

For personal use only

# **Saturn Metals Limited**

**HALF-YEAR FINANCIAL REPORT**

**31 DECEMBER 2019**

**ABN 43 619 488 498**

# Corporate Directory

## Directors

Ian Bamborough Managing Director  
Robert Tyson Chairman  
Andrew Venn Non-executive Director

## Company Secretary

Ryan Woodhouse

## Registered Office

Unit 1, 34 Kings Park Rd  
WEST PERTH WA 6005  
Telephone: +61 (0) 8 6424 8695  
Email: [info@saturnmetals.com.au](mailto:info@saturnmetals.com.au)

## Stock Exchange Listing

Securities of Saturn Metals Limited are listed on the Australian Securities Exchange (ASX)  
ASX Code: STN

**ACN:** 619 488 498

## Share Registry

Link Market Services Limited  
Level 12 QV1 Building  
St Georges Tce  
PERTH WA 6000

Telephone +61 1300 554 474  
Facsimile: +61 (0)2 9287 0303  
Website: [www.linkmarketservices.com](http://www.linkmarketservices.com)

## Auditors

PricewaterhouseCoopers  
Level, 15  
125 St Georges Terrace  
Perth WA 6000

## Website

[www.saturnmetals.com.au](http://www.saturnmetals.com.au)

For personal use only

# Saturn Metals Limited

## Table of Contents

Directors' Report	4
Competent Persons Statements	8
Condensed statement of profit or loss and other comprehensive income	9
Condensed statement of financial position	10
Condensed statement of changes in equity	11
Condensed statement of cash flows	12
Notes to the financial statements	13
Director's declaration	20
Auditors' independence declaration	21
Independent auditors' report	22

Saturn Metals Limited is a company limited by shares, incorporated and domiciled in Australia. The financial report was authorised for issue by the directors on 25 February 2020. The directors have the power to amend and reissue the financial report.

# Saturn Metals Limited

## Director's Report

Your directors present their report on Saturn Metals Limited ("**Company**" or "**Saturn**") for the half-year ended 31 December 2019.

### Directors

The following persons were directors of Saturn Metals Limited during the financial period and up to the date of this report.

Ian Bamborough  
Robert Tyson  
Andrew Venn

### Results

The loss for the Company for the period after providing for income tax amounted to \$1,122,331 (31 December 2018: \$559,498).

### Review of operations / significant changes in the state of affairs

During the half year the Company completed an extensive RC drill program which resulted in an upgrade to the resource at the Apollo Hill Gold Deposit to 781,000 ounces<sup>1</sup> (See Resource Table 1). Post resource upgrade, exploration efforts continued to focus on following up targets adjacent to the resource. Data compilation, mapping, geochemistry and geological interpretation along with aircore drilling continued on its surrounding 1,000km<sup>2</sup> regional land package.

#### **Apollo Hill Gold Deposit**

Additional resource focused RC drilling was completed early in the period (18,600m 152-hole program) and significant results were used towards a major Resource upgrade. Step out drilling clearly defined several continuous higher-grade hanging wall lodes and shoot structures to the north east which broadened the mineralised corridor.

Significant mineralised near-surface intersections from these hanging wall lodes included<sup>2</sup>:

- 17m @ 2.96g/t Au from 41m - including:
  - 10m @ 4.82g/t Au from 45m, which also includes;
  - 4m @ 9.31g/t Au from 51m all contained within 28m @ 1.8g/t from 39m – AHRC0221;
- 7m @ 6.59g/t Au from 34m contained within 35m @ 1.67g/t from 34m - AHRC0223;
- 8m @ 4.26g/t Au from 16m - AHRC0239;
- 12m @ 4.01g/t Au from 13m including:
  - 6m @ 7.21g/t Au from 19m –
  - 5m @ 5.39g/t Au from 96m – AHRC0164.

