

WESTOZ
RESOURCES FUND LIMITED

ANNUAL REPORT

2023



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CORPORATE DIRECTORY

Registered Office

Level 18, Alluvion
58 Mounts Bay Road
PERTH WA 6000
Telephone: +61 8 9321 7877
Facsimile: (08) 9321 8288
Website: www.westozfunds.com.au

Auditors

BDO
Level 9
Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000

Banker

Westpac Banking Corporation
Level 3
Brookfield Place Tower 2
123 St Georges Terrace
PERTH WA 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 17
221 St Georges Terrace
PERTH WA 6000
Telephone: 1300 787 575

Board of Directors

Jay Hughes
Non-Executive Chairman

Philip Rees
Non-Executive Director

Russell Kane
Non-Executive Director

Anthony Hewett
Company Secretary

DIRECTOR'S HOLDINGS AS AT 27 SEPTEMBER 2023

Mr Jay Hughes	517,360
Mr Philip Rees	284,548
Mr Russell Kane	51,736



SPECIALISING IN RESOURCES

About Westoz

- Westoz Resources Fund Limited is a unlisted investment company that focuses on producing a positive return on funds invested from a portfolio of stocks generally associated with the resources sector in Western Australia.
- It raised its initial capital for investment in November 2022. As at 30 June 2023, it had \$27,245,664 of assets in its investment portfolio.
- Westoz Resources Fund Limited intends on paying a consistent stream of dividends to investors. The level of dividend payments will be set after considering the level of realised net profits after tax, retained earnings and availability of franking credits. The Company paid its maiden dividend of 3.5 cents per share in August 2023.
- The company has appointed Westoz Funds Management Pty Ltd as manager to oversee the investment of its portfolio of assets. The manager is a wholly owned subsidiary of Euroz Hartleys Group Limited, a listed company that operates as a diversified financial services company based in Western Australia.
- The manager is paid a base fee of 1% per annum of funds managed. In addition, a performance fee is payable where the increase in the portfolio value exceeds 7% over a twelve-month period to end of June and is calculated at 20% of the increase exceeding the threshold. The starting point for the calculation of the threshold is the greater of the starting portfolio value and the number of shares on issue multiplied by \$1.00.

2023 PERIOD IN REVIEW

Chairman's Report



On behalf of my fellow Directors, I present the 2023 Annual Report for the Company.

The past financial year has seen our Company commence operations as an investment entity, with a number of milestones met:

- The Company operates as an unlisted investment fund with the objective to generate positive returns from a portfolio of stocks generally associated with the resources sector in Western Australia;
- To source funds for the investment strategy, an Information Memorandum was issued on 11 October 2022 offering up to 50,000,000 shares at an initial price of \$1.00 per share. 26,024,398 shares have been issued under this document as at 30 June 2023;
- Investment activity commenced on 1 December 2022, with initial equity investments made. A profit of \$1,102,976 (2022: nil) was generated from the investment portfolio in the financial year;
- Net assets per share grew from the initial offer price to \$1.041 at 30 June 2023. This is after allowance for all fees and taxes; and
- Since the conclusion of the financial year, a fully franked 3.5 cents per share dividend has been declared and paid utilising the 2023 investment returns.

The period covered since we began our investment strategy saw the benchmark small resources index fall 9.3%. I am pleased that we have been able to generate a positive return despite this fall which allowed us to pay a 3.5 cent per share dividend in August 2023.

For more detailed information on the investment performance of the company, I refer you to the Manager's Report.

Whilst we recognise that our investment strategy operates in a volatile environment, we remain confident that our focus on resource stocks with a connection to Western Australia will generate our desired rates of return over the medium to long term. Companies that operate in our target area of interest face a number of challenges and we seek to manage the associated risks but recognise that our growth trajectory will not be linear.

The initial 7 months of operation has seen many opportunities and traps in a compressed time period and we remain focussed on navigating our way through this environment to generate the returns that allow further dividend payments in the future.

As we progress on this investment journey, I encourage shareholders to interact with your Board and Fund Manager. We hope to provide useful information on our activities throughout the year and welcome feedback to enhance this.

I look forward to reporting on results as we move forward.

Yours sincerely

JAY HUGHES

Non-Executive Chairman

FINANCIAL YEAR 2023

Investment Manager’s Report

Portfolio Return

The assets of the Company are managed to generate a positive return regardless of the return from the broader share market.

To assist in an assessment of performance, the rate of return before fees and taxes is calculated. The figure is calculated by dividing the gain (or loss) in value of the portfolio, net of external flows, by the average portfolio value over the period of measurement. Portfolio value is determined by reference to current market value of underlying investments. Monthly periods are used and then geometrically linked to arrive at an annual return. This figure is not audited.

