 14 129 769 151  
Rothsay Audit & Assurance Pty Ltd

Liability limited by a scheme approved under Professional Standards Legislation



**CHARTERED ACCOUNTANTS**  
AUSTRALIA • NEW ZEALAND



## SOLAR MINING SERVICES PTY LTD

### INDEPENDENT AUDITOR'S REPORT (continued)

#### **Emphasis of Matter - Basis of accounting**

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *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.

#### **Other Information**

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 March 2022, 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.

#### **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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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



## SOLAR MINING SERVICES PTY LTD

### INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement 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 Company'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 Company'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, 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 Company 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.

We communicate with the directors regarding, amongst 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Rothsay Audit & Assurance Pty Ltd**

A handwritten signature in black ink, appearing to read 'Dalla', written in a cursive style.

Daniel Dalla  
Director

Sydney, 26 April 2022