In mid-October, the Company published an upgraded Mineral Resource totaling **24.5 Mt @ 1.0g/t Au for 781,000oz @ 0.5g/t Au cut off<sup>1</sup>**. Within this, 9.2Mt @ 1.0g/t Au for 298koz was converted to an Indicated classification representing 38% of the total mineral resource. This is a significant increase in contained ounces from the previously published resource and represented a 276,000oz increase to the deposit since the company listed in March 2018.

Post the release of the upgraded mineral resource the Company undertook a 77 hole, 9,199m extensional RC drilling campaign at Apollo Hill, to rapidly expand and improve the newly discovered higher-grade hanging wall zones and to grow and improve the resource. Drilling clearly shows the potential for a major resource improvement and expansion immediately adjacent to the initial Apollo Hill zone. The thick mineralised corridor is providing new opportunities for additional discovery with significantly improved grades now being intersected.

# Saturn Metals Limited

## Director's Report

High-grade, and thick intersections returned during the quarter from step out drilling include:

- 12m @ 9.98g/t Au from 269m; and  
36m @ 1.32g/t Au from 183m including 11m @ 3.28g/t Au from 208m; and  
13m @ 1.2g/t Au from 301m including 4m @ 3.63g/t Au from 301m – AHRC0312; (announced post year-end);
- 5m @ 4.70g/t Au from 126m – AHRC0297;
- 6m @ 4.08g/t Au from 108m – AHRC0281;
- 14m @ 1.40g/t Au from 133m – AHRC0291;
- 5m @ 5.19g/t Au from 44m within 16m @ 1.69g/t Au from 44m – AHRC0269;
- 8m @ 1.70g/t Au from 33m – AHRC0292;
- 6m @ 2.20g/t Au from 129m – AHRC0287;
- 9m @ 1.64g/t Au from 114m – AHRC0282;
- 11m @ 1.40g/t Au from 194m – AHRC0298;
- 4m @ 2.47g/t Au from 122m – AHRC0293;
- 6m @ 1.96g/t Au from 32m – AHRC0295;
- 7m @ 2.13g/t Au from 64m – AHRC0242.

### Apollo Hill Regional Exploration

During the half year the Company completed 3,900m of regional aircore drilling in 67 holes over four targets across Saturn's land position. Regional drill lines were undertaken at ~300m drill spacing to look for new mineralised systems associated with identified geophysical features. Of note was a best result of 16m @ 0.19g/t Au including 4m @ 0.42g/t Au which highlighted a promising new anomaly over an interpreted structural corridor at the Atlanta Prospect on E31/1076. Drilling remains open along strike for at least 2km to the north and 2km to the south. Further broad spaced aircore drilling (3,000m at ~1km lines by 300m drill spacing) is planned for the next quarter to further assess this area.

Results from this recent regional work are published as appropriate in Quarterly activity reports.

### Corporate

The Company raised \$3,341,250 (\$3,123,026 net of costs) via a Share Placement of 9,546,428 new ordinary shares on 26 August 2019 to institutional and sophisticated investors to support ongoing exploration and resource drilling at Apollo Hill.

The Board of Directors have determined that Saturn Metals Limited has only one segment, being exploration for precious metals at the Apollo Hill Gold Project, in Western Australia.

### Events occurring after reporting period

The Company had no events occurring after the reporting period to disclose.

### Shares under option

Shares under option granted to key management personnel at the time of this report were as follows:

Grant Date	Date Vested & No. Exercisable	Expiry Date	Exercise Price	Fair value per option at Grant Date
9 Mar 2018	3,000,000 Director Options Class A – 9 March 2019 (33%) Class B – 9 March 2020 (33%) Class C – 9 March 2021 (33%)	9 Apr 2021	20 cents	13 cents
9 Mar 2018	1,000,000 Director Options Class A – 9 March 2019	9 Apr 2021	20 cents	13 cents
6 Dec 2018	1,500,000 Director Performance Incentive Options 50% of the Options will vest upon the release of a 1Moz or greater JORC Compliant Inferred Resource at The Apollo Hill	6 Dec 2021	26.4 cents	15 cents