The overall performance of the portfolio before fees and taxes on this basis over the 7 months to 30 June 2023 was 7.1%.

It is the objective of the manager to produce positive investment returns over the medium to long term, thereby boosting the net asset backing per share (NTA) and allowing for this payment of dividends.

The figures presented for information regarding NTA are on a per share basis and after allowance for all realised and unrealised costs, dividends and tax. These figures are included as they provide an indication of the underlying impact of the investment strategy on shareholders after all costs associated with the corporate structure.

Over the 7 months since the commencement of investment activities, this number increased from \$1.00 at 30 November 2022 to \$1.041 at 30 June 2023.

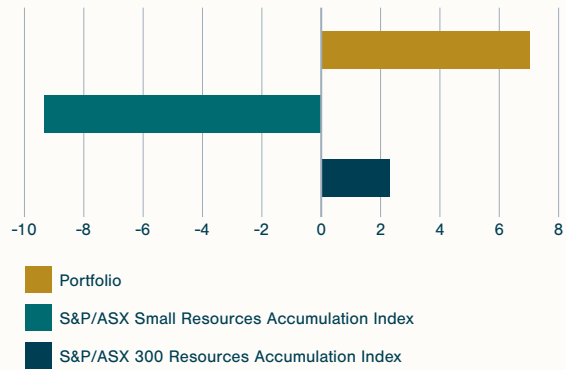
Asset Allocation

Investment activity commenced on 1 December 2022, with cash raised via the Information Memorandum progressively used to acquire suitable investments.

As at 30 June 2023, investments in 20 separate companies were held, with cash representing 10% of assets.

Our portfolio is well diversified in terms of commodity exposure, although gold has a sizeable impact, with companies focused on this commodity representing 37% of our assets.

Investment Returns (%)



Commodity Exposure (%)



Gold	37%
Nickel	17%
Battery	15%
Energy	12%
Cash	10%
Lead	6%
Copper	3%

Investment Portfolio

NAME	SHARES	\$
Emerald Resources NL	1,750,000	3,570,000
Newcrest Mining Limited	107,500	2,840,150
Centaurus Metals Limited	2,200,000	1,958,000
Alkane Resources Limited	2,600,000	1,833,000
Chalice Mining Limited	250,000	1,565,000
Carnarvon Energy Limited	12,000,000	1,500,000
Kingsgate Consolidated Limited	1,000,000	1,500,000
Talga Group Ltd	1,000,000	1,480,000
Metals X Limited	4,000,000	1,120,000
Nickel Industries Limited	1,250,000	1,100,000
Legend Mining Limited	26,000,000	1,040,000
European Metals Holdings Limited	1,250,000	1,037,500
Cooper Energy Limited	6,500,000	942,500
Australis Oil & Gas Limited	22,250,000	667,500
Galena Mining Limited	5,000,000	550,000
Lunnon Metals Limited	550,000	511,500
Peel Mining Limited	3,500,000	437,500
Aic Mines Limited	1,000,000	400,000
Southern Hemisphere Mining Limited	22,000,000	374,000
Ten Sixty Four Limited	2,350,000	0
Cash		2,819,014
		27,245,664

Outlook

Resource focussed investments, particularly at the smaller end, have faced headwinds since our investment strategy was put in place in December 2022. Commodity price uncertainty is a key element that has caused these headwinds, with various concerns, particularly over Chinese growth, impacting prices.

Our investment strategy seeks to identify attractive investments at various stages of development that will perform in a range of commodity scenarios. We are pleased with the 7.1% return on our portfolio in this environment.

Successful companies that operate in our target space face a number of challenges as they progress through resource

identification, project feasibility, funding and ultimate delivery of cash flow positive operations. Periodic approaches to investors for additional funding forms an integral part of this path.

Funding requirements form a key element of our consideration, with recent experience reinforcing our view that better placed balance sheets are preferred at this stage of the cycle.

We remain confident that our focus on resources will continue to generate satisfactory returns, albeit with associated volatility from time to time.



Financial Report

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Directors' Report

FOR THE YEAR ENDED 30 JUNE 2023

Your Directors present their report on Westoz Resources Fund Limited (WRFL) ("the Company") for the financial year ended 30 June 2023.

Directors

The names of the Directors in office at any time during or since the end of the year are:

Philip Rees
Jay Hughes (Non-Executive Chairman)
Russell Kane (Appointed 10 October 2022)
Andrew McKenzie (Resigned 10 October 2022)

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

Mr Philip Rees

Mr Rees has worked in a range of roles focussed on Australian investment markets for over 35 years. He was the Director of Investments with the Government Employees Superannuation Board in Western Australia for 6 years from 1994 to 2000. During this period, he oversaw a major restructuring of the entity's investment portfolio and directly managed funds in Australian equity and fixed interest markets. Mr Rees has been a Director of Westoz Funds Management Pty Ltd and Investment Committee since May 2005. Mr Rees has a Bachelor of Commerce and is a Chartered Financial Analyst. He is also a Fellow of the Securities Institute of Australia, a Certified Practising Accountant and a Fellow of the Chartered Institute of Secretaries.

