High Grade Metals

2019 Annual Report

For the Year ended 31 December 2019

CORPORATE INFORMATION

Board of Directors
Mr Anthony Hall –Executive Chairman
Mr Bradley Drabsch – Executive Director
Mr Adrien Wing – Non-Executive Director
Mr Steven Formica – Non-Executive Director

Company Secretary

Mr Adrien M Wing

Registered Office

Level 17
500 Collins Street
MELBOURNE VIC 3000
Phone: +61 3 9614 0600
Fax: + 61 3 9614 0550

Company website

www.highgrademetals.com.au

Australian Securities Exchange Listing

Code: HGM (previously: QNL)

Auditors

BDO Audit (SA) Pty Ltd
Level 7
420 King William Street
ADELAIDE SA 5000

Share Registry

Advanced Share Registry Ltd
110 Stirling Highway
NEDLANDS WA 6009
Phone: +61 8 9389 8033

Australian Solicitors

Baker McKenzie
Tower One – International Towers Sydney
Level 46, 100 Barangaroo Avenue
SYDNEY NSW 2000

Austrian Solicitors

Baker McKenzie
Diwok Hermann Petsche
Rechtsanwälte LLP & Co KG
Schottenring 25
1010 WIEN
AUSTRIA

CONTENTS

DIRECTORS' REPORT

Your Directors submit their report for High Grade Metals Limited ("the Company" "HGM") (previously Quest Minerals Limited) and its controlled entities ("the Group") for period ended 31 December 2019 (prior year comparatives for the six months ending 31 December 2018).

DIRECTORS

The names of the Company's directors in office during the financial period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Director	Position	Appointed	Last elected or re-elected	Resigned
Mr A Hall	Executive Chairman(iii)	11 February 2019	29 May 2019	-
Mr B Drabsch	Executive Director(iv)	3 April 2019	29 May 2019	
Mr A Wing	Non-Executive Director(i)	8 October 2018	30 November 2018	-
Mr S Formica	Non-Executive Director(ii)	3 January 2017	24 November 2017	-
Mr S Francis	Non-Executive Chairman	8 October 2018	30 November 2018	11 February 2019
Mr T Marshall	Managing Director	26 February 2018	19 January 2018	11 February 2019
Mr H Locke	Non-Executive Director	26 February 2018	19 January 2018	11 February 2019

(i) Appointed Company Secretary on 8 October 2018.

(ii) Retired as Chairman on 8 October 2018.

(iii) Appointed Executive Chairman on 11 February 2019.

(iv) Appointed Executive director in 3 April 2019

<u>Company directors' details</u>

The detail of the Company's directors in office during the financial period and until the date of this report are as follows:

Mr Anthony Hall	**Executive Chairman**
Experience	Mr Hall was previously based in Europe as the CEO and Managing Director of an ASX listed Spanish potash developer. During his tenure the Company's market capitalisation grew from A$10m to over A$800m fully diluted; over A$140m was raised to progress the Company's projects; and the projects were transitioned from exploration to completion of Definitive Feasibility Studies. Mr Hall is a qualified lawyer with over 20 years of commercial experience in venture capital, risk management, strategy and business development. He holds a Bachelor of Laws (Hons), Bachelor of Business, a Graduate Diploma of Applied Finance and Investment and is an Associate of the Governance Institute of Australia
Interest in shares & options	Indirect: JAWAF ENTERPRISESS PTY LTD <HALL FAMILY A/C> 12,833,333 fully paid ordinary shares 1,666,666 unlisted options exercisable at 3 cents on or before 30 September 2020

	9,133,333 Class A performance shares 13,300,333 Class B performance shares 10,000,000 Related Party Options
Listed entity directorships	Mr Hall is currently an Executive Director of ASX listed company: American Pacific Borate & Lithium Limited (ASX:ABR) Former directorships in other listed entities in the past 3 years:

Mr Bradley Drabsch	**Executive Director**
Experience	Mr Drabsch has over 20 years of industry experience focussed primarily on the exploration for gold and base metal deposits in Australia, Asia and Africa. He graduated with a BSc (hons) Economic Geology in 1998 and has worked as an Exploration Geologist, Project Geologist and Exploration Manager for companies such as St Barbara, Ivanhoe Mines, Independence Group, Doray Minerals and BHP Billiton.
Interest in shares & options	10,000,000 Related Party Options
Listed entity directorships	Mr Drabsch is currently a Managing Director of ASX listed company: Syndicated Metals Limited (ASX:SMD) Former directorships in other listed entities in the past 3 years: ASX:TKM

Mr Adrien Wing	**Non-Executive Director and Company Secretary**
Qualifications	BCom, CPA
Experience	Mr Wing is a certified practicing accountant. He has worked in audit and corporate advisory of a chartered accounting firm before moving to assist a number of public companies listed on the ASX as a corporate and accounting consultant and company secretary.
Interest in shares & options	12,288,889 ordinary shares 3,000,000 unlisted options exercisable at 3 cents on or before 30 September 2020 6,900,000 Class A Performance Shares 6,900,000 Class B Performance Shares 5,000,000 Related Party Options
Listed entity directorships	Mr Wing is currently a non-executive Director of ASX listed companies: Red Sky Energy Limited (ASX:ROG) and Mithril Resources Limited (ASK:MTH). Former directorships in other listed entities in the past 3 years: nil

Mr Steven Formica	Non-Executive Director
Experience	Mr Formica brings to the Group practical management and business development experience. He has been a successful businessman and operations manager for over 30 years in a number of privately held business ventures including manufacturing, construction, landscape contracting, property development and integrated wholesale and retail industries. More recently he has been a successful investor and non-executive director in mineral resource companies.
Interest in shares & options	11,900,000 ordinary shares 5,000,000 Related Party Options
Listed entity directorships	Mr Formica is currently a non-executive Director of ASX listed companies: Bowen Coking Coal Ltd (ASX: BCB) (previously Cabral Resources Limited-ASX: CBS), Lindian Resources Limited (ASX: LIN) and Veriluma Ltd (ASX: VRI). Former directorships in other listed entities in the past 3 years: Orminex Limited (ASX: ONX)

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial period was mineral exploration including the exploration and evaluation of opportunities located domestically and internationally.

OPERATING RESULTS

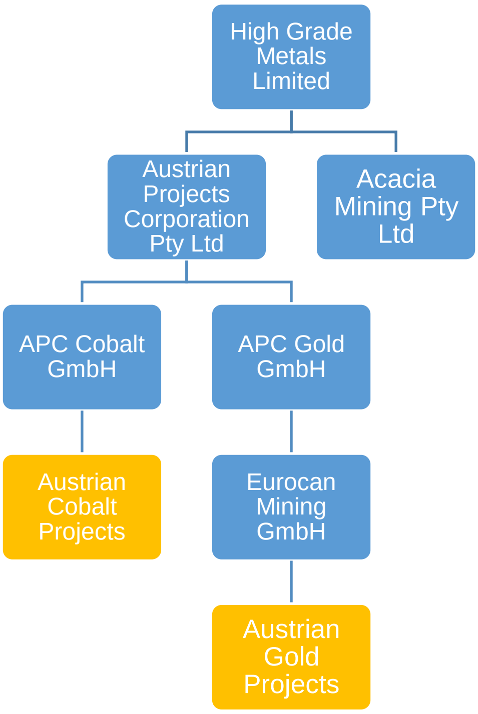
The Consolidated Entity's operating loss after tax for the period ended 31 December 2019 was $5,640,918 (6 months year ended December 2018 $363,307). The current year loss includes an impairment of $4,689,565 in respect of the Group's Austrian assets.

FINANCIAL POSITION

At the end of the financial period, the Consolidated Entity had a cash balance of $230,142 (6 months year ended December 2018 $1,802,663) and a net asset position of $130,268 (6 months year ended December 2018: $5,771,661).

DIRECTORS' REPORT

GROUP STRUCTURE



The Group (through its wholly-owned subsidiary APC, and APC's wholly-owned Austrian subsidiaries) is the sole holder of a 100% legal and beneficial interest in the Projects.

REVIEW OF OPERATIONS

Operations

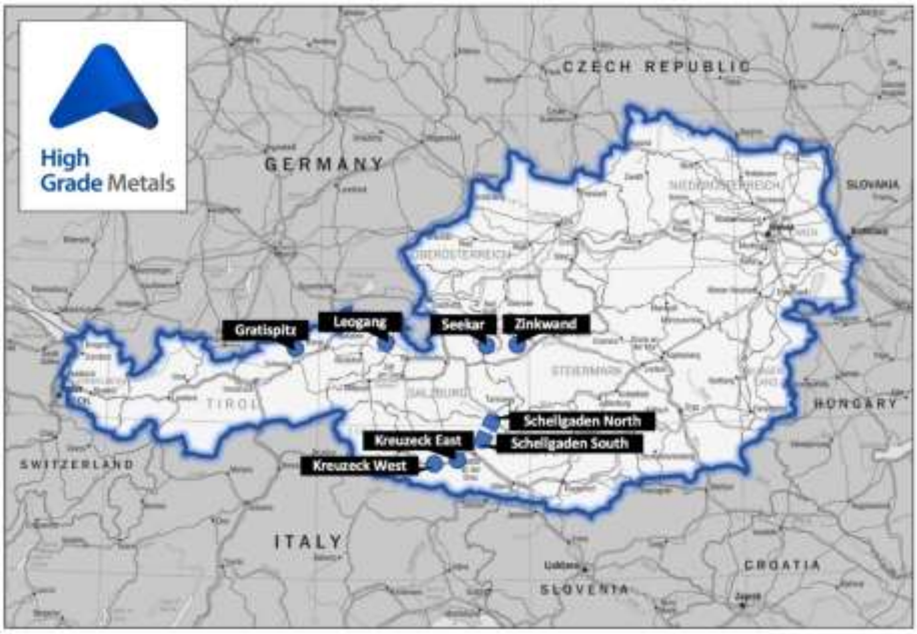


Figure 1: Location map of all projects that the Company has within Austria

High Grade Metals

DIRECTORS' REPORT

Austrian Gold Projects

The Company has a 100% interest in five Austrian gold projects covering a total of 200km^2.

1. **Schellgaden North Gold Project**

   The project lies within an exploration area of 36 overlapping Freischürfe covering an area of 34km². Located in the historic Schellgaden Mining District (refer Figure 2 below), named after the village of Schellgaden, the focus of the district gold production until the early years of the 20th Century. Gold mining at Schellgaden dates back to pre-Roman times. Known gold mines, such as Stüblbau, date back to the 12th-13th Century and the smaller Schulterbau Mine is likely to be considerably older. Chroniclers described the presence of some 150 gold mines during the heyday of mining in the 16th Century. Accordingly, Schellgaden has been considered one of the richest and most active gold mining districts in Austria. Although frequently interrupted, mining activity continued until the first half of the 20th Century.

2. **Schellgaden South Gold Project**

   The project lies within an exploration area of 121 overlapping Freischürfe covering an area of 68km². The project covers the southern extension of the Schellgaden North Gold Project.

3. **Goldeck-Siflitz Gold Project**

   The project lies within an exploration area of 37 overlapping Freischürfe covering an area of 27.6km². The project covers the historic mine workings of Guginock. The area has been known from the Middle Ages for its deposits of gold and antimony. The large number of mine dumps and traces of collapsed mine entrances that occur across the exploration area, provide testimony to its long history of mining. To the north of the project area lies the ancient Siflitz Gold Mining District, which was exploited during the 16th and 17th centuries from over 106 independent mine sites.