# Saturn Metals Limited

## Director's Report

	<p>&amp; Ra Deposits Area/Corridor within two years of approval. 20% of the Options will vest upon discovery of a new JORC Compliant Inferred Resource greater than 100koz with at least 20 Aircore, Reverse Circulation or Diamond holes showing geological and mineralisation continuity within two years of approval; and 30% of the Options will vest upon the Option holder attaining two years of continuous employment in either as an employee or an officer or director of the Company.</p>			
--	--	--	--	--

### Shares under option (continued)

Grant Date	Date Vested & No. Exercisable	Expiry Date	Exercise Price	Fair value per option at Grant Date
6 Dec 2018	<p><i>1,060,000 Employee Incentive Options</i> 50% of the Options will vest upon the release of a 1Moz or greater JORC Compliant Inferred Resource at The Apollo Hill &amp; Ra Deposits Area/Corridor within two years of approval. 20% of the Options will vest upon discovery of a new JORC Compliant Inferred Resource greater than 100koz with at least 20 Aircore, Reverse Circulation or Diamond holes showing geological and mineralisation continuity within two years of approval; and 30% of the Options will vest upon the Option holder attaining two years of continuous employment in either as an employee or an officer or director of the Company.</p>	6 Dec 2021	26.4 cents	15 cents
9 Dec 2019	<p><i>750,000 Director Performance Incentive Options</i> CLASS A (60%) Will vest when the Company's share price exceeds the S&amp;P/ASX Metals and Mining (Industry) Index (XMM) by 10% or more on the second-year anniversary of the date of issue. Both the STN and the XMM final price will be determined by the 20 day VWAP. CLASS B (40%) Will vest when the Related Party has attained two years of continuous employment with the Company regardless of a change of role or change of duties.</p>	8 Dec 2022	36.4 cents	CLASS A 21.1 cents  CLASS B 21.9 cents
9 Dec 2019	<p><i>450,000 Employee Performance Incentive Options</i> CLASS A (60%) Will vest when the Company's share price exceeds the S&amp;P/ASX Metals and Mining (Industry) Index (XMM) by 10% or more on the second-year anniversary of the date of issue. Both the STN and the XMM final price will be determined by the 20 day VWAP. CLASS B (40%) Will vest when the Employee has attained two years of continuous employment with the Company regardless of a change of role or change of duties.</p>	8 Dec 2022	36.4 cents	CLASS A 18.2 cents  CLASS B 19.8 cents

No option holder has any right under the options to participate in any other share issue of the Company.

### 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 period.

# Saturn Metals Limited

## Director's Report

### **Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included at the end of this financial report.

This report is made in accordance with a resolution of the board of directors and signed for on behalf of the board by:

**Ian Bamborough**



Managing Director  
Perth, Western Australia  
25<sup>th</sup> February 2020

For personal use only

# Saturn Metals Limited

## Competent Persons Statements

<sup>1</sup>The information for the Mineral Resource included in this report is extracted from the report entitled (Apollo Hill Gold Resource Upgraded to 781,000oz) created on 14 October 2019 and is available to view on the Saturn Metals Limited website. Saturn Metals Limited confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Saturn Metals Ltd confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Table 1: October 2019 Apollo Hill Mineral Resource

Lower Cut-off Grade (Au g/t)	Oxidation state	Measured			Indicated			Inferred			MII Total		
		Tonnes (Mtonnes)	Au (g/t)	Au Metal (KOzs)	Tonnes (Mtonnes)	Au (g/t)	Au Metal (KOzs)	Tonnes (Mtonnes)	Au (g/t)	Au Metal (KOzs)	Tonnes (Mtonnes)	Au (g/t)	Au Metal (KOzs)
0.5	Oxide	0	0	0	0.2	1.0	7	0.4	0.9	11	0.6	0.9	18
	Transitional	0	0	0	2.1	1.0	70	1.5	1.0	47	3.6	1.0	117
	Fresh	0	0	0	6.9	1.0	221	13.4	1.0	425	20.3	1.0	646
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9.2</b>	<b>1.0</b>	<b>298</b>	<b>15.3</b>	<b>1.0</b>	<b>483</b>	<b>24.5</b>	<b>1.0</b>	<b>781</b>