Mr Jay Hughes

Mr Hughes started his career on the Perth Stock Exchange trading floor in 1986. In 2000 he was one of the founders of Euroz Limited and for 23 years until August 2023 was an Executive Director of Euroz Hartleys Group Limited (ASX: EZL). He is the Non-Executive Chairman of Emerald Resources NL, Westoz Funds Management Pty Ltd and Westoz Resources Fund Limited. He was the Non-Executive Chairman of Westoz Investment Company Limited and Ozgrowth Limited until the successful completion of their takeover schemes in April 2022. He was recognised as an Affiliate of the ASX in December 2000 and was admitted in May 2004 as a Master Practitioner Member (MSAFAA) of the SAFAA. Mr Hughes holds a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia (FINSIA).

Mr Russell Kane

Mr Kane commenced his stockbroking career with Hartley Poynton in 1994 and joined the newly formed Euroz Limited in 2001 where he was appointed as an Executive Director in 2006 and resigned in 2020. Mr Kane's roles over his stockbroking career have been as a Private Client and an Institutional Adviser where he was an integral part of numerous corporate and institutional transactions. He has focussed on advising sophisticated and wholesale investors on Western Australian based industrial and resources companies, whilst still advising a number of institutions and corporate clients. He holds a Bachelor of Business from Edith Cowan University (ECU).

Company Secretary

Anthony Hewett was Company Secretary for the financial year. Mr Hewett is a Chartered Secretary, Chartered Governance Professional and holds a Master of Business Law (MBusLaw) from Curtin University and a Graduate Diploma in Applied Corporate Governance (GradDipACG) from the Governance Institute of Australia. Mr Hewett is a Fellow of the Chartered Governance Institute (FCG), a Fellow of the Governance Institute of Australia (FGIA), a Master Member (MSIAA) of SIAA and a member of the Australian Institute of Company Directors (AICD).

Operating results

For the year ended 30 June 2023, the Company made an operating profit after tax of \$1,102,976 (2022: loss \$1,137).

Review of operations and state of affairs

The Company changed its name from Westoz Australian Resources Ltd to Westoz Resources Fund Limited on 12 September 2022.

On 31 October 2022, the net related entity loan payable of \$50,724 as at 30 June 2022 was forgiven by Euroz Hartleys Group Limited (former ultimate holding company). Following this, the company was repurposed to be an unlisted investment fund whose purpose is to generate positive returns from a portfolio of stocks, generally associated with the resources sector in Western Australia.

On 11 October 2022, the Company issued an Information Memorandum for the subscription of up to 50,000,000 new shares at an initial price of \$1.00 per share and thereafter at the prevailing Net Assets per share for the purpose of investment to seek targeted returns.

The Company commenced investment activities on 1 December 2022 with an initial portfolio size of \$25,000,000 following the closure of the Initial Offer set out in the Information Memorandum.

Principal activities

During the year, the Company was repurposed from a dormant state to operate as an investment company.

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

Subsequent events

Following the end of the financial year, the Company declared and paid a fully franked dividend of 3.5 cents per share, totalling \$989,865, to shareholders as at 17 July 2023. \$296,581 of this amount was reinvested pursuant to the Company's dividend reinvestment plan with an additional 294,217 ordinary shares issued on 11 August 2023.

An additional 2,257,442 new shares were issued pursuant to the Information Memorandum, 1,296,828 on 1 July 2023 and 960,614 on 7 July 2023.

Other than matters noted above, there were no other circumstances arising 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.

Likely developments

Future results will be driven by the outcome of the Company's investment strategy, which will in turn be influenced by the overall direction of equity markets. These returns are uncertain and will vary from year to year. The key risk to market returns will be influenced by a range of factors that cannot be predicted with any certainty and include the outlook for growth, inflation, commodity prices, interest rates, general economic conditions, natural disasters and government regulation. Market risk is managed by periodically moving into and out of equity positions.

Our investment strategy remains consistent and is to identify investment opportunities from our base in Western Australia. We believe this focus will continue to deliver attractive returns.

Dividends

There were no dividends paid or declared during the year. Since the end of the year, a dividend of 3.5 cents per share was declared and paid to holders as at 17 July 2023.

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnification and insurance of Directors and Officers

Westoz Resources Fund Limited has a Deed of Indemnity for all the Directors and Officers of the Company against all losses or liabilities incurred by each Director and Officer in their capacities as Directors and Officers of the Company. The Company agreed to indemnify and keep indemnified the Directors and Officers against all liabilities by the Directors and Officers as a Director and Officer of the Company to the extent permitted under the Corporations Act 2001.