4. **Kreuzeck East Gold Project**

   The project lies within an exploration area of 42 overlapping Freischürfe covering an area of 20.5km². The project covers two famous old mining districts; the high grade gold mines north of Lengholz and the stibnite deposits of Lessnig-Radlberg that sit within the Goldeck-Kreuzeck Mining District. Compared to the other projects, little is known about these mines and others within the project area as they have been abandoned for some time and are inaccessible.

5. **Kreuzeck West Gold Project**

   The project lies within an exploration area of 44 overlapping Freischürfe covering an area of 23.9km². The projects also sits within the Goldeck-Kreuzek Mining District and includes four significant historical mines; Rabant, Gurskerkammer, Fundkofel, and Knappenstube-Strieden.

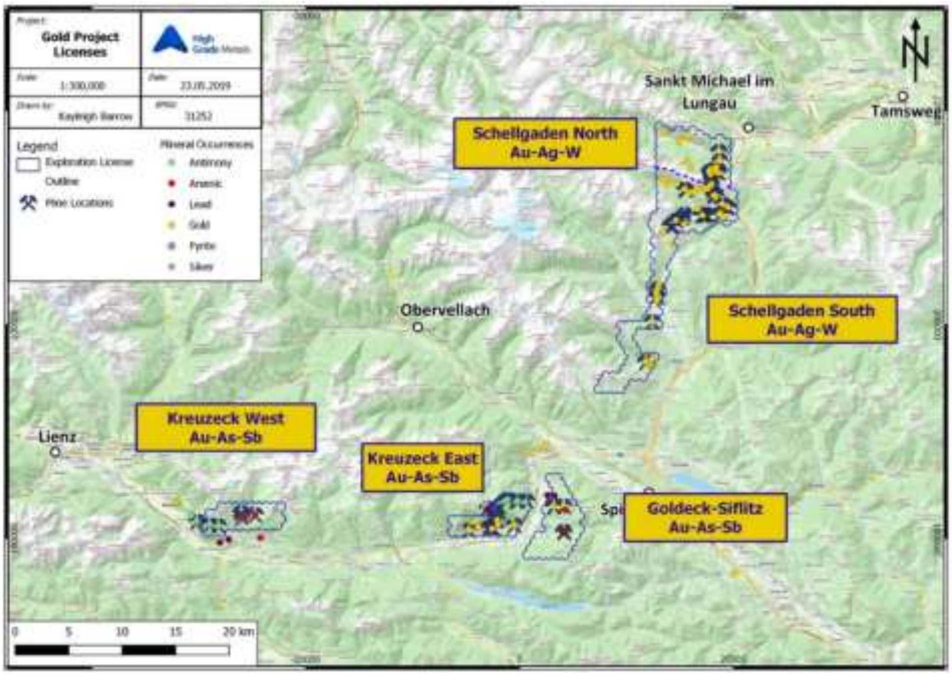


Figure 2: Location map showing the Company's Austrian Gold Projects

Austrian Copper, Cobalt and Nickel Projects

The Company has a 100% interest in four Austrian projects covering a total of 85km^2.

1. **Leogang Cobalt, Copper, Nickel Project**

   The project lies within an exploration area of 63 overlapping Freischürfe covering an area of 27km². The project covers one of the oldest and most famous mining localities in Austria, the Schwarzelo Valley, where mining was first documented in 1425. Nickel and cobalt were mined in the region from the mid-16th century when Leogang was famed for the diversity of its mineralogy and rich ore. At various times in its past, cobalt, nickel, copper and silver have been mined at Leogang. Mines include the Nöckelberg and Leogang mines.

2. **Gratlspitz Cobalt, Copper, Nickel Project**

   The flagship project lies within an exploration area of 132 overlapping Freischürfe covering an area of 53km². The project lies within the Schwaz-Brixlegg Mining District, a renowned mining region, famous as the type locality of the mercurian fahlore variety 'schwazite'. The region was a significant producer of copper and cobalt. Exploitation of copper deposits dates back to the Late Bronze Age (9th Century BC – Breitenlechner et al., 2013). The first recording of a copper and silver refinery at Brixlegg dates back to 1463. Between 1420 and 1827, it has been estimated that some 190,000 tonnes of copper and 2,600 tonnes of silver were mined in this area. Cobalt occurrences are located at "Silberberg" (2 km south-southeast of Brixlegg), "Geyer", which lies close to Zimmermoos, 2 km - 6 km southeast of Brixlegg, and on the flanks of Gratlsptz Mountain.

3. **Seekar Cobalt, Copper and Nickel Project**

   The project lies within an exploration area of 9 overlapping Freischürfe covering an area of approximately 4km². The project covers historic mine sites first established during the 16th century and mined intermittently through to 1923. Mineralisation is associated with hydrothermal vein sulphides and is typically polymetallic, copper, silver, nickel and cobalt. Vein thicknesses of up to 2m have been historically mined.

4. **Zinkwand Cobalt, Copper and Nickel Project**

The project lies within an exploration area of 2 overlapping Freischürfe covering an area of approximately 1km². The project covers the site of historic sulphide mining including both cobalt and nickel. Several historical mining adits are still accessible within the project area.

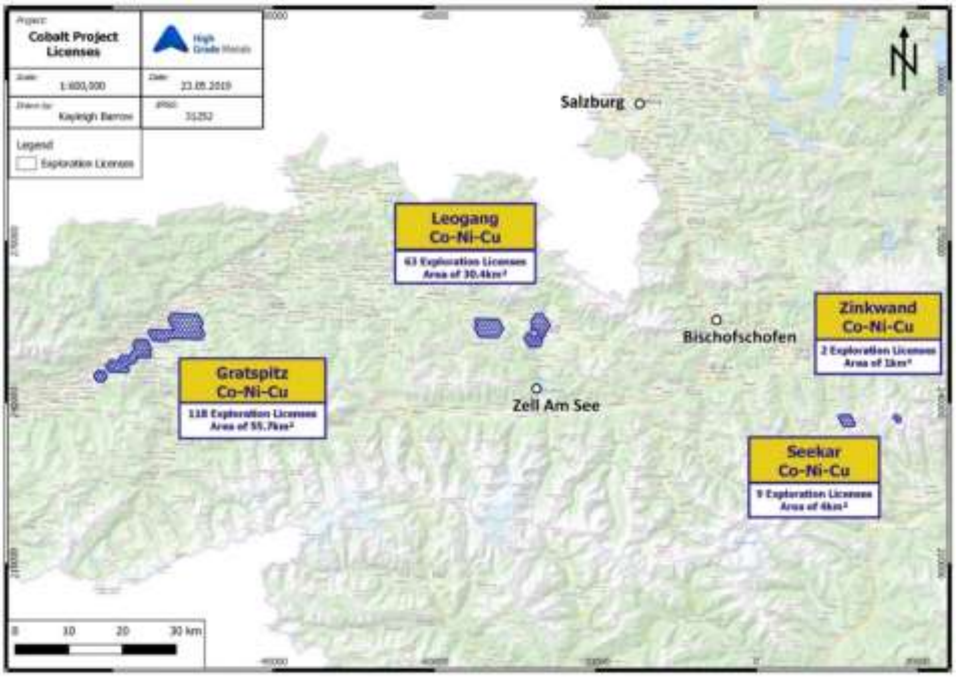


Figure 4 – Location map showing the Company's Cobalt, Copper and Nickel Projects in Austria

The Company is assessing its strategy with respect to advancing the Austrian asset package and how best to do this. The company is actively seeking partnerships to assist with the exploration and development of these assets. The current winter season in Austria provides some down time in order to continue this process in the hope of satisfactory outcome. In the meantime, new project opportunities are being actively sought to augment the Austrian Project suite.

Victory Bore Project E57/1036

On 24 April 2019 the Group completed the sale of its non-core Victory Bore vanadium project asset which was recognised as an asset held-for-sale at 31 December 2018, to ASX listed Surefire Resource NL ("SRN") for:

- $500,000 in cash;
- 62,500,000 SRN shares (escrowed for six months);
- $650,000 in cash consideration within 60 days of SRN announcing a PFS for the project with an IIR of over 20%; and
- $650,000 in cash or share consideration within 60 days of SRN announcing a decision to mine.

DIRECTORS' REPORT

Corporate

Material Acquisition

On 16 July 2019 the Company requested a trading halt pending an announcement in relation to a material acquisition.

As subsequently announced on 26 November 2019, HGM reported that it had received confirmation from the directors of the target company that progress has been made that should allow HGM to proceed to the next step in the acquisition process with a view to announcing more details as soon as possible. The Company continues to work with the ASX and the project vendors to secure a successful outcome with respect to the acquisition. It is currently the intention of the Company to remain in suspension until all aspects of the transaction are finalised. Details will be released to the market as soon as possible following the completion of legal, regulatory and statutory requirements.

The Directors understand that the process is a lengthy and complex one and appreciate the patience being shown by shareholders.

Board changes

On 11 February 2019, Mr Anthony Hall was appointed Executive Chairman following the resignation of Mr Torey Marshall as Managing Director. At this time, Mr Hayden Locke and Mr Simon Francis also resigned from the Board to reduce director numbers to three.

On 3 April 2019, Mr Bradley Drabsch was appointed as Executive Director.

Annual General Meeting

The Annual General Meeting was held on Wednesday 29 May 2019 with all resolutions approved by shareholders.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for Directors and Key Management Personnel of High Grade Metals Limited.

The key management personnel of High Grade Metals Limited for the financial period consisted of the following directors:

- Anthony Hall was appointed as Executive Chairman on 11 February 2019;
- Brad Drabsch was appointed Executive Director on 3 April 2019;
- Adrien Wing was appointed as non-executive director and company secretary on 8 October 2018;
- Steven Formica was appointed non-executive director on 3 January 2017 (non-executive chairman from 18 January 2017 to 8 October 2018);
- Simon Francis was appointed as non-executive chairman on 8 October 2018 (resigned 11 February 2019).
- Hayden Locke was appointed non-executive director on 26 February 2018 (resigned 11 February 2019) ; and
- Torey Marshall was appointed managing director and chief executive officer on 26 February 2018 (resigned 11 February 2019);

DIRECTORS' REPORT

Shareholders AGM votes on Remuneration Report

The Company received 90% of 'yes' proxy votes and the Remuneration Report for the financial period ending 31 December 2018 was adopted unanimously on a show of hands. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Remuneration policy

The remuneration policy of High Grade Metals Limited has been designed to align Director Objectives with Shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The Board of High Grade Metals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Executives and Directors to run and manage the Group as well as create goal congruence between Directors and Shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members is as follows:

The remuneration policy, setting the terms and conditions for an Executive Director was developed by the Board. The Board reviews Executive packages annually by reference to the Group's performance, Executive performances and comparable information from industry sectors and other listed companies in similar industries.

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by Shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Group.

The full Board reviews recommendations on Remuneration packages and other terms of employment for Executive Directors and other senior Executives. Remuneration packages are set at levels that reflect the nature of the Group's operations and resources. Remuneration for work outside that ordinarily performed by Non-Executive Directors from time to time is determined by the Board.

Executive Directors, are remunerated by way of Directors Fees (including any applicable superannuation), as set out below:

- Anthony Hall $150,000 per annum from date of appointment, 11 February 2019
- Bradley Drabsch $132,000 per annum from date of appointment, 3 April 2019; and an Annual cash bonus up to 30% of based fee in the achievement of agreed milestones.