The models are reported above nominal RLs (180 mRL – this is approximately 180 metres below surface (mbs) (accounting for localised variations in topography) for the Apollo Hill main zone and 260 mRL or 90mbs for Ra the deposit and the Apollo Hill Hanging-walls) and nominal 0.5 g/t Au lower cut-off grade for all material types. Classification is according to JORC Code Mineral Resource categories. Totals may vary due to rounded figures.

The information in this report that relates to exploration targets and exploration results is based on information compiled by Ian Bamborough, a Competent Person who is a Member of The Australian Institute of Geoscientists. Ian Bamborough is a fulltime employee and Director of the Company, in addition to being a shareholder in the Company. Ian Bamborough has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ian Bamborough consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

This document contains exploration results and historic exploration results as originally reported in fuller context in Saturn Metals Limited ASX Announcements, Quarterly Reports - as published on the Company's website. Saturn Metals Limited confirms that it is not aware of any new information or data that materially affects the information on results noted.



# Saturn Metals Limited

## Condensed statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2019

	Note	31 Dec 2019 \$	31 Dec 2018 \$
Interest income		12,707	50,797
Share-based remuneration	8	(566,985)	(190,847)
Employee and Directors' benefit expenses		(272,436)	(224,824)
Administration expenses		(295,617)	(194,624)
Loss before income tax		(1,122,331)	(559,498)
Income tax benefit (expense)		-	-
Loss from continuing operations after income tax		(1,122,331)	(559,498)
Other comprehensive income		-	-
Total Loss and comprehensive income for the half-year attributable to the members of Saturn Metals Limited		(1,122,331)	(559,498)
		\$	\$
Basic Loss per share		(0.02)	(0.01)
Diluted Loss per share		(0.02)	(0.01)

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

# Saturn Metals Limited

## Condensed statement of financial position

As at 31 December 2019

	Note	31 Dec 2019 \$	30 Jun 2019 \$
<b>Current Assets</b>			
Cash and cash equivalents	5	3,452,415	2,745,167
Trade and other receivables		166,500	170,942
<b>Total Current Assets</b>		<b>3,618,915</b>	<b>2,916,109</b>
<b>Non-Current Assets</b>			
Plant & equipment		106,452	109,228
Exploration assets	6	10,254,649	8,176,971
<b>Total Non-Current Assets</b>		<b>10,361,101</b>	<b>8,286,199</b>
<b>Total Assets</b>		<b>13,980,016</b>	<b>11,202,308</b>
<b>Current Liabilities</b>			
Trade and other payables		782,985	572,957
<b>Total Current Liabilities</b>		<b>782,985</b>	<b>572,957</b>
<b>Total Liabilities</b>		<b>782,985</b>	<b>572,957</b>
<b>Net Assets</b>		<b>13,197,031</b>	<b>10,629,351</b>
<b>Equity</b>			
Contributed equity	7	15,255,027	12,132,001
Accumulated losses	8	(3,166,770)	(2,044,439)
Option reserve	8	1,108,774	541,789
<b>Total Equity</b>		<b>13,197,031</b>	<b>10,629,351</b>