During the financial year, Euroz Hartleys Limited paid a premium on behalf of Westoz Resources Fund Limited to insure the Directors and Officers of the Company. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of the Company.

Indemnification of Auditors

The Company has not indemnified the independent auditor and has not paid an insurance premium to insure the auditor.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

Meetings of Directors

The number of meetings of Directors (including meetings of committees of Directors) held during the year ended 30 June 2023 and the numbers of meetings attended by each Director were as follows:

DIRECTOR	DIRECTORS' MEETING		AUDIT COMMITTEE MEETINGS	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Jay Hughes	1	1	-	-
Philip Rees	1	1	-	-
Russell Kane	1	1	-	-
Andrew Mackenzie	-	-	-	-

Due to the size of the Board and the nature of the Company's operations, it does not have a separate Remuneration Committee or Nomination Committee. Matters normally considered by these committees are addressed by the full Board.

Board of Directors' and Audit Committee meetings require that any two Directors or members be present to form a quorum.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been received and included in this financial report.

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



Jay Hughes
Director



Philip Rees
Director

Date: 27 September 2023

Auditor's Independence Declaration To the Directors of Westoz Resources Fund Limited

FOR THE YEAR ENDED 30 JUNE 2023



Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF WESTOZ RESOURCES FUND LIMITED

As lead auditor of Westoz Resources Fund Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

Dean Just

Director

BDO Audit Pty Ltd

Perth

27 September 2023

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2023


The Directors declare that:

1. The financial statements, notes and additional disclosures included in the Directors' Report and designated as audited, are in accordance with the Corporations Act 2001 and:
 - (a) comply with the Australian Accounting Standards – Simplified Disclosures and Corporations Regulations 2001;
 - (b) give a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
 - (c) the financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 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 Directors.



Jay Hughes
Director



Philip Rees
Director

Date: 27 September 2023

Statement of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 \$	2022 \$
Revenue			
Interest revenue		107,251	-
Dividend revenue		81,065	-
Other		50,738	-
Total Revenue		239,054	-
Changes in the fair value of investments at fair value through profit or loss	3	1,637,337	-
Total Income		1,876,391	-
Expenses			
Management and performance fees	14	315,116	-
Audit fees		25,000	-
Professional fees		5,000	-
Other expenses	4	3,504	1,625
Total Expenses		348,620	1,625
Profit / (Loss) before income tax expense		1,527,771	(1,625)
Income tax (expense) / benefit	5	(424,795)	488
Profit / (Loss) after income tax expense for the year		1,102,976	(1,137)
Other comprehensive income, net of tax		-	-
Total comprehensive income / (loss) for the year attributable to the owners of Westoz Resources Fund Limited		1,102,976	(1,137)

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

Statement of Financial Position

FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	2,820,348	1
Other assets	7	307,249	-
Financial assets at fair value through profit or loss			
- Listed equities	18	24,426,650	-
Total Current assets		27,554,247	1
NON-CURRENT ASSETS			
Deferred tax assets	5	227,171	-
Total non-current assets		227,171	-
TOTAL ASSETS		27,781,418	1
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	30,000	-
Current tax liabilities	5	651,966	-
Related entity loan payable	14	-	50,724
TOTAL LIABILITIES		681,966	50,724
NET ASSETS/(LIABILITIES)		27,099,452	(50,723)
EQUITY			
Issued capital	9	26,047,200	1
Retained earnings	10	1,052,252	(50,724)
TOTAL EQUITY		27,099,452	(50,723)

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

Statement of Changes In Equity

FOR THE YEAR ENDED 30 JUNE 2023

	ISSUED CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
	\$	\$	\$
At 1 July 2022	1	(50,724)	(50,723)
Profit for the period	-	1,102,976	1,102,976
Total comprehensive income for the period	-	1,102,976	1,102,976
Ordinary shares issued	26,047,199	-	26,047,199
At 30 June 2023	26,047,200	1,052,252	27,099,452

	CONTRIBUTED EQUITY	RETAINED EARNINGS	TOTAL EQUITY
	\$	\$	\$
At 1 July 2021	1	(49,587)	(49,586)
Loss for the period	-	(1,137)	(1,137)
Total comprehensive income for the period	-	(1,137)	(1,137)
Ordinary shares issued	-	-	-
At 30 June 2022	1	(50,724)	(50,723)

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

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sales of financial assets at fair value through profit or loss		21,203,124	-
Payments for purchases of financial assets at fair value through profit or loss		(43,992,437)	-
Interest received		107,251	-
Dividends received		81,065	-
Payments to suppliers		(625,855)	-
Net cash flows used in operating activities		(23,226,852)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		26,047,199	-
Net cash flows from financing activities		26,047,199	-
Net increase in cash and cash equivalents held		2,820,347	-
Cash and cash equivalents at beginning of financial year		1	1
Cash and cash equivalents at end of financial year	6	2,820,348	1

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

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Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements are general purpose financial statements for distributions to the members and for the purpose of fulfilling the requirements of the Corporations Act 2001. They have been prepared in accordance with Australian Accounting Standards – Simplified Disclosure made by the Australian Accounting Standards Board and the Corporations Act 2001.