Non-executive Director and executive remuneration

The remuneration of non-executive directors may not exceed in aggregate in any financial period the amount fixed by the Company and approved by shareholders, currently being $300,000 per annum. Currently, non-executive directors are remunerated by way of director fees (including any applicable superannuation), as set out below:

- Adrien Wing $60,000 per annum from 1 February 2019 (previously $36,000 per annum from date of appointment 26 October 2018 to 31 January 2019);
- Steven Formica $60,000 per annum from 1 February 2019 (previously $36,000 per annum from 8 October 2018 to 31 January 2019; previously $84,000 per annum from 28 February 2018 to 7 October 2018; and

In addition, Mr Wing receives additional remuneration related to Company Secretarial fees $ 58,000

The principal terms of all the non-executive directors are set out in a signed Non-Executive Letter of appointment.

Remuneration of Directors and Key Management Personnel

	Short-term employee benefits Salary & fees[1] $	Annual leave provision $	Post-employment benefits Superannuation $	Share-based payment Equity-settled Shares $	Share-based payment Equity-settled Options $	Total $	Proportion of remuneration Performance related (%)	Proportion of remuneration Value of options (%)
Consolidated and legal parent								
12 month to 31 December 2019								
Anthony Hall	133,333	-	-	-	2,659	135,992	-	-
Bradley Drabsch	99,214	-	-	-	2,659	101,865	-	-
Adrien Wing[3]	57,214	-	-	-	1,330	58,544	-	-
Steven Formica	58,000	-	-	-	1,330	59,330	-	-
Simon Francis[2]	23,548	-	-	-	1,330	24,878	-	-
Torey Marshall[2]	164,517	-	11,771	-	-	176,295	-	-
Hayden Locke[2]	3,000	-	-	-	-	3,000	-	-
Foreign exchange difference	144	-	-	-	-	144	-	-
Total December 2019	**538,970**	**-**	**11,771**	**-**	**9,308**	**560,048**	**-**	**-**
Consolidated and legal parent								
6 month to 31 December 2018								
Simon Francis[2]	27,419	-	-	-	-	27,419	-	-
Adrien Wing[3]	13,225	-	-	-	-	13,225	-	-
Steven Formica	34,000	-	-	-	-	34,000	-	-
Torey Marshall[2]	106,250	17,373	10,094	-	-	133,717	-	-
Hayden Locke[2]	30,000	-	-	-	-	30,000	-	-
David Palumbo	10,000	-	-	-	-	10,000	-	-
Foreign exchange difference	(635)	-	-	-	-	(635)	-	-
Total December 2018	**220,259**	**17,373**	**10,094**	**-**	**-**	**247,726**	**-**	**-**

(1) The salary and fees are all paid in cash and there is no profit share or bonuses.

(2) Mr Francis, Mr Marshall and Mr Locke resigned as directors on 11 February 2019.

(3) Mr Wing remuneration includes $58,000 (2018: $5,000) in respect of his company secretarial services that are invoiced via Northern Star Pty Ltd, a related party of Adrien Wing.

Nomination and Remuneration Committee

The Board is responsible for establishing the Company's remuneration policies and practices and to ensure they match the group's objectives. The Company's Board proposed the Managing Director's total remuneration package and is responsible for reviewing the non-executive remuneration. The Board is of the opinion that given the size and circumstances of the Company, the functions of the Remuneration Committee are more readily attended to by the Board than a separate committee. The Board did not engage any remuneration consultants during the period.

KMP Options Holdings

The number of options over ordinary shares held by each KMP of the Group during the financial period is as follows:

Name	Balance at start of period	Commencing /(ceasing) Office	Granted as remuneration during the period	Acquired during the period	Expired during the period	Balance at end of period
S Francis[1]	-	-	5,000,000	-	-	5,000,000
A Wing[2]	3,000,000	-	5,000,000	-	-	8,000,000
A Hall [3]	-	10,000,000	-	-	-	10,000,000
B Drabsch [4]	-	10,000,000	-	-	-	10,000,000
S Formica[5]	-	-	5,000,000	-	-	5,000,000
T Marshall[6]	20,000,000	-	-	-	-	20,000,000
H Locke[7]	2,000,000	-	-	-	-	2,000,000
Total	25,000,000	20,000,000	15,000,000	-	-	60,000,000

(1) Mr Francis resigned as a director on 11 February 2019 at which time he held nil Options; 29 April 2019 shareholders approve to grant him 5,000,000 Related Party Options exercisable at 3 cents on or before 30 June 2022;

(2) Mr Wing held 3,000,000 unlisted options exercisable at 3 cents on or before 30 September 2020. The securities are held by Northern Star Pty Ltd, a related party of Adrien Wing. 29 April 2019 shareholders approve to grant him 5,000,000 Related Party Options exercisable at 3 cents on or before 30 June 2022;

(3) Mr Hall was appointed as a Director on 11 February 2019 at which time he held nil Options. 29 April 2019 shareholders approve to grant him 10,000,000 Related Party Options exercisable at 3 cents on or before 30 June 2022;

(4) Mr Drabsch was appointed as a Director on 3 April 2019 at which time he held nil Options. 29 April 2019 shareholders approve to grant him 10,000,000 Related Party Options exercisable at 3 cents on or before 30 June 2022;

(5) S Formica held nil options and was granted 29 April 2019 shareholders approve to grant him 5,000,000 Related Party Options exercisable at 3 cents on or before 30 June 2022;

(6) 20,000,000 options exercisable at $3 cents on or before 30 September 2018 are held by Torey Marshall <Torey Marshall Family Trust>, an entity controlled by Mr Marshall. Mr Marshall acquired the options as part of the APC acquisition, at which time they vested.

(7) 2,000,000 options exercisable at $3 cents on or before 30 September 2018 are held by Hyden Locke. Mr Locke acquired the options as part of the APC acquisition, at which time they vested.

There has been no change in KMP options holdings since the period end.

KMP Performance Shares Holdings

The number of Performance Shares held by each KMP of the Group during the financial period is as follows:

Name	Balance at start of period	Commencing/ (ceasing) Office	Granted as remuneration during the period	Acquired during the period	Expired during the period	Balance at end of period
A Hall (2)	-	22,433,333	-	-	-	22,433,333
B Drabsch (3)	-	-	-	-	-	-
A Wing(1)	13,800,000	-	-	-	-	13,800,000
S Formica	-	-	-	-	-	-
H Locke(5)	2,000,000	-	-	-	-	2,000,000
T Marshall(4)	13,300,000	-	-	-	-	13,300,000
Total	29,100,000	24,433.333	-	-	-	53,533,333

(1) Mr Wing was appointed as a director on 8 October 2018 at which time he held 6,900,000 Class A Performance Shares and 6,900,000 Class B Performance Shares. Securities are held by Northern Start Pty Ltd, a related party of Adrien Wing. Mr Wing acquired the Performance Shares as part of the APC acquisition.

(2) Mr Hall was appointed as a director on 11 February 2019 at which time he held 9,133,333 Class A Performance Shares and 13,300,00000 Class B Performance Shares. Securities are held by Jawaf Enterprise Pty Ltd, a related party of Anthony Hall. Mr Hall acquired the Performance Shares as part of the APC acquisition

(3) Mr Drasbch was appointed as a director on 4 April 2019 at which time he held nil Performance Shares.

(4) 6,650,000 Class A Performance Shares and 6,650,000 Class B Performance Shares are held by Torey Marshall <Torey Marshall Family Trust>, an entity controlled by Mr Marshall. Mr Marshall acquired the Performance Shares as part of the APC acquisition.

(5) 1,000,000 Class A Performance Shares and 6,650,000 Class B Performance Shares are held by Hayden Locke. Mr Locke acquired the Performance Shares as part of the APC acquisition.

The Performance Shares are not part of KMP remuneration packages, they were issued as part of the APC acquisition. There has been no change in KMP performance shares holdings since the period end.

Terms and conditions of Class A Performance Shares Terms

The Class A Performance Shares were issued on 26 February 2018.

Each Class A Performance Share will convert into an Ordinary Fully Paid Share on a one-for-one basis, upon the delineation of a JORC-compliant Mineral Resource estimate of at least Inferred category (as defined in the JORC Code) of a minimum of 500,000 ounces of gold or gold equivalent (in accordance with clause 50 of the JORC Code) at an average grade of at least 8 grams per tonne (Class A Milestone).The Class A Milestone must be determined to have been achieved, or not achieved, by no later than 5.00pm on the date that is one month after the Expiry Date, being 25 February 2023. The Class A Milestone has not been achieved as at 31 December 2019 or the date of this report.

Terms and conditions of Class B Performance Shares

The Class B Performance Shares were issued on 26 February 2018.

Each Class B Performance Share will convert into an Ordinary Fully Paid Share on a one-for-one basis, upon completion of a positive Scoping Study (as defined in the JORC Code) in relation to any one or more Austrian Cobalt Project by an independent third-party expert which evidences an internal rate of return greater than 20% (using publicly available industry assumptions including deliverable spot commodity/mineral prices which are independently verifiable), provided that the total cumulative EBITDA over the life of the relevant Austrian Cobalt Project is over $US50,000,000, and provided that (while the Company remains listed on the ASX) the Scoping Study is released as an announcement on the ASX Announcements Platform and is not required by reason of regulatory intervention by ASX or ASIC to be retracted within a period of one month from the date of its release (Class B Milestone). The Class B Milestone must be determined to have been achieved or not achieved by no later than 5.00pm on the date that is one month after the Expiry Date, being 25 February 2023. The Class B Milestone has not been achieved as at 31 December 2019 or the date of this report.

KMP shareholdings

The number of ordinary shares in the Company held by each KMP of the Group during the financial period is as follows:

	Balance at start of period	Commencing/ (ceasing) Office	Issued during the period	Purchased/ (sold) during the period[1]	Balance at end of period
A Hall[1]	-	12,833,333	-	-	12,833,333
B Drabsch	-	-	-	-	-
A Wing[2]	12,288,889	-	-	-	12,288,889
S Formica[3]	11,900,000	-	-	-	11,900,000
S Francis[4]	85,000	-	-	-	85,000
T Marshall[5]	8,500,000	-	-	-	8,500,000
H Locke[6]	1,000,000	-	-	-	1,000,000
Total	33,773,889	12,833,333	-	-	46,607,222

(1) Mr Hall was appointed as a director on 11 February 2019 at which time he held 12,833,333 shares. Securities are held by Jawaf Enterprise <Hall Family A/C>, a related party of Mr Hall

(2) 12,288,889 shares are held in total by Northern Star Nominees Pty Ltd, a related party of Adrien Wing.

(3) 11,900,000 Shares are held in total by Stevsand Holdings Pty Ltd <Formica Horticultural A/C> and Stevsand Investments Pty Ltd <Steven Formica Family A/C>, companies of which Mr Formica is a director.

(4) 85,000 shares are held by Simon Francis.

(5) 8,500,000 shares are held by Torey Marshall <Torey Marshall Family Trust>, an entity controlled by Mr Marshall.

(6) 1,000,000 shares are held by Hayden Locke.

There has been no change in KMP shareholdings since the period end.

END OF REMUNERATION REPORT (AUDITED)

DIRECTORS' REPORT

DIVIDENDS

The directors do not recommend the payment of a dividend for this financial period. No dividends have been paid or declared by the Company since the end of the previous financial year.

DIRECTORS' MEETINGS

The number of Directors' meetings held in the six months and the number of meetings attended by each Director during the period were as follows:

Name	**Directors' Meetings**	
	No. of meetings held while in office	Meetings attended
A Hall	8	6
B Drabsch	6	5
A Wing	8	8
S Formica	8	8
T Marshall	1	1
H Locke	1	1

It is noted that the Directors were able to attend to business of the Company during the period by circulated resolution and telephone meetings as permitted by the Company's Constitution in place of conducting meetings.