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

# Saturn Metals Limited

## Condensed statement of changes in equity

For the half-year ended 31 December 2019

	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total Equity \$
<b>Balance at 1 Jul 2018</b>	<b>10,631,001</b>	<b>(857,320)</b>	<b>276,224</b>	<b>10,049,905</b>
Loss for the half-year	-	(559,498)	-	(559,498)
Total comprehensive loss for the half-year	-	(559,498)	-	(559,498)
Shares issued upon conversion of performance rights	100,000	-	(100,000)	-
Share based payments			196,446	196,446
<b>Balance at 31 Dec 2018</b>	<b>10,731,001</b>	<b>(1,416,818)</b>	<b>372,670</b>	<b>9,686,853</b>
<b>Balance at 1 Jul 2019</b>	<b>12,132,001</b>	<b>(2,044,439)</b>	<b>541,789</b>	<b>10,629,351</b>
Loss for the half-year		(1,122,331)	-	(1,122,331)
Total comprehensive loss for the half-year		(1,122,331)	-	(1,122,331)
Issue of share capital	3,341,250		-	3,341,250
Share issue expenses	(218,224)		-	(218,224)
Share based payments			566,985	566,985
<b>Balance at 31 Dec 2019</b>	<b>15,255,027</b>	<b>(3,166,770)</b>	<b>1,108,774</b>	<b>13,197,031</b>

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

# Saturn Metals Limited

## Condensed statement of cash flows

For the half-year ended 31 December 2019

	Note	31 Dec 2019 \$	31 Dec 2018 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(568,635)	(263,941)
<b>Net cash outflow from operating activities</b>		<b>(568,635)</b>	<b>(263,941)</b>
<b>Cash flows from investing activities</b>			
Payments for exploration expenditure		(1,859,090)	(1,369,889)
Payments for purchase of plant and equipment		(9,258)	(10,964)
Interest received		21,205	50,797
<b>Net cash outflow from investing activities</b>		<b>(1,847,143)</b>	<b>(1,330,056)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		3,341,250	-
Transaction costs of issue of shares		(218,224)	-
<b>Net cash inflow from financing activities</b>		<b>3,123,026</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>707,248</b>	<b>(1,593,997)</b>
Cash and cash equivalents at the beginning of the half-year		2,745,167	4,982,038
<b>Cash and cash equivalents at the end of half-year</b>	5	<b>3,452,415</b>	<b>3,388,041</b>

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.

# Saturn Metals Limited

## Notes to the financial statements

### 1. Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Saturn Metals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, with the exception of the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Company.

A number of new or amended standards became applicable for the current reporting period, and the group had to change its accounting policies as a result of adopting AASB 16 Leases.

The impact of the adoption of the leasing standard is disclosed below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

#### *AASB 16 Leases*

AASB 16 replaces AASB 117 Leases and for the lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, rights-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, while the lease liability is reduced by an allocation of each lease payment. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

The Company has adopted AASB 16 retrospectively from 1 July 2019. As at 30 June 2019, the Company did not recognise any lease assets or lease liabilities on the balance sheet. During the prior period, the Company classified the lease for its office space as an operating lease with payments recognised as an expense as incurred. As the contract term is less than 12 months, and considered short-term, the company elects to recognise the lease payments directly as an expense in profit or loss.

The Company has considered other significant contracts, such as those for drilling, and determined that there are no other contracts that meet the definition of a lease under the new standard.

There are no other standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

### 2. Significant changes in the current reporting period

During the half-year period, the Company completed a share placement of 9,546,428 ordinary shares to institutional and sophisticated investors on 26 August 2019. The placement was completed at a share price of 35 cents per share to raise \$3,341,250 (\$3,123,026 net of costs).

The company had no other significant changes in the reporting period to disclose.

# Saturn Metals Limited

## Notes to the financial statements

### 3. Financial Risk Management

#### Overview

The Company is exposed to financial risks through the normal course of its business operations. The key risks impacting the Company's financial instruments are considered to be, interest rate risk, liquidity risk, and credit risk. The Company's financial instruments exposed to these risks are cash and cash equivalents, trade receivables, trade payables and other payables.

#### Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. Management assesses the credit quality of the counterparties by taking into account its financial position, past experience and other factors. For banks and financial institutions, management considers independent ratings and only dealing with banks licensed to operate in Australia.

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

Tax receivables and prepayments do not meet the definition of financial assets.

#### Risk management

The Company limits its exposure to credit risk in relation to cash and cash equivalents and other financial assets by only utilising banks and financial institutions with acceptable credit ratings.