Historical cost convention

These financial statements, except for cash flow information, have been prepared on an accrual basis and under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

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 Company'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 1(n).

Accounting policies

(a) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

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

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Revenue

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend revenue

Dividend is recognised when the Company's right to receive the payment is established. This is taken to be the date the share is quoted ex-dividend.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(c) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

The realised gain or loss on the sale of financial assets are recognised in profit and loss in the changes in fair value of investments through profit and loss.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Receivables

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

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

Other receivables are recognised at amortised cost, less any allowance for expected credit losses. The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. For trade receivables, the Company reviews each individual balance and recognises a loss allowance at each reporting date.

(e) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually payable in the short term.

(f) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with short periods to maturity that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For purposes of the statement of cash flows, cash and cash equivalents includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(g) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(i) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(j) Current / 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 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 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. Deferred tax assets and liabilities are always classified as non-current.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Fair value measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(l) 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. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(m) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

(n) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Income tax

The entity is subject to income taxes in Australia. Significant judgement is required in determining the provision for income tax. Calculations are undertaken during the ordinary course of business for which the ultimate tax determination may be uncertain. The entity recognises liabilities for anticipated tax audit issues based on the entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

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

Key estimates - Fair value of financial assets

Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Fair value reflects the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. Quoted prices or rates are used to determine the fair value where an active market exists. If the market for a financial instrument is not active or the instruments is unlisted, then fair value are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date, including recent capital raisings.

The values derived from applying these techniques are affected by the choice of valuation model used and the underlying assumptions made regarding inputs such as timing and amounts of future cash flows, discount rates, credit risk, volatility and correlation.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) New Standards and Interpretations

The Australian Accounting Standards Board ('AASB') has issued the following new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB NO.	NEW STANDARDS OR AMENDMENTS	APPLICATION DATE
AASB 2021-2	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023
AASB 2021-5	5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
AASB 2022-7	7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards	1 January 2023
AASB 17	Insurance Contracts	1 January 2023
AASB 2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	1 January 2024
AASB 2020-6	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	1 January 2024
AASB 2015-10	Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128	1 January 2025
AASB 2017-5	Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2025

(p) Management and performance fees

Management fees, including performance fees, are calculated in accordance with contractual arrangements and are payable in the year in which the returns are generated.

(q) Presentation and functional currency

The financial statements are presented in Australian Dollars, which is the Company's functional currency. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

(r) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

2. SEGMENT INFORMATION

For management purposes, the Company was organised into one operating segment, which invests in equity securities on the Australian Securities Exchange. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

The Company operated in one geographical area being Australia.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

3. CHANGES IN FAIR VALUE OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	\$	\$
Net realised gain on disposal of investments	2,364,577	-
Net unrealised loss on investments	(727,240)	-
	1,637,337	-

4. EXPENSES

	2023	2022
	\$	\$
Share registry	1,936	-
Regulatory	362	1,625
Other	1,206	-
	3,504	1,625

5. INCOME TAX

The major components of income tax expense are:

	2023	2022
	\$	\$
Statement of comprehensive income		
<i>Current Income Tax</i>		
Current income tax charge	651,966	(488)
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(227,171)	-
	424,795	(488)

A reconciliation between tax expense / (benefit) and the product of accounting loss before income tax multiplied by the Company's applicable tax rate is as follows:

Accounting profit / (loss) before tax	1,527,771	(1,625)
Tax at the statutory income tax rate of 30% (2022: 30%)	458,331	(488)
Tax effect of franking credits	(18,320)	-
Non-assessable items	(15,216)	-
	424,795	(488)

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

5. INCOME TAX (cont'd)

Deferred Income tax

Deferred income tax at 30 June relates to the following:

	STATEMENT OF FINANCIAL POSITION		STATEMENT OF COMPREHENSIVE INCOME	
	2023	2022	2023	2022
DEFERRED TAX ASSETS	\$	\$	\$	\$
Tax loss utilised / (recognised)	-	-	-	-
Unrealised loss on investments in financial assets	218,171	-	218,171	-
Accrued expenses	9,000	-	9,000	-
Total Deferred Tax Assets	227,171	-	227,171	-

Deferred tax assets in the relate to unrealised losses on investments in financial assets and tax losses recognised. Based on long term movements in the Australian market equity returns, it is probable that the Company will make future taxable profits and such losses will be utilised.