As at the date of this report, the Consolidated Entity did not have an audit committee, as the directors believe the size of the Consolidated Entity and the size of the Board do not currently warrant its existence.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of Directors there were no significant changes in the state of affairs of the group that occurred during the financial period under review not otherwise disclosed in this report or the consolidated financial statements.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

Other than as referred to in the Review of Operations, further information as to likely developments in the operations of the Consolidated Entity would, in the opinion of the Directors, be speculative and may hinder the Consolidated Entity in the achievement of its commercial objectives.

UNQUOTED OPTIONS

The Company had on issue 135,500,000 (December 2018: 100,500,000) unquoted options at the end of the financial period and at the date of this report; the movements and terms and conditions are as follows:

Exercise price	$0.03	$0.12	$0.03	$0.03	$0.03
Expiry date	**30 Jun 2022**	**30 Sept 2020**	**30 Sept 2020**	**30 Sept 2020**	**30 Sept 2020**
Escrow restriction	**-**	**-**	**7 Mar 2020**[2]	**7 Mar 2019**[1]	**-**
	No	**No**	**No**	**No.**	**No.**
At the beginning of the reporting period	-	3,000,000	61,350,000	3,650,000	**32,500,000**
Options issued during the period:	35,000,000	-	-	-	-
Options expired during the period	-	-	-	-	-
At the end of the reporting period and at the date of this report	35,000,000	3,000,000	61,350,000	3,650,000	32,500,000

(1) Escrow period ended 7 March 2019

(2) Escrow period ended 7 March 2020

During, and since the end of, the financial period, no fully paid ordinary shares were issued by virtue of the exercise of options (December 2018: Nil). None of the options on issue entitle the holder to participate in any share issue of the Company or any other body corporate.

The options have been valued using the Black-Scholes option pricing model:

	12 months ended 31 Dec 2019	**6 months ended 31 Dec 2018**
	$	$
Opening balance	**85,173**	**85,173**
Issue of 35,000,000 options on 20 May 2019 [1]	9.307	-
Total	94,480	85,173

(1) On 20 May 2019 35,000,000 options were granted to Directors at a fair value of $0.001 per option. The issue of options was approved by shareholder at the Company's Annual General Meeting held on 20 May 2019. The Company have calculated the fair value using the Black-Scholes option pricing model. The fair value at 31 December 2019 of the options granted is $48,603.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's exploration operations are subject to environmental regulations under Commonwealth and State legislation where those operations are in Australia (asset disposed of after the end of the financial period). Where the Groups exploration operations are in Austria, it is subject to environmental regulations in that jurisdiction. The Directors believe that the Group has adequate systems in place for the management of the requirements under those regulations, and are not aware of any breach of such requirements as they apply to the Group.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has entered into deeds of indemnity with each director and the company secretary whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings.

DIRECTORS' REPORT

The Company has paid premiums to insure each of the directors and the company secretary against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The disclosure of the amount of the premium is prohibited by the insurance policy.

The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Company support and have adhered to the principles of Corporate Governance. Refer to the Company's Corporate Governance Statement at www.highgrademetals.com.au.

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.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001, is set out on the following page and forms part of the Directors' report.

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

NON-AUDIT SERVICES

There were non-audit services provided by the external auditors (BDO) in relation to an independent expert report.

SIGNED in accordance with a resolution of the directors

Anthony Hall
Executive Chairman
Melbourne, 24 March 2020

Tel: +61 8 7324 6000
Fax: +61 8 7324 6111
www.bdo.com.au

Level 7, BDO Centre
420 King William Street
Adelaide SA 5000
GPO Box 2018, Adelaide SA 5001
AUSTRALIA

DECLARATION OF INDEPENDENCE
BY G K EDWARDS
TO THE DIRECTORS OF HIGH GRADE METALS LIMITED

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

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

This declaration is in respect of High Grade Metals Limited and the entities it controlled during the period.

G K Edwards
Director

BDO Audit (SA) Pty Ltd

Adelaide, 24 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	12 months ended 31 Dec 2019 $	6 months ended 31 Dec 2018 $
Other income			
Financial income	3	6,128	13,376
Miscellaneous Income		4,317	
Sale proceeds in relation to disposal of exploration asset		847,500	
Costs associated with disposal of exploration asset		(310,146)	
Carrying value of exploration asset disposed		(155,911)	-
Total other income		391,888	13,376
Expenses			
Corporate expenses	4	(1,161,181)	(342,742)
Impairment – APC Austria Assets	13	(4,689,565)	-
Administrative expenses		(108,269)	(33,941)
Total Expenses		(5,959,015)	(376,683)
Loss before income tax expense		(5,567,127)	(363,307)
Income tax expense	5	(73,791)	-
Loss for the period		(5,640,918)	(363,307)
Item that will not be reclassified subsequently to profit or loss net of tax			
Other comprehensive income			
Foreign exchange on the translation of subsidiaries		(9,780)	31,322
Total other comprehensive loss, net of tax		(9,780)	31,322
Total comprehensive loss for the period		(5,650,698)	(331,985)
Basic and diluted loss per share			
Loss per share (cents per share)	6	(1.245)	(0.08)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	31 Dec 2019	31 Dec 2018
ASSETS		$	$
Current assets			
Cash and cash equivalents	8	230,142	1,802,663
Trade and other receivables	9	49,485	95,374
Other assets	10	137,169	138,704
Assets held for sale	11	-	155,911
Financial Assets at fair value through profit or loss	12	172,500	
Total current assets		589,296	2,192,652
Non-current assets			
Exploration and evaluation expenditure	13	4,689,565	4,108,874
Accumulated Impairment Losses		(4,689,565)	
Total non-current assets		0	4,108,874
TOTAL ASSETS		589,296	6,301,526
LIABILITIES			
Current liabilities			
Trade and other payables	14	459,028	529,865
Total current liabilities		459,028	529,865
TOTAL LIABILITIES		459,028	529,865
NET ASSETS		130,268	5,771,661
EQUITY			
Contributed equity	15	10,184,747	10,184,747
Reserves	15	109,043	109,519
Accumulated losses		(10,163,522)	(4,522,605)
TOTAL EQUITY		130,268	5,771,661

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Contributed Equity	Accumulated Losses	Other Reserves	Total Equity/ (Deficiency)
	$	$	$	$
Balance at 1 July 2018	10,184,747	(4,159,298)	78,197	6,103,646
Loss after income tax expense for the period	-	(363,307)	-	(363,307)
Other comprehensive income for the period, net of tax	-	-	31,322	31,322
Total comprehensive loss for the period	-	(363,307)	31,322	(331,985)
Securities issued during the period	-	-	-	-
Share issue costs	-	-	-	-
Transactions with owners	-	-	-	-
Balance at 31 December 2018	10,184,747	(4,522,605)	109,519	5,771,661
Balance at 1 January 2019	10,184,747	(4,522,605)	109,519	5,771,661
Loss after income tax expense for the period	-	(5,640,918)	-	(5,640,918)
Other comprehensive income for the period, net of tax	-	-	(9,782)	(9,782)
Total comprehensive loss for the period	-	(5,640,918)	(9,782)	(5,650,700)
Securities issued during the period	-	-	9,307	9,307
Share issue costs	-	-	-	-
Transactions with owners	-	-	9,307	9,307
Balance at 31 December 2019	10,184,747	(10,163,523)	109,043	130,268

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

High Grade Metals

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	12 months ended 31 Dec 2019 $	6 months ended 31 Dec 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		6,128	13,376
Payment to suppliers and employees		(874,679)	(464,675)
Net cash used in operating activities	20	(868,551)	(451,299)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash acquired via reverse takeover		-	-
Payment for Exploration assets		(902,524)	(1,368,542)
Sale of Exploration assets		200,000	50,000
Net cash provided by investing activities		(702,524)	(1,318,542)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares and options		-	-
Share issue expenses		-	-
Net cash provided by financing activities		-	-
Net increase in cash held		(1,571,075)	(1,769,841)
Cash and cash equivalents at beginning of financial period		1,802,663	3,569,479
Effect of Exchange rate changes		(1,446)	3,025
Cash and cash equivalents at end of financial period	8	230,142	1,802,663

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of High Grade Metals Limited ("the Company") and its Controlled Entities ("the Group"). High Grade Metals Limited is a listed public Company, incorporated and domiciled in Australia.

During 2018, the Company's Australian entities, High Grade Metals Limited, Austrian Project Corporation Pty Ltd and Acacia Mining Pty Ltd have changed their financial year end from 30 June to 31 December to synchronise with its Austrian subsidiaries. This financial report presents the performance of the Group for the twelve-month period ended 31 December 2019 (comparative period is a six month period ending 31 December 2018) and the consolidated statement of Financial Position as at 31 December 2019 (comparative as at 31 December 2018).

The financial statements were authorised for issue on 23 March 2020 by the Directors of the Company.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under the Australian Accounting Standards. Monetary amounts are expressed in Australian dollars.

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. The financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

a. Principles of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries at 31 December 2019. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All Australian subsidiaries have changed their reporting date from 30 June to 31 December. The Austrian subsidiaries have a 31 December reporting date for tax and accounting purposes.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

b. Income tax

The income tax expense/(income) for the period comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one period of abandoning the site.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development. Where an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

d. Financial Instruments

Classification and measurement

Except for certain trade receivables the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group’s business model for managing the assets; and whether the instruments’ contractual cash flows represent ‘solely payments of principal and interest’ on the principal amount outstanding (the ‘SPPI criterion’).

Significant accounting estimates and judgments for share based payments values

The Group estimates the probability of award of performance rights issued to key management personnel and other consultants and advisors by reference to the likelihood that the performance measures will be met by the holders of those performance rights as at the date at which they are granted. The probability is considered binary (100% or 0%) for each class of performance rights and only where there is a high risk of failure to achieve the performance measures will 0% be used (e.g. stretch targets).

Impairment

From 1 January 2019 the group assesses on a forward looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

e. Contributed equity

Issued and paid up-capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

f. Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed of.

g. Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

Equity-settled compensation

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions)

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes pricing model which incorporates all market vesting conditions.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

The cost of equity-based transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If any equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

h. Provisions

Provisions are recognised when the Group 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.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

i. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

j. Revenue and other income

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

Interest revenue is recognised using the effective interest rate method.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

All revenue is stated net of the amount of goods and services tax.

k. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

l. Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST or VAT, except where the amount of GST/VAT incurred is not recoverable from the Australian Taxation Office or Austrian Taxation Office (Tax Office).

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

Cash flows are presented on a gross basis. The GST and VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the Tax Office are presented as operating cash flows included in receipts from customers or payments to suppliers.

m. Comparative figures

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

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

n. Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements 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 Group.

Key estimates

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by the Australian Taxation Office.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a valuation model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Exploration and Evaluation Expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in Note 1(c).

o. Earnings per Share

Basic earnings per share is calculated as net loss attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net loss attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends)
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

p. Share-based payments

Equity settled transactions:

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

q. Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The Group has incurred a loss after tax of $5,640,918 and operations were funded by a net cash outflow of $868,551.