The Company operates in the mining exploration sector and does not have trade receivables from customers.

#### Impairment losses

At 31 December 2019, the Company has not recognised any impairment losses.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity by maintaining adequate reserves by continuously monitoring forecasted and actual cash flows ensuring there are appropriate plans in place to finance these future cash flows.

Typically, the Company ensures it has sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

#### Interest rate risk

Interest rate risk is the risk that the Company's financial position will be adversely affected by movements in interest rates, cash and cash equivalents at variable rates exposes the Company to cash flow interest rate risk. The Company is not exposed to fair value interest rate risk as all of its financial assets and liabilities are carried at the amortised amount.

## Saturn Metals Limited

### Notes to the financial statements

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

		Carrying Amount	
		31 Dec 19 \$	30 Jun 19 \$
Short term cash deposits	5	2,750,000	2,500,000

#### Cash flow sensitivity analysis for variable rate instruments of the Company

At 31 December 2019 if interest rates had changed +/- 100 basis points from year-end rates with all other variables held constant, equity and post-tax loss would have been \$27,500 lower/higher (30 June 2019: \$25,000 lower/higher).

#### Fair values

The carrying values of all financial assets and financial liabilities, as disclosed in the statement of financial position, approximate their fair values.

#### 4. Contingencies & Commitments

The Company had no contingent assets or liabilities as at 31 December 2019 (30 June 2019: \$Nil).

#### Exploration commitments

Under the terms of mineral tenement licences held by the Company, minimum annual expenditure obligations are required to be expended during the forthcoming financial year in order for the tenements to maintain a status of good standing. This expenditure may be subject to variation from time to time in accordance with the relevant state department's regulations. The Company may at any time relinquish tenements and as such avoid the requirement to meet applicable expenditure requirement or may seek exemptions from the relevant authority.

Expenditure commitments under the terms of mineral tenement licences within one year at the reporting date but not recognised as liabilities were \$635,973 (30 June 2019: \$615,580).

#### 5. Cash & Cash Equivalents

For statement of cash flows preparation purposes, cash and cash equivalents includes cash on hand and short term deposits held at call (other than deposits used as cash backing for performance bonds) with financial institutions. Any bank overdrafts are shown within borrowings in the current liabilities on the statement of financial position.

	31 Dec 19 \$	30 Jun 19 \$
Cash at bank and in hand	702,415	245,167
Term deposits with financial institutions	2,750,000	2,500,000
	3,452,415	2,745,167

#### 6. Exploration and evaluation assets

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

**Saturn Metals Limited**  
**Notes to the financial statements**

	31 Dec 19	30 Jun 19
	\$	\$
At cost	10,254,649	8,176,971
<b>Reconciliation</b>		
Opening balance	8,176,971	5,086,787
Exploration expenditure	2,081,505	3,147,100
Grant refund	(3,827)	(56,916)
Closing balance	10,254,649	8,176,971

**7. Contributed Equity**

	2019		2018	
	Number of Shares	\$	Number of Shares	\$
Opening balance, 1 July	63,642,859	12,132,001	56,000,001	10,631,001
Shares issued upon conversion of performance rights	-	-	500,000	100,000
Shares issued as a result of share placements	9,546,428	3,341,250	-	-
Transaction costs on share issue	-	(218,224)	-	-
Closing balance, 31 Dec	73,189,287	15,255,027	56,500,001	10,731,001

**Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

**8. Reserves and accumulated losses**

	31 Dec 2019	30 Jun 19
	\$	\$
<i>(i) Accumulated losses</i>		
Opening balance 1 July	2,044,439	857,320
Loss for the half-year	1,122,331	1,187,119
Closing balance	3,166,770	2,044,439
<i>(ii) Share-based payments reserve</i>		
Opening balance 1 July	541,789	276,224
Options expenses (Directors options)	108,474	271,519
Options expenses (Employee options)	43,761	46,137
Net performance rights (Director's rights)	266,250	(52,091)
Net performance rights (Employee's rights)	148,500	-
Closing balance	1,108,774	541,789

**Nature and purpose of reserve**

The share-based payment reserve represents the fair value of equity benefits provided to Directors and employees as part of their remuneration for services provided to the Company paid for by the issue of equity.