6. CASH AND CASH EQUIVALENTS

For the purpose of the financial report, cash and cash equivalents are composed of the following:

	2023	2022
	\$	\$
Cash at bank and on hand	2,820,348	1
	2,820,348	1

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

The fair value of cash and cash equivalents is \$2,820,348 (2022: \$1). Of the total cash and cash equivalents held at 30 June 2023, \$2,819,014 (2022: nil) was held in the investment portfolio.

7. OTHER ASSETS

	2023	2022
	\$	\$
Other debtor	286,000	-
GST receivable	21,249	-
	307,249	-

GST receivable is non-interest bearing and is generally claimed from the Australian Tax Office on a quarterly basis.

Other debtors are non-interest bearing and normally settled on 30-day terms. Sale settlements are generally settled within 2 days.

The carrying value of other assets is approximately equal to its fair value.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

8. TRADE AND OTHER PAYABLES

	2023	2022
	\$	\$
Trade payables	30,000	-
	30,000	-

Trade payables are non-interest bearing and normally settled on 30-day terms. Purchase settlements are generally settled within 2 days. The carrying value of trade and other payables is approximately equal to its fair value.

9. ISSUED CAPITAL

	2023	2022
	\$	\$
(a) Contributed equity		
26,024,399 fully paid ordinary shares (2022: 1 fully paid ordinary share)	26,047,200	1

(b) Movements in ordinary shares on issue

	2023		2022	
	NUMBER OF SHARES	\$	NUMBER OF SHARES	\$
Beginning of the financial period	1	1	1	1
Issued during the period	26,024,398	26,047,199	-	-
Balance at the end of financial period	26,024,399	26,047,200	1	1

Details of ordinary shares issued during the year

	NUMBER OF SHARES	ISSUE PRICE \$	\$
Issued pursuant to Initial Offer, November 2022	25,000,000	1.000	25,000,000
Issued pursuant to Continuing Offer, December 2022	250,000	1.000	250,000
Issued pursuant to Continuing Offer, February 2023	601,064	1.033	620,899
Issued pursuant to Continuing Offer, March 2023	100,806	0.992	100,000
Issued pursuant to Continuing Offer, May 2023	72,528	1.052	76,300
Total	26,024,398		26,047,199

(c) Terms and conditions of contributed equity

The Company does not have authorised capital nor par value in respect of its issued capital.

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

Ordinary fully paid shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Capital management

The Directors' primary objective is to maintain a capital structure that ensures the lowest cost of capital available to the Company. The Company has no external borrowings.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

10. RETAINED EARNINGS

	2023	2022
	\$	\$
Balance at beginning of year	(50,724)	-
Profit / (loss) for the year attributable to members	1,102,976	(50,724)
Balance at end of year	1,052,252	(50,724)

11. AUDITORS REMUNERATION

During the financial year the following fees were paid or payable for services provided by BDO Australia, the auditor of the Company:

	2023	2022
	\$	\$
Remuneration of the auditor		
- auditing the financial report	25,000	-
	25,000	-

12. DIVIDENDS

There were no dividends paid during the year (2022: nil).

	2023	2022
	\$	\$
Franking Credit Balance		
Franking credits available at the end of the financial year at 30% (2022 – 30%)	26,170	-
	26,170	-

13. CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 June 2023, the Company had not entered into any contractual commitments and had no contingencies (2022: nil).

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

14. RELATED PARTIES

A debt of \$50,724 payable to Euroz Hartleys Group Limited (previous holding company) was forgiven on 31 October 2022.

(a) Remuneration of Directors and Executives

The Company does not pay remuneration to members of the Board of Directors.

(b) Transactions with Directors or Director Related Entities

The Directors of Westoz Resources Fund Limited during the year were Mr Jay Hughes, Mr Philip Rees, Mr Russell Kane and Mr Andrew McKenzie.

Westoz Funds Management Pty Ltd, a company of which Messrs Hughes, Rees, Kane and Mackenzie were Directors provides Key Management Personnel ("KMP") services to Westoz Resources Fund Limited as it has the authority for the management of the investment portfolio of the Company. Westoz Funds Management Pty Ltd received management fees from the company for the management of its assets. A total (inclusive of performance fees where applicable) of \$315,116 (2022: nil) was charged in the period for these services. Of that, \$153,750 performance fee was paid in respect of the 2023 financial year (2022: nil).

These fees were charged in accordance with a management agreement. Management fee is calculated at 1% per annum of funds managed. A performance fee is payable where the increase in Portfolio Value exceeds 7% over a twelve-month period to end of June and is calculated at 20% of the increase in Portfolio Value exceeding the threshold. The starting point for the calculation of the threshold is the greater of the starting portfolio value and the number of shares on issue multiplied by \$1.00.