The Group's ability to continue as going concern is contingent on raising additional capital and scaling back activity in the short term. These matters indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that may be necessary if the Group is unable to continue as a going concern.

r. Changes in accounting policies and disclosure

In the period ended 31 December 2019, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. No new or amended Australian Accounting Standards and Interpretations that are issued, but not yet effective, have been early adopted. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

s. New Accounting Standards and Interpretations adopted

The Company adopted AASB 16 Leases from 1 January 2019. The entity currently has no leases; there is no impact from the adoption of AASB 16.

NOTE 2: PARENT INFORMATION

The following information has been extracted from the books and records of the legal parent, being High Grade Metals Limited, and has been prepared in accordance with Accounting Standards.

STATEMENT OF FINANCIAL POSITION	31 Dec 2019 $	31 Dec 2018 $
ASSETS		
Current assets	93,377	1,713,626
Non- Current assets	329,379	4,193,267
TOTAL ASSETS	422,756	5,906,893
	31 Dec 2019 $	**31 Dec 2018 $**
LIABILITIES		
Current liabilities	292,488	135,232
TOTAL LIABILITIES	292,488	135,232

EQUITY		
Issued capital	102,552,496	102,552,496
Share option reserve	1,817,545	1,808,238
Accumulated losses	(104,239,773)	(98,589,073)
TOTAL EQUITY	130,268	5,771,661

STATEMENT OF COMPREHENSIVE INCOME

	12 months ended 31 Dec 2019	6 months ended 31 Dec 2018
	$	$
Loss for the period	(7,607,133)	(2,319,281)
Other comprehensive income for the period	-	-
Total comprehensive loss for the period	(7,607,133)	(2,319,281)

Guarantees
The Company has not entered into any guarantees, in the current or previous financial period, in relation to the debts of its subsidiaries.

Contingent Assets and Liabilities
Details of contingent assets and liabilities are set out in Note 18.

Contractual commitments
Details of contractual commitments are set out in Note 17.

At 31 December 2019, the Company had not entered into any contractual commitments for the acquisition of property, plant and equipment (December 2018: Nil).

NOTE 3: OTHER INCOME

	Note	12 months ended 31 Dec 2019	6 months ended 31 Dec 2018
		$	$
Interest income		6,128	13,376
Miscellaneous Income		4,317	-
Sale proceeds in relation to disposal of exploration asset		847,500	-
Cost associated with the disposal of exploration asset		(310,146)	-
Carrying value of exploration asset disposed	11	(155,911)	-
Profit on sale of asset		381,443	-
Total other income		391,888	13,376

On 24 April 2019 the Group completed the sale of its non-core Victory Bore vanadium project asset which was recognised as an asset held-for-sale at 31 December 2018, to ASX listed Surefire Resource NL ("SRN") for:

- $500,000 in cash of which $50,000 was received in the period ended 31 December2018;
- 62,500,000 SRN shares (escrowed for six months) valued at $312,500 on 29 April 2019;

Future sale consideration amounting to $1,300,000 will be recognised when the following is achieved:

- $650,000 in cash consideration within 60 days of SRN announcing a PFS for the project with an IR of over 20%; and
- $650,000 in cash consideration within 60 days of SRN announcing a decision to mine.

At 31 December 2019 the market value of the 62,500,000 SRN shares was $0.003 per share, resulting in a loss on financial assets measured at fair value through profit and loss of $115,000.

NOTE 4: LOSS FOR THE PERIOD

Loss from ordinary activities before income tax expenses has been arrived at after charging the following items:

		12 months ended 31 Dec 2019	6 months ended 31 Dec 2018
Corporate expenses		**$**	**$**
ASX & ASIC		41,136	19,760
Accounting and company secretarial fees		27,767	24,389
Audit fees		49,471	19,577
Consulting fees		30,660	15,000
Director fees		525,087	162,432
Superannuation expense		11,771	3,365
Professional Fees		95,295	-
Legal fees		146,525	56,991
Marketing and travel expenses		107,834	31,997
Share registry fees		10,635	10,865
Loss in financial assets measured at fair value through profit or loss	3	115,000	-
		1,161,118	342,742

NOTE 5: INCOME TAX

A reconciliation between tax revenue and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:

	12 months ended 31 Dec 2019	6 months ended 31 Dec 2018
	$	**$**
Accounting loss before tax from continuing operations	(5,567,377)	(363,307)
At the parent entity's statutory income tax rate of 27.5% (2018: 30%)	(1,531,029)	(99,910)
• Non-deductible expenses	-	-
• Deductible equity raising costs	-	-
• Unused tax losses and temporary differences not recognised as deferred tax assets	1,604,820	99,910
Income tax attributable to entity	73,791	-

As at 31December 2019, the Company recognised a current tax liability of $73,791 (2018: $nil), consisting of Australian tax relating to the gain on sale of its non-core Victory Bore vanadium project n 24 April 2019.

Franking Credits

	12 months ended 31 Dec 2019 $	**6 months ended 31 Dec 2018 $**
Franking credits available for subsequent financial years based on a tax rate of 27.5%(2018: 30%)	73,791	-

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date

Deferred tax not brought to accounts, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(b) occur:

	12 months ended 31 Dec 2019 $	**6 months ended 31 Dec 2018 $**
Losses available for offset against future tax liabilities (at 27.5%)	6,833,791	5,229,040
Deductible temporary differences	(177,924)	13,995
	6,655,867	5,243,035

The Group has based its workings on the current 27.5% tax rate, on the basis that the Group has future taxable profits it is likely that the Group will not be a Small Business Entity (SBE) and therefore the tax rate applicable will be 27.5%.

The Continuity of Ownership Test (COT), or failing that, the Same Business Test, has not been considered to determine whether tax losses can be carried forward as at 31 December 2018. The recovery of the losses is subject to satisfaction of the tax loss recoupment rules.

NOTE 6: EARNINGS PER SHARE

	12 months ended 31 Dec 2019 $	**6 months ended 31 Dec 2018 $**
Earnings used in the calculation of EPS		
Loss for the period	(5,640,918)	(363,307)
Weighted average number of ordinary shares used	**Number**	**Number**
as the denominator in calculating basic EPS	452,937,867	452,937,867

The Company's 135,500,000 options on issue (refer to Note 15 for further details) are not considered dilutive and accordingly basic loss per share is the same as diluted loss per share.

NOTE 7: KEY MANAGEMENT PERSONNEL (KMP) COMPENSATION

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 31 December 2019. The totals of remuneration attributable to KMP of the Group during the period are as follows:

	12 months ended 31 Dec 2019	6 months ended 31 Dec 2018
	$	$
Short-term employee benefits	527,693	165,797
Shore term employee benefits capitalised as exploration expenditure	23,047	76,929
Share-based payments	9,308	-
Total KMP compensation	560,048	242,726

NOTE 8: CASH AND CASH EQUIVALENTS

	31 Dec 2019	31 Dec 2018
	$	$
Cash at bank	230,142	1,802,663
	230,142	1,802,663

NOTE 9: TRADE AND OTHER RECEIVABLES

	31 Dec 2019	31 Dec 2018
	$	$
GST and VAT receivable	49,485	95,374
	49,485	95,374

As all amounts are short-term, the net carrying value is considered to be a reasonable approximation of fair value.

NOTE 10: OTHER ASSETS

	31 Dec 2019	31 Dec 2018
	$	$
Exploration deposits	125,932	120,517
Prepayments	11,237	18,187
	137,169	138,704

NOTE 11: ASSETS HELD FOR SALE

		31 Dec 2019	31 Dec 2018
Current Assets: exploration assets held for sale		**$**	**$**
Balance at beginning of period		155,911	147,868
Exploration and evaluation expenditure incurred		-	8,043
Asset sold	3	(155,911)	
		-	155,911

On 24 April 2019 the Group completed the sale of its non-core Victory Bore vanadium project asset which was recognised as an asset held-for-sale at 31 December 2018, to ASX listed Surefire Resource NL ("SRN") for:

- $500,000 in cash;
- 62,500,000 SRN shares (escrowed for six months);

Future sale consideration amounting to $1,300,000 will be recognised when the following is achieved:

- $650,000 in cash consideration within 60 days of SRN announcing a PFS for the project with an IIR of over 20%; and
- $650,000 in cash or share consideration within 60 days of SRN announcing a decision to mine.

NOTE 12: FINANCIAL ASSETS AT FAIR VALUE TROUGH PROFIT AND LOSS

The Group has an investment in listed ordinary shares of 57,500,000 of Surfire Resources NL (ASX:SRN). These shares were received as part of the payment for the sale of Victory Bore vanadium project; as per its ASX share price at 31 December 2019, shares are valued at $0.003 per share, total of $172,500 (Dec 18: Nil).

NOTE 13: EXPLORATION AND EVALUATION EXPENDITURE

	31 Dec 2019	31 Dec 2018
Non-current assets: exploration assets	**$**	**$**
Balance at beginning of the period	4,108,874	2,637,518
Foreign exchange	(12,543)	33,578
Exploration and evaluation expenditure incurred	593,234	1,437,778
Impairment of Austrian Assets	(4,689,565)	-
Balance at end of period	-	4,108,874

The Group's focus has shifted away from the existing Austrian asset package due to a number of factors, not least of which being an inability to raise sufficient funds in the current market to continue with exploration in Europe. This, combined with the assets having a limited field season of operability in the exploration phase necessitates augmentation with other project opportunities. The Group has assessed the carrying amount of the exploration and evaluation expenditure in accordance with AASB 6 "Exploration for and Evaluation of Mineral Resources" and has impaired $4,689,565 during the current year due to the uncertainty surrounding the recoupment of this expenditure through successful development and exploitation of the area, or by its sale. The impairment expense is shown as a separate line item on the Statement of Profit or Loss and Other Comprehensive Income.

NOTE 14: TRADE AND OTHER PAYABLES

	Note	31 Dec 2019	31 Dec 2018
		$	$
Trade payables		124,484	214,197
KMP payables and accrued expenses	22	121,600	30,888
Income Tax Payable		73,791	-
Sundry payables and accrued expenses		139,153	284,780
		459,028	529,865

Trade payables are non-interest bearing and have normal trade terms of 30 days or less.

NOTE 15: ISSUED CAPITAL

	31 Dec 2019	31 Dec 2018
	$	$
Issued share capital		
452,937,867 fully paid ordinary shares (2018:452,937,867)	10,184,747	10,184,747
	10,184,747	10,184,747

a. Ordinary shares	31 Dec 2019 Number	31 Dec 2018 Number	31 Dec 2019 $	31 Dec 2018 $
At the beginning of the reporting period	452,937,867	452,937,867	10,184,747	10,184,747
At the end of the reporting period	452,937,867	452,937,867	10,184,747	10,184,747

Terms and conditions of contributed equity – ordinary shares

Ordinary 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 upon shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company. The shares do not have a par value.

b. Reserves

	31 Dec 2019	31 Dec 2018
	$	$
Option reserve (Note c)	94,480	85,173
Performance Shares (Note c)	-	-
Foreign exchange reserve on the conversion of subsidiary undertakings	14,563	24,346
Total	109,043	109,519

c. Share Option reserve

	31 Dec 2019	31 Dec 2018
	$	$
Opening balance	85,173	85,173
Issue of 35,000,000 options on 20 May 2019 [(1)]	9,307	-
Total	94,480	85,173

At 31 December 2019 135,500,000 (31 Dec 2018:100,500,000) options on issue.

(1) On 20 May 2019 35,000,000 options were granted to Directors at a fair value of $0.001 per option. The issue of options was approved by shareholder at the Company's Annual General Meeting held on 20 May 2019. The Company have calculated the fair value using the Black-Scholes option pricing model. The fair value at 31 December 2019 of the options granted is $48,603.