# Saturn Metals Limited

## Notes to the financial statements

### Share options and reserve movements

	31 Dec 2019		30 Jun 2019	
	Options	\$	Options	\$
<b>Opening balance</b>	6,560,000	541,789	4,000,000	224,133
Options issued to Directors	750,000	108,474	1,500,000	271,519
Options issued to Employees	450,000	43,761	1,060,000	46,137
Exercised				
<b>Closing balance</b>	<b>7,760,000</b>	<b>694,024</b>	<b>6,560,000</b>	<b>541,789</b>
Exercisable at 20 cents each on or before 9 Mar 19	2,000,000		2,000,000	
Exercisable at 20 cents each on or before 9 Mar 20	1,000,000		1,000,000	
Exercisable at 20 cents each on or before 9 Mar 21	1,000,000		1,000,000	
Exercisable at 26.4 cents each on or before 6 Dec 21	1,500,000		1,500,000	
Exercisable at 26.4 cents each on or before 6 Dec 21	1,060,000		1,060,000	
Exercisable at 36.4 cents each on or before 8 Dec 22	750,000			
Exercisable at 36.4 cents each on or before 8 Dec 22	450,000			
	<b>7,760,000</b>		<b>6,560,000</b>	

### Performance rights and reserve movements

	31 Dec 2019		30 Jun 2019	
	Rights	\$	Rights	\$
<b>Opening balance</b>	-	-	500,000	52,091
Performance Rights issued to Directors	750,000	266,250		47,909
Performance Rights issued to Employees	450,000	148,500		
Performance Rights converted to ordinary shares	-	-	(500,000)	(100,000)
<b>Closing balance</b>	<b>1,200,000</b>	<b>414,750</b>	<b>-</b>	<b>-</b>
Exercisable on or before 8 December 2022				

## 9. Share-based payments

During the period, 1,200,000 options over the shares in the Company were issued to directors and employees. In addition, 1,200,000 performance rights were issued to the directors and employees.

### (a) Options

On 9 December 2019, 750,000 Director Options (60% Class A; 40% Class B) and 450,000 Employee Incentive Options (60% Class A; 40% Class B) were granted.

#### Class A Options

- Granted for no consideration
- Vesting Condition: Company's share price exceeds the S&P/ASX 300 Metals Mining (Industry) Index (XMM) by 10% or more on the second-year anniversary of the date of the issue. Both STN and XMM final price will be determined by the 20 days VWAP.

The fair value of the Class A Options is determined to be 21.1 cents per share (Directors) and 18.2 cents per share (Employees). They were valued using a hybrid employee share options pricing model which uses a correlated simulation that simultaneously calculates the Company's share price and the Index on a risk neutral basis as at the vesting dates with regards to the measurement period. The model inputs were:

## Saturn Metals Limited

### Notes to the financial statements

	Directors	Employees
(a) Exercise price	\$0.364	\$0.364
(b) Grant date	20 November 2019	9 December 2019
(c) Expiry date	8 December 2022	8 December 2022
(d) Share price at issue date	34.65 cents (20 day VWAP)	34.65 cents (20 day VWAP)
(e) Expected price volatility	100%	100%
(f) Expected dividend yield	0.00%	0.00%
(g) Risk-free interest rate	0.71%	0.71%

#### Class B Options

- a. Granted for no consideration
- b. Vesting Condition: Continuous employment for 2 years

The fair value of the Class B options is determined to be 21.9 cents per share (Directors) and 19.8 cents per share (Employees). They were valued on a prorated basis as a result of the vesting conditions attached to these options. The fair value at grant date is independently determined using a Black-Scholes option model that takes into account exercise price, the term of the option and performance rights granted during the half-year ended 31 December 2019 included:

	Directors	Employees
(a) Exercise price	\$0.364	\$0.364
(b) Grant date	20 November 2019	9 December 2019
(c) Expiry date	8 December 2022	8 December 2022
(d) Share price at issue date	34.65 cents (20 day VWAP)	34.65 cents (20 day VWAP)
(e) Expected price volatility	100%	100%
(f) Expected dividend yield	0.00%	0.00%
(g) Risk-free interest rate	0.71%	0.71%

#### (b) Performance Rights

750,000 Director performance rights and 450,000 employee performance rights were granted for nil consideration. The performance rights will vest upon the Company achieving a JORC Compliant Inferred Resource of a greater than 1.5 Moz, at a minimum grade of 0.8g/t at its Apollo Hill and Ra Deposits Area/Corridor within a period of 2 years from the grant of the Performance Rights.

The fair value of the performance rights is determined to be 35.5 cents per share (Directors) and 33.0 cents per share (Employees). The fair value at grant date is independently determined using a Black-Scholes option model that takes into account exercise price, the term of the option and performance rights granted during the half-year ended 31 December 2019 included:

	Directors	Employees
(a) Exercise price	Nil	Nil
(b) Grant date	20 November 2019	9 December 2019
(c) Expiry date	8 December 2022	8 December 2022
(d) Share price at issue date	34.65 cents (20 day VWAP)	34.65 cents (20 day VWAP)
(e) Expected price volatility	100%	100%
(f) Expected dividend yield	0.00%	0.00%
(g) Risk-free interest rate	0.71%	0.71%

## Saturn Metals Limited

### Notes to the financial statements

#### 10. Related Parties

Peel Mining Limited (PEX) holds 27.33% (Jun 19: 31.43%, Dec 18: 35.40%) of Saturn Metals Limited. The Company engaged Peel Mining Limited in a non-exclusive basis to perform and provide administrative services and facilities through a service agreement. Throughout the half-year the Company made reimbursements for costs associated with management services to Peel Mining Limited.

	31 Dec 2019	31 Dec 2018
	\$	\$
<b>(a) Transactions with related parties</b>		
Purchases of management services from associate	80,280	77,838
	<b>80,280</b>	<b>77,838</b>
<b>(b) Outstanding balances arising from purchases of services with related parties</b>	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	\$	\$
<i>Current payables</i>		
Peel Mining Limited	(15,806)	(13,232)
Entities controlled by key management personnel	-	-
	<b>(15,806)</b>	<b>(13,232)</b>

Other than the above, the Company had no other transactions with related parties.

#### 11. Events after the reporting period

There are no matters or circumstances that have arisen since the end of the financial period 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.

## Director's declaration

The Board of Directors of Saturn Metals Limited declares that:

- (a) the financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes are in accordance with the Corporations Act 2001 and:
  - (i) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) give a true and fair view of the financial position as at 31 December 2019 and performance for the half-year ended on that date and
- (b) 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 and is signed for and on behalf of the directors by:



**Ian Bamborough**

Managing Director  
Perth, Western Australia  
25<sup>th</sup> February 2020



## *Auditor's Independence Declaration*

As lead auditor for the review of Saturn Metals Limited for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been:

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

Helen Bathurst

Helen Bathurst  
Partner  
PricewaterhouseCoopers

Perth  
25 February 2020

For personal use only



## **Independent auditor's review report to the members of Saturn Metals Limited**

### ***Report on the half-year financial report***

We have reviewed the accompanying half-year financial report of Saturn Metals Limited (the Company) which comprises the Condensed statement of financial position as at 31 December 2019, the Condensed statement of changes in equity, Condensed statement of cash flows and Condensed statement of profit or loss and other comprehensive income for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

### ***Directors' responsibility for the half-year financial report***

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

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Saturn Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

For personal use only



### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Saturn Metals Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Price Waterhouse Coopers*

PricewaterhouseCoopers

*Helen Bathurst*

Helen Bathurst  
Partner

Perth  
25 February 2020

For personal use only