No amount is paid by Westoz Resources Fund Limited directly to the Directors of Westoz Funds Management Pty Ltd.

(c) Other Related Party Transactions

There are no other related party transactions other than those discussed above.

15. SUBSEQUENT EVENTS

A fully franked dividend of 3.5 cents per share, totalling \$989,864 was declared and paid on 11 August 2023.

A further 2,551,659 new ordinary shares have been issued, being 2,257,442 new ordinary shares pursuant to the Information Memorandum 1,296,828 on 1 July 2023 and 960,614 on 7 July 2023 and 294,217 issued on 11 August 2023 pursuant to the dividend reinvestment plan.

Other than matters noted above, there were no other circumstances arising 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.

16. COMPANY DETAILS

The registered office and principal place of business of the Company is Level 18, Alluvion, 58 Mounts Bay Road, Perth, WA 6000.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

17. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Reconciliation from the Net Profit after Income Tax to Net Cash flows Used in Operating Activities

	2023	2022
	\$	\$
Net profit / (loss) after tax	1,102,976	(1,137)
Adjustment for non-cash items:		
Related entity loan forgiven	(50,724)	-
Changes in assets and liabilities:		
(Increase) / decrease in financial assets at fair value through profit or loss	(24,426,650)	-
Increase / (decrease) in tax payables	651,966	1,137
(Increase) / decrease in other assets	(307,249)	-
Increase / (decrease) in trade and other payables	30,000	-
Movement in deferred tax	(227,171)	-
Net cash flows (used in) / from operating activities	(23,226,852)	-

(b) Financing Facilities Available

At balance date, no financing facilities had been negotiated and none were available (2022: nil).

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

18. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

The following table shows financial instruments recorded at fair value, analysed between those whose fair value is based on quoted market prices, those involving valuation techniques where model inputs are observable in the market and those where the valuation technique involves the use of non-market observable inputs.

	VALUED AT QUOTED MARKET PRICE (LEVEL 1)	VALUATION TECHNIQUE MARKET OBSERVABLE INPUTS (LEVEL 2)	VALUATION TECHNIQUE NON – MARKET OBSERVABLE INPUTS (LEVEL 3)	TOTAL
30 JUNE 2023	\$	\$	\$	\$
Financial assets at fair value through profit or loss				
(i) Listed equities	24,426,650	-	-	24,426,650
	24,426,650	-	-	24,426,650

	VALUED AT QUOTED MARKET PRICE (LEVEL 1)	VALUATION TECHNIQUE MARKET OBSERVABLE INPUTS (LEVEL 2)	VALUATION TECHNIQUE NON – MARKET OBSERVABLE INPUTS (LEVEL 3)	TOTAL
30 JUNE 2022	\$	\$	\$	\$
Financial assets at fair value through profit or loss				
(i) Listed equities	-	-	-	-
	-	-	-	-

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument.

The fair value of listed equity is based on quoted market bid prices at the reporting date without any deduction for transaction costs.

19. FINANCIAL RISK MANAGEMENT

Risks arising from holding financial instruments are inherent in the Company's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Company is exposed to credit risk, liquidity risk and market risk.

The Company's principal financial instruments comprise listed equities, cash, short term deposits and outstanding sale and purchase settlements. All securities investments present a risk of loss of capital. The maximum loss of capital on long equity securities is limited to the fair value of those positions. On equities sold short, the maximum loss of capital can be unlimited. The Company has other financial instruments such as trade creditors and distributions payable which arise directly from its operations. The Company may also transact in other financial instruments, including derivatives, to achieve its target rate of return on assets. No derivatives are held at 30 June 2023.

The Investment Manager is responsible for identifying and controlling the risks that arise from these financial instruments. The Company has an established investment policy in place. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment policy, is monitored by the Investment Manager.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled by the Company investing in financial instruments, which in normal market conditions can be easily liquidated. In addition, the Company maintains sufficient cash and cash equivalents to meet normal operating requirements.

Maturity analysis for financial liabilities

Financial liabilities of the Company comprise financial liabilities at fair value through profit or loss, trade, other payables and distribution payable, which contractually mature within 30 days.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

19. FINANCIAL RISK MANAGEMENT (cont'd)

Credit Risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The company's maximum credit exposure is the carrying amounts in the statement of financial position.

The Company applies a general approach to calculating ECLs, except for those financial assets that apply the low credit risk exemption. Following the adoption of AASB 9, the Company considers the probability of default upon initial recognition of a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. The general approach is described in the accounting policy section 2(d). To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. In making this assessment, the Company considers information that is reasonable and supportable, including historical experience and forward-looking information. Forward-looking information considered includes consideration of external sources of economic information. In particular, the Company takes into account the counterparties external credit rating (as far as available), actual or expected significant changes in the operating results of the counterparty and macroeconomic when assessing significant movements in credit risk.