Options on issue:

	No.	31 Dec 2019 Weighted average exercise Price $	No.	31 Dec 2018 Weighted average exercise Price $
Outstanding at the beginning of the period	100,500,000	0.0008	100,500,000	0.0008
Granted during the period	35,000,000	0.0003	-	-
Forfeited during the period	-	-	-	-
Outstanding at the end of the period	135,500,000	0.0072	100,500,000	0.0008

At 31 December 2019, the Group has 135,500,000 (31 December 2018: 100,500,000, 30 June 2018:100,500,000; 30 June 2017: 32,500,000) options on issue, the terms and details are set out below:

Exercise price	**$0.03**	**$0.12**	**$0.03**	**$0.03**	**$0.03**
Expiry date	**30 Jun 2022**	**30 Sept 2020**	**30 Sept 2020**	**30 Sept 2020**	**30 Sept 2020**
Escrow restriction	-	-	**7 Mar 2020**	**26 Feb 2019**	-
	No	**No**	**No**	**No.**	**No.**
At 1 July 2018	-	3,500,000	61,350,000	3,650,000	32,500,000
Options issued during the period	-	-	-	-	-
Options forfeited (1)	-	(500,000)	-	-	-
31 December 2018	-	3,000,000	61,350,000	3,650,000	32,500,000
At 1 January 2019	-	3,000,000	61,350,000	3,650,000	32,500,000
20 May 2019(3)	35,000,000	-	-	-	-
At 31 December 2019	35,000,000	3,000,000	61,350,000	3,650,000	32,500,000

The options are convertible into fully paid ordinary shares. No options expired or were exercised during the period ended 31 December 2019.

(1) On 19 March 2018 3,500,000 options were issued to consultants for nil consideration, on 5 June 2018 3,000,000 of these options lapsed due to vesting conditions not being met. During the period the remaining 500,000 options lapsed due to vesting conditions not being met. The vesting conditions are 12 months of continuous service.

(2) On 20 May 2019 35,000,000 options were granted to Directors. The issue of options was approved by shareholder at the Company's Annual General Meeting held on 20 May 2019.

Performance Shares

On 26 February 2018, as consideration for the acquisition of 100% of the issued APC securities, High Grade Metals Limited issued 240,000,000 performances shares in two classes, as set out below, subject to specified performance hurdles being met, expiring 5 years from the date of issue.

The number of Performance Shares issued during the financial period is as follows:

31 December 2019

	Balance at 1 Jan 2019	Issued 26 Feb 2018	Lapsed during the period	Expired during the period	Balance at 31 Dec 2019
Class A	120,000,000	-		-	**120,000,000**
Class B	120,000,000	-		-	**120,000,000**
	240,000,000	**-**		**-**	**240,000,000**

31 December 2018

	Balance at 1 Jul 2018	Issued 26 Feb 2018	Lapsed during the period	Expired during the period	Balance at 31 Dec 2018
Class A	120,000,000	-	-	-	**120,000,000**
Class B	120,000,000	-	-	-	**120,000,000**
	240,000,000	**-**	**-**	**-**	**240,000,000**

The following Performance Shares are escrowed:

- 36,000,000 Class A escrowed until 26 February 2019 (released 27 February 2019):
- 18,666,666 Class B escrowed until 26 February 2019 (released 27 February 2019):
- 84,000,000 Class A escrowed until 7 March 2020: and
- 101,333,334 Class B escrowed until 7 March 2020.

Terms and conditions of Class A Performance Shares

The Class A Performance Shares were issued on 26 February 2018.

Each Class A Performance Share will convert into an Ordinary Fully Paid Share on a one-for-one basis, upon the delineation of a JORC-compliant Mineral Resource estimate of at least Inferred category (as defined in the JORC Code) of a minimum of 500,000 ounces of gold or gold equivalent (in accordance with clause 50 of the JORC Code) at an average grade of at least 8 grams per tonne (Class A Milestone).

The Class A Milestone must be determined to have been achieved, or not achieved, by no later than 5.00pm on the date that is one month after the Expiry Date, being 25 February 2023. The Class A Milestone has not been achieved as at 31 December 2019 or at the date of this report.

Terms and conditions of Class B Performance Shares

The Class B Performance Shares were issued on 26 February 2018.

Each Class B Performance Share will convert into an Ordinary Fully Paid Share on a one-for-one basis, upon completion of a positive Scoping Study (as defined in the JORC Code) in relation to any one or more Austrian Cobalt project by an independent third-party expert which evidences an internal rate of return greater than 20% (using publicly available industry assumptions including deliverable spot commodity/mineral prices which are independently verifiable), provided that the total cumulative EBITDA over the life of the relevant Austrian Cobalt project is over $US50,000,000, and provided that (while the Company remains listed on the ASX) the Scoping Study is released as an announcement on the ASX Announcements Platform and is not required by reason of regulatory intervention by ASX or ASIC to be retracted within a period of one month from the date of its release (Class B Milestone).

The Class B Milestone must be determined to have been achieved or not achieved by no later than 5.00pm on the date that is one month after the Expiry Date, being 25 February 2023. The Class B Milestone has not been achieved as at 31 December 2019 or the date of this report.

d. Capital management policy

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, so as to maintain a capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to fund its activities. The Group monitors capital on the basis of the gearing ratio.

There were no changes in the Group's approach to capital management during the period. Risk management policies and procedures are established with regular monitoring and reporting.

The Group is not subject to externally imposed capital requirements.

NOTE 16: CONTROLLED ENTITIES

Controlled entities consolidated	Country of incorporation	Principal Activity	Percentage owned (%)	
Subsidiaries of High Grade Metals Limited			**31 Dec 2019**	**31 Dec 2018**
Direct				
Acacia Mining Pty Ltd	Australia		100	100
Austrian Projects Corporation Pty Ltd(1)	Australia	Intermediate parent	100	100
APC Cobalt GmbH(2)	Austria	Cobalt projects	100	100
APC Gold GmbH(3)	Austria	Intermediate parent	100	100
Eurocan Mining GmbH(4)	Austria	Gold projects	100	100

(1) Austrian Projects Corporation Pty Ltd ("APC") was incorporated on 24 October 2017 and acquired by High Grade Metals Limited on 26 February 2018.
(2) APC Cobalt GmbH is a 100% subsidiary of APC. It was incorporated on 24 October 2017 and acquired by High Grade Metals Limited on 26 February 2018 as part of the APC acquisition.
(3) APC Gold GmbH is a 100% subsidiary of APC. It was incorporated on 24 October 2017 and acquired by High Grade Metals Limited on 26 February 2018 as part of the APC acquisition.
(4) Eurocan Mining GmbH is a 100% subsidiary of APC Gold GmbH. It was acquired by APC Gold GmbH on 11 December 2017.

NOTE 17: CONTRACTUAL COMMITMENTS

Exploration expenditure commitments

The Austrian Exploration Permits have no minimum annual expenditure requirement (December 2018: $Nil), the Group must submit annual reports on its exploration activities to the Austrian Mining Authority. Having performed the work in one Exploration Permit is sufficient for the extension of up to 100 Exploration Permits forming part of a contiguous exploration area made up of overlapping exploration permits.

The Group has sold the Acacia Victory Bore licence in Western Australia.

NOTE 18: CONTINGENT ASSETS AND LIABILITIES

On 24 April 2019 the Group completed the sale of its non-core Victory Bore vanadium project asset, future sale consideration amounting to $1,300,000 will be recognised when the following is achieved:

- $650,000 in cash consideration within 60 days of SRN announcing a PFS for the project with an IIR of over 20%; and
- $650,000 in cash or share consideration within 60 days of SRN announcing a decision to mine

The Directors are not aware of any contingent liabilities as at the date of the financial statements.

NOTE 19: OPERATING SEGMENT

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on geographical location. The Group's reportable segments under AASB 8 are therefore as follows:

- Australia Vanadium
- Austria Gold
- Austria Cobalt

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments. Segment assets include all assets used by a segment and consist principally of cash, receivables, exploration and evaluation expenditure. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables and accrued expenses. Segment assets and liabilities do not include deferred income taxes.

Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Company at an arm's length. These transfers are eliminated on consolidation. At 30 June 2018 there were no such intersegment transfers.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

31 December 2019	Australia Vanadium Projects	Austria Gold Projects	Austria Cobalt Projects	Australia Corporate	Total
	$	$	$	$	$
Revenue from external sources					
Interest revenue		-	-	6,128	**6,128**
Sale of asset	381,443	4,317	-	-	**385,760**
Total Group Revenue	381,443	4,317	-	6,128	**391,888**
Segment loss	(189,391)	(2,545,245)	(2,144,320)	(1,153,851)	**(6,032,806)**
Total Group profit/(loss)	192,052	(2,540,928)	(2,144,320)	(1,147,723)	**(5,640,918)**
Segmental current assets	174,190	112,185	39,300	(139,019)	**186,656**
Segment non-current assets	--	-	-	172,500	**172.500**
Segment assets	174,190	112,185	39,300	33,481	**359,156**

Cash and receivables	-	60,999	43,258	125,615	**230,142**
Total Group assets	174,190	173,184	82,828	159,094	**589,297**
Segment liabilities	(74,391)	(51,342)	(20,639)	-	**(146,372)**
Corporate trade payables	-	-	-	(312,656)	**(312,656)**
Total Group liabilities	(74,391)	(51,342)	(20,639)	(312,656)	**(459,028)**
Total Group equity	99,799	121,842	62,189	(153,562)	**130,268**

31 December 2018	**Australia Vanadium Projects $**	**Austria Gold Projects $**	**Austria Cobalt Projects $**	**Australia Corporate $**	**Total $**
Revenue from external sources					
Interest revenue	-	-	-	13,376	**13,376**
Total Group Revenue	-	-	-	13,376	**13,376**
Segment loss	-	-	-	(376,683)	**(376,683)**
Total Group profit/(loss)	-	-		(363,307)	**(363,307)**
Segmental current assets	155,911	123,683	77,688	32,707	**389,989**
Segment non-current assets	-	2,257,711	1,851,163	-	**4,108,874**
Segment assets	155,911	2,381,394	1,928,851	32,707	**4,498,863**
Cash and receivables		23,256	43,005	1,736,402	**1,802,663**
Total Group assets	155,911	2,404,650	1,971,856	1,769,109	**6,301,526**
Segment liabilities	(50,000)	(209,346)	(115,817)	-	**(375,163)**
Corporate trade payables			-	(154,702)	**(154,702)**
Total Group liabilities	(50,000)	(209,346)	(115,817)	(154,702)	**(529,865)**
Total Group equity	105,911	2,195,304	1,856,039	1,614,407	**5,771,661**

NOTE 20: CASH FLOW INFORMATION

	12 months ended 31 Dec 2019 $	**6 months ended 31 Dec 2018 $**
a. Reconciliation of cash		
Cash at end of financial period as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	230,142	1,802,663

	12 months ended 31 Dec 2019 $	6 months ended 31 Dec 2018 $
b. Reconciliation with operating loss		
Reconciliation of cash flows from operations with operating loss after income tax is set out as follows:		
Operating loss after income tax	(5,640,918)	(363,307)
Non-cash flows included in loss:		
• Sale of asset	(381,443)	-
• Impairment of APC Austria assets	4,689,565	-
• Share Base payments	9,307	
Changes in assets and liabilities:		
• Decrease in receivables	103,957	(40,653)
• (Increase) in prepayments	6,949	(4,007)
• (Decrease)/Increase in creditors and accruals	344,032	(43,332)
Net cash used in operating activities	(868,551)	(451,299)

c. Non-cash operating activities

During the financial period ended 31 December 2019 there are no non-cash operating activities (2018: Nil).

d. Non-cash financing activities

During the financial period ended 31 December 2019 and 31 December 2018, there are no non-cash financing activities

NOTE 21: SHARE-BASED PAYMENTS

The following share based payments were in existence during the period:

	12 months ended 31 Dec 2019 $	6 months ended 31 Dec 2018 $
35,000,000 Options issued to Directors (1)	9,307	-
Total	9,307	-

(1) The option value in the prior period was calculated using the Black-Scholes option pricing model applying the following inputs:

Options issued	**35,000,000**
Share price	$0.005
Grant date	29 May 2019
Exercise price	$0.03
Expected volatility	100%
Risk-free interest rate	1.21%
Annualised time to expiry	3.09

Annual expense as per Black-Sholes calculations as follows:

	31 December 2019 $	31 December 2020 $	31 December 2021 $	30 June 2022 $	Total $
35,000,000 (20 May 2019)	9,307	15,770	15,727	7,791	**48,603**
Total Year	**9,307**	**15,770**	**15,727**	**7,791**	**48,603**
Cumulative	**9,107**	**25,077**	**40,804**	**48,603**	

NOTE 22: RELATED PARTY TRANSACTIONS

Key management personnel

Details relating to key management personnel are included in the Remuneration Report and Note 7. At period end the following remuneration was payable:

	Trade Payables 31 December 2019(1)	Accrued Expenses 31 December 2019(2)	Total KMP 31 December 2019
Mr A Hall	$13,750	$43,750	$57,500
Mr B Drabsch	$12,100	$11,000	$23,100
Mr A Wing	$8,250	$15,000	$23,250
Mr S Formica	$2,750	$15,000	$17,750
Total	**$36,850**	**$84,750**	**$121,600**

(1) Invoices payable in 30 days;

(2) A Hall, A Wing and S Formica agreed to accrue 50% of their monthly fees from 1 July 2019 to be payable later once the Company has raised further funds. Mr Drabsch enter the same agreement from 1 November 2019

Transactions with related parties

Transactions between High Grade Metals Ltd and other entities in the wholly owned group during the period consisted of:

Loans advanced by High Grade Metals Ltd; and

Loans advanced to High Grade Metals Ltd.

Loans provided by the Company to wholly owned entities are made on an interest free basis and are repayable on demand.

All inter-entity transactions and balances are eliminated in the consolidated financial statements.

Related party transactions

There are no related party transactions.

NOTE 23: EVENTS AFTER THE REPORTING PERIOD

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

NOTE 24: AUDITORS' REMUNERATION

	12 months ended 31 Dec 2019	6 months ended 31 Dec 2018
	$	$
Audit of accounts – BDO Audit (SA) Pty Ltd	49,471	19,577
Other Services; Re: Independent Expert Report - BDO Corporate Finance (SA) Pty Ltd	28,712	-
	78,183	19,577

NOTE 25: FINANCIAL RISK MANAGEMENT

This note presents information about the Group's exposure to credit, liquidity and market risks, its objectives, policies and processes for measuring and managing risk and the management of capital.

The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company and the Group through regular reviews of the risks.

The totals for each category of financial instruments, measured in accordance with AASB 9, as detailed in the accounting policies to these financial statements, are as follows:

Categories of financial instruments	**Note**	**31 Dec 2019**	**31 Dec 2018**
		$	$
Financial assets			
Cash and cash equivalents	8	230,142	1,802,663
Receivables	9	49,485	95,374
		279,628	1,898,037
Financial liabilities			
Payables	14	459,028	529,865
		459,028	529,865

a. General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The principal financial instruments from which financial instrument risk arises:

- trade and other receivables
- cash at bank
- trade and other payables
- borrowings

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Group's finance function.

The Group's risk management policies and objectives are therefore designed to minimise the potential impact of these risks on the results of the Group where such impacts may be material.

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

b. Credit risks

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of the contract obligations that could lead to a financial loss to the Group. There is no material amount of collateral held as security at 31 December 2019.

Cash and cash equivalents
The Group limits its exposure to credit risk by only depositing cash at banks or financial institutions that have an acceptable credit rating.

Trade and other receivables
As the Group operates primarily in investment and exploration activities, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

The Group, where necessary, establishes an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments. Management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk
The carrying amount of the group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at balance date is as follows:

	Note	31 Dec 2019	31 Dec 2018
		$	$
Other receivables	9	49,485	95,374
		49,485	95,374

c. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual flows. The Group does not have any external borrowings.

The Group may need to raise additional capital in the next 12 months if forecast operational activities are competed earlier than anticipated. The decision on how the Group will raise future capital will depend on market conditions existing at that time.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Financial liability and financial asset maturity analysis

At 31 December 2019	Within 1 year	1 to 5 years	Over 5 years	Total
	$	$	$	$
Financial liabilities due for payment				
Payables	459,028	-	-	459,028
Total expected outflows	459,028	-	-	459,028
Financial assets – cash flows realisable				
Cash and cash equivalents	230,142	-	-	230,142
Receivables	49,235	-	-	49,235
Total anticipated inflows	279,278	-	-	279,278
Net inflow/(outflow) on financial instruments	(179,651)	-	-	(179,651)

At 31 December 2018	Within 1 year	1 to 5 years	Over 5 years	Total
	$	$	$	$
Financial liabilities due for payment				
Payables	529,865	-	-	529,865
Total expected outflows	529,865	-	-	529,865
Financial assets – cash flows realisable				
Cash and cash equivalents	1,802,663	-	-	1,802,663
Receivables	95,374	-	-	95,374
Total anticipated inflows	1,898,037	-	-	1,898,037
Net inflow/(outflow) on financial instruments	1,368,172	-	-	1,368,172

d. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

i) Foreign exchange risk

At balance date, the following cash, amounts receivable and amounts payable in foreign currency.

	31 Dec 2019	31 Dec 2018
	$	$
Euros		
Cash held	104,876	234,399
Trade and other receivables	-	-
Trade and other payables	(62,912)	(113,152)
	41,964	121,247
US Dollars		
Cash held	233	34,687
	233	34,687

ii) Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents on short term deposit at best available market interest rates.

Profile

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

	Consolidated and Company carrying amount	
	31 Dec 2019	**31 Dec 2018**
	$	**$**
Variable rate instruments		
Financial assets – cash and cash equivalents	230,142	1,802,663

Fair value sensitivity analysis for variable rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss or through equity, therefore a change in interest rates at the reporting date would not affect profit or loss or equity.

Cash flow sensitivity analysis for variable rate instruments

The group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the prior period.

	Profit or loss		Equity	
	100bp Increase	**100bp decrease**	**100bp increase**	**100bp decrease**
	$	**$**	**$**	**$**
31 December 2019				
Variable rate instruments	2,301	(2,301)	2,301	(2,301)
31 December 2018				
Variable rate instruments	18,067	(18,067)	18,067	(18,067)

e. Fair values

Fair values of financial assets and liabilities are equivalent to carrying values due to their short term to maturity.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of High Grade Metals Limited ("the Company"):

   (a) the financial statements and notes and the Remuneration disclosures that are contained in the Remuneration Report in the Director's Report, are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance, for the twelve month financial period ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   (iii) complying with International Financial Reporting Standards as disclosed in Note 1; and

   (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Non-Executive Chairman and Chief Financial Officer for the financial period ended 31 December 2019.

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

Anthony Hall
Executive Chairman
Melbourne, 24 March 2020

Tel: +61 8 7324 6000
Fax: +61 8 7324 6111
www.bdo.com.au

Level 7, BDO Centre
420 King William Street
Adelaide SA 5000
GPO Box 2018, Adelaide SA 5001
AUSTRALIA

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HIGH GRADE METALS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of High Grade Metals Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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.

Material uncertainty related to going concern

We draw attention to Note 1 q in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

BDO

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of exploration and evaluation expenditure

Key audit matter	How the matter was addressed in our audit
As at 31 December 2019 the carrying value of Exploration and Evaluation Assets were impaired in the year for $4,689,565 and had a carrying value of nil as at 31 December 2019 as disclosed in note 12. The impairment of the exploration and evaluation assets was considered a key audit matter due to: ▶ The value of the impairment to exploration and evaluation expenditure represents a significant proportion of the net loss of the Group, we considered it necessary to assess whether the facts and circumstances existed to support management's assessment of the impairment amount.	Our procedures included, but were not limited to: ▶ Reviewing ASX announcements and minutes of directors' meetings to confirm that the Group had given consideration to impairment indicators in relation to its areas of interest; ▶ Considering the results of exploration activity during the year and the decision made by the directors to shift the focus of the Group from the existing Austrian asset package; ▶ Considering the uncertainty surrounding the recoupment of this asset through successful development and exploitation of the areas or by their sale, and the impact of this uncertainty on the calculation of the recoverable value of the assets; and; ▶ Assessment of the adequacy of the related disclosures in Note 13 to the Financial Statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2019, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 16 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of High Grade Metals Ltd, for the year ended 31 December 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO

BDO Audit (SA) Pty Ltd

G K Edwards
Director

Adelaide, 24 March 2020

High Grade Metals

ASX INFORMATION

The following additional information is required by ASX Limited in respect of listed public companies and was applicable at 23 March 2020.

1. Shareholder and Option holder information

a. Number of Shareholders and Option Holders

Shares

As at 23 March 2020, there were 848 shareholders holding a total of 452,937,867 fully paid ordinary shares.

Options

As at 23 March 2020, there were 97,500,000 Unquoted Options exercisable at $0.03 on or before 30 September 2020 held by 46 holders and 3,000,000 Unquoted Options exercisable at $0.12 on or before 30 September 2020 held by 2 holders and 35,000,000 Unquoted Options exercisable at $0.03 on or before 30 September 2022 held by 5 holders.

Performance Shares

At 23 March 2020, there were 120,000,000 Class A Performance Shares held by 18 holders and 120,000,000 Class B Performance Shares held by 24 holders.

b. Distribution of Equity Securities

Fully paid ordinary shares	**Number (as at 23 March 2020)**	
Category (size of holding)	**Shareholders**	**Ordinary Shares**
1 – 1,000	140	18,454
1,001 – 5,000	19	43,687
5,001 – 10,000	23	219,326
10,001 – 100,000	244	12,354,836
100,001 – and over	381	440,301,564
	807	452,937,867

The number of shareholdings held in less than marketable parcels is 369 shareholders amounting to 6,702,213 shares.

c. The names of substantial shareholders listed in the company's register as at 23 March 2020 are:

Shareholder	**Ordinary Shares**	**% Held of Total Ordinary Shares**
EUROCAN MINING ANSTALT	25,000,000	5.52

d. Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. 20 Largest Shareholders as at 23 March 2020— Ordinary Shares

	Shareholder	**Number of Ordinary Fully Paid Shares Held**	**% Held of Issued Ordinary Capital**
1.	EUROCAN MINING ANSTALT	25,000,000	5.52

2.	VERONIKA MORAVCIKOVA	17,000,000	3.75
3.	E & E HALL PTY LTD <E & E HALL P/L S/F A/C>	15,333,334	3.39
4.	GRAVNER LIMITED	15,000,000	3.31
5.	JAWAF ENTERPRISES PTY LTD <HALL FAMILY A/C>	12,833,333	2.83
6.	NORTHERN STAR NOMINEES PTY LTD	12,288,889	2.71
7.	IVEY PHYSIOTHERAPHY PTY LTD <SEI FAMILY A/C>	12,000,000	2.65
8.	FIRST ONE REALTY PTY LTD	9,530,458	2.71
9.	NCNEIL NOMINEES PTY LIMITED	8,810,000	1.95
10.	VISION TECH NOMINEES PTY LTD <NO 2 ACCOUNT>	8,500,000	1.88
11.	TOREY MARSHALL <TOREY MARSHALL FAMILY A/C>	8,500,000	1.88
12.	VISION TECH NOMINEES PTY LTD <NO 1 ACCOUNT>	7,000,000	1.55
13.	TERAGOAL PTY LTD <GRAY FAMILY A/C>	6,835,956	1.51
14.	STEVSAND INVESTMENTS PTY LTD <STEVEN FORMICA FAMILY A/C>	6,000,000	1.32
15.	1215 CAPITAL PTY LTD	6,000,000	1.32
16.	STEVSAND HOLDINGS PTY LTD <FORMICA HORTICULTURAL A/C>	5,900,000	1.30
17.	BODIE INVESTMENTS PTY LTD	5,877,778	1.30
87.	DANIEL EDDINGTON + JULIE EDDINGTON <DJ HOLDINGS A/C>	5,666,666	1.25
19.	PERMANENT 4 NOMINEES PTY LTD	5,000,000	1.10
20.	PEARLGLOW INVESTMENT PTY LTD <THE PEARLGLOW A/C>	4,770,000	1.05
	Total	197,846,414	43.68

f. At 23 March 2020, no securities were restricted:

2. Company secretary

The name of the company secretary is Adrien Wing.