The Company holds financial instruments with credit worthy third parties and as such applies the low credit risk simplification. At each reporting period the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making this evaluation, the Company considers whether there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

At 30 June 2023, the Company held significant equities, cash balance and other current assets. Cash deposits were held with an institution covered under the Banking Act 1959 with a rating from Standard & Poors of AA- (long term) and A-1+ (short term). Listed equities were held under a nominee arrangement with Euroz Hartleys Securities Limited which operates and maintains required prudential matters under an Australian Financial Services Licence. As at 30 June 2023, all receivables are current with no balances that are past due nor credit-impaired.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and equity prices. The Company has delegated the management of these risks to Westoz Funds Management Pty Ltd (AFSL No 285607) who has expertise in the management of such risk.

The following risk control features are in place:

- No one stock will represent more than 20% of the total portfolio value at the time of acquisition;
- The portfolio consists of between 10 and 25 securities, although more or less may be held depending on the number of securities identified that are expected to meet the performance expectations;
- Where suitable stocks cannot be identified, the portfolio may invest in cash. Whilst unlikely over the medium term, the portfolio may consist from time to time of significant cash deposits;
- Any short positions will not represent more than 20% of the total portfolio value; and
- Leverage may be employed in the Portfolio, but total exposure will not exceed 120% of the portfolio value.

Any breach of these risk control measures will be reported to the Company by the Investment Manager and the Company will determine the appropriate action to remedy the breach.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

19. FINANCIAL RISK MANAGEMENT (cont'd)

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Company's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash at bank. The total cash balance at 30 June 2023 was \$2,820,348 (2022: \$1). The Company manages interest rate risk by ensuring that cash balances are always deposited in interest-bearing accounts that provide competitive interest rates.

As at 30 June 2023, cash deposits of \$2,820,348 (2022: \$1) were held at call. No interest was recorded as a receivable (2022: nil).

The following table demonstrates the sensitivity of the Company's Statement of Comprehensive Income to a reasonably possible change in interest rates, with all other variables constant. The change in basis points is derived from a review of historical movements and management's judgement on future trends. The analysis is performed on the same basis for 2022.

CHANGE IN BASIS POINTS		2023		2023	
		EFFECT ON PRE-TAX PROFIT (\$)		EFFECT ON EQUITY INCLUDING RETAINED EARNINGS (\$)	
Increase	Decrease	Increase	Decrease	Increase	Decrease
50	50	14,102	(14,102)	9,871	(9,871)

CHANGE IN BASIS POINTS		2022		2022	
		EFFECT ON PRE-TAX PROFIT (\$)		EFFECT ON EQUITY INCLUDING RETAINED EARNINGS (\$)	
Increase	Decrease	Increase	Decrease	Increase	Decrease
50	50	-	-	-	-

Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Equity price risk arises from the Company's investment portfolio.

The effect on the statement of comprehensive income due to a reasonably possible change in market factors, as represented by the equity indices, with all other factors held constant and assuming the Company's equity portfolio moves in direct concert with the equity indices, is indicated in the table below. The change in index level is derived from a review of historical movements. The analysis is performed on the same basis for 2022.

INDEX	CHANGE IN INDEX	2023	2023
		EFFECT ON PRE-TAX PROFIT (\$)	EFFECT ON EQUITY INCLUDING RETAINED EARNINGS (\$)
ASX Small Resources Index	Increase 10%	2,442,665	1,709,865
	(Decrease 10%)	(2,442,665)	(1,709,865)

INDEX	CHANGE IN INDEX	2022	2022
		EFFECT ON PRE-TAX PROFIT (\$)	EFFECT ON EQUITY INCLUDING RETAINED EARNINGS (\$)
ASX Small Resources Index	Increase 10%	-	-
	(Decrease 10%)	-	-

Independent Auditor's Report To The Members of Westoz Resources Fund Limited

FOR THE YEAR ENDED 30 JUNE 2023



Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Westoz Resources Fund Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Westoz Resources Fund Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Westoz Resources Fund Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Simplified Disclosures 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 *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.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report but does not include the financial report and our auditor's report thereon.

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

Independent Auditor's Report (cont'd) To The Members of Westoz Resources Fund Limited (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023



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

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

Responsibilities of 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 - Simplified Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or 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 the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

Dean Just

Director

Perth

27 September 2023





WESTOZ

RESOURCES FUND LIMITED

Level 18 Alluvion
58 Mounts Bay Road
Perth WA 6000

PO Box Z5036
St Georges Terrace
Perth WA 6831

T: +61 8 9321 7877
F: +61 8 9321 8288

Westoz Resources
Fund Limited
ACN 600 750 632

www.westozfunds.com.au