3. The address of the principal registered office in Australia

Level 17, 500 Collins Street, MELBOURNE VIC 3000

4. Registers of securities are held at the following address

Advanced Share Registry Ltd, 110 Stirling Highway NEDLANDS WA 6009

5. Securities Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the ASX Limited.

SCHEDULE OF EXPLORATION LICENCES

High Grade Metals Limited and its subsidiary undertakings hold 100% interest in the following licences:

Subsidiary: Acacia Pty Ltd	
Project name	**Claim No.**
Victory Bore	EL57/1036
Subsidiary: APC Cobalt GmbH	
Project name	**Claim No.**
Gratlspitz	01/17/T
Gratlspitz	02/17/T
Gratlspitz	03/17/T
Gratlspitz	04/17/T
Gratlspitz	05/17/T
Gratlspitz	06/17/T
Gratlspitz	07/17/T
Gratlspitz	08/17/T
Gratlspitz	09/17/T
Gratlspitz	10/17/T
Gratlspitz	11/17/T
Gratlspitz	12/17/T
Gratlspitz	13/17/T
Gratlspitz	14/17/T
Gratlspitz	15/17/T
Gratlspitz	16/17/T
Gratlspitz	17/17/T
Gratlspitz	18/17/T
Gratlspitz	19/17/T
Gratlspitz	20/17/T
Gratlspitz	21/17/T
Gratlspitz	22/17/T
Gratlspitz	23/17/T
Gratlspitz	24/17/T
Gratlspitz	25/17/T
Gratlspitz	26/17/T
Gratlspitz	27/17/T
Gratlspitz	28/17/T
Gratlspitz	29/17/T
Gratlspitz	30/17/T
Gratlspitz	31/17/T
Gratlspitz	32/17/T
Gratlspitz	33/17/T
Gratlspitz	34/17/T
Gratlspitz	35/17/T
Gratlspitz	36/17/T
Gratlspitz	37/17/T

Subsidiary: APC Cobalt GmbH	
Project name	**Claim No.**
Leogang Schwarzleo	38/17/S
Leogang Schwarzleo	39/17/S
Leogang Schwarzleo	40/17/S
Leogang Schwarzleo	41/17/S
Leogang Schwarzleo	42/17/S
Leogang Schwarzleo	43/17/S
Leogang Schwarzleo	44/17/S
Leogang Schwarzleo	45/17/S
Leogang Schwarzleo	46/17/S
Leogang Schwarzleo	47/17/S
Leogang Schwarzleo	48/17/S
Leogang Schwarzleo	49/17/S
Leogang Schwarzleo	50/17/S
Leogang Schwarzleo	51/17/S
Leogang Schwarzleo	52/17/S
Leogang Schwarzleo	53/17/S
Leogang Schwarzleo	54/17/S
Leogang Schwarzleo	55/17/S
Leogang Schwarzleo	56/17/S
Leogang Schwarzleo	57/17/S
Leogang Schwarzleo	58/17/S
Leogang Schwarzleo	59/17/S
Leogang Schwarzleo	60/17/S
Leogang Schwarzleo	61/17/S
Leogang Schwarzleo	62/17/S
Leogang Schwarzleo	63/17/S
Leogang Schwarzleo	64/17/S
Leogang Schwarzleo	65/17/S
Leogang Schwarzleo	66/17/S
Leogang Schwarzleo	67/17/S
Seekar	68/17/S
Seekar	69/17/S
Seekar	70/17/S
Seekar	71/17/S
Seekar	72/17/S
Seekar	73/17/S
Seekar	74/17/S
Seekar	75/17/S
Seekar	76/17/S
Zinkwand	77/17/S
Zinkwand	78/17/S

SCHEDULE OF EXPLORATION LICENCES

Subsidiary: APC Cobalt GmbH	
Project name	**Claim No.**
Leogang East	LE/01
Leogang East	LE/02
Leogang East	LE/03
Leogang East	LE/04
Leogang East	LE/05
Leogang East	LE/06
Leogang East	LE/07
Leogang East	LE/08
Leogang East	LE/09
Leogang East	LE/10
Leogang East	LE/11
Leogang East	LE/12
Leogang East	LE/13
Leogang East	LE/14
Leogang East	LE/15
Leogang East	LE/16
Leogang East	LE/17
Leogang East	LE/18
Leogang East	LE/19
Leogang East	LE/20
Leogang East	LE/21
Leogang East	LE/22
Leogang East	LE/23
Leogang East	LE/24
Leogang East	LE/25
Leogang East	LE/26
Leogang East	LE/27
Leogang East	LE/28
Leogang East	LE/29
Leogang East	LE/30
Leogang East	LE/31
Leogang East	LE/32
Leogang East	LE/33

Subsidiary: Eurocan Mining GmbH	
Project name	**Claim No.**
Schellgadeen North/Salzburg	02/05/S
Schellgadeen North/Salzburg	03/05/S
Schellgadeen North/Salzburg	04/05/S
Schellgadeen North/Salzburg	05/05/S
Schellgadeen North/Salzburg	06/05/S
Schellgadeen North/Salzburg	07/05/S
Schellgadeen North/Salzburg	08/05/S
Schellgadeen North/Salzburg	09/05/S
Schellgadeen North/Salzburg	10/05/S
Schellgadeen North/Salzburg	11/05/S
Schellgadeen North/Salzburg	12/05/S
Schellgadeen North/Salzburg	13/05/S
Schellgadeen North/Salzburg	14/05/S
Schellgadeen North/Salzburg	15/05/S
Schellgadeen North/Salzburg	16/05/S
Schellgadeen North/Salzburg	17/05/S
Schellgadeen North/Salzburg	18/05/S
Schellgadeen North/Salzburg	19/05/S
Schellgadeen North/Salzburg	20/05/S
Schellgadeen North/Salzburg	21/05/S
Schellgadeen North/Salzburg	22/05/S
Schellgadeen North/Salzburg	23/05/S
Schellgadeen North/Salzburg	24/05/S
Schellgadeen North/Salzburg	25/05/S
Schellgadeen North/Salzburg	26/05/S
Schellgadeen North/Salzburg	27/05/S
Schellgadeen North/Salzburg	28/05/S
Schellgadeen North/Salzburg	29/05/S
Schellgadeen North/Salzburg	30/05/S
Schellgadeen North/Salzburg	31/05/S
Schellgadeen North/Salzburg	32/05/S
Schellgadeen North/Salzburg	33/05/S
Schellgadeen North/Salzburg	34/05/S
Schellgadeen North/Salzburg	35/05/S
Schellgadeen North/Salzburg	36/05/S
Schellgadeen North/Salzburg	37/05/S
Schellgadeen South/Carinthia	15/05/K
Schellgadeen South/Carinthia	16/05/K
Schellgadeen South/Carinthia	17/05/K
Schellgadeen South/Carinthia	18/05/K
Schellgadeen South/Carinthia	19/05/K
Schellgadeen South/Carinthia	20/05/K
Schellgadeen South/Carinthia	21/05/K

High Grade Metals

SCHEDULE OF EXPLORATION LICENCES

Subsidiary: Eurocan Mining GmbH	
Project name	**Claim No.**
Schellgadeen South/Carinthia	22/05/K
Schellgadeen South/Carinthia	23/05/K
Schellgadeen South/Carinthia	24/05/K
Schellgadeen South/Carinthia	25/05/K
Schellgadeen South/Carinthia	26/05/K
Schellgadeen South/Carinthia	27/05/K
Schellgadeen South/Carinthia	28/05/K
Schellgadeen South/Carinthia	29/05/K
Schellgadeen South/Carinthia	30/05/K
Schellgadeen South/Carinthia	31/05/K
Schellgadeen South/Carinthia	32/05/K
Schellgadeen South/Carinthia	33/05/K
Schellgadeen South/Carinthia	34/05/K
Schellgadeen South/Carinthia	35/05/K
Schellgadeen South/Carinthia	36/05/K
Schellgadeen South/Carinthia	37/05/K
Schellgadeen South/Carinthia	38/05/K
Schellgadeen South/Carinthia	39/05/K
Schellgadeen South/Carinthia	40/05/K
Schellgadeen South/Carinthia	41/05/K
Schellgadeen South/Carinthia	42/05/K
Schellgadeen South/Carinthia	43/05/K
Schellgadeen South/Carinthia	44/05/K
Schellgadeen South/Carinthia	45/05/K
Schellgadeen South/Carinthia	46/05/K
Schellgadeen South/Carinthia	47/05/K
Schellgadeen South/Carinthia	48/05/K
Schellgadeen South/Carinthia	49/05/K
Schellgadeen South/Carinthia	50/05/K
Schellgadeen South/Carinthia	51/05/K
Schellgadeen South/Carinthia	52/05/K
Schellgadeen South/Carinthia	53/05/K
Schellgadeen South/Carinthia	54/05/K
Schellgadeen South/Carinthia	55/05/K
Schellgadeen South/Carinthia	56/05/K
Schellgadeen South/Carinthia	57/05/K
Schellgadeen South/Carinthia	58/05/K
Schellgadeen South/Carinthia	59/05/K
Schellgadeen South/Carinthia	60/05/K
Schellgadeen South/Carinthia	61/05/K
Schellgadeen South/Carinthia	62/05/K
Schellgadeen South/Carinthia	63/05/K

Subsidiary: Eurocan Mining GmbH	
Project name	**Claim No.**
Schellgadeen South/Carinthia	64/05/K
Schellgadeen South/Carinthia	65/05/K
Schellgadeen South/Carinthia	66/05/K
Schellgadeen South/Carinthia	67/05/K
Schellgadeen South/Carinthia	68/05/K
Schellgadeen South/Carinthia	69/05/K
Schellgadeen South/Carinthia	70/05/K
Schellgadeen South/Carinthia	71/05/K
Schellgadeen South/Carinthia	72/05/K
Schellgadeen South/Carinthia	73/05/K
Schellgadeen South/Carinthia	74/05/K
Schellgadeen South/Carinthia	75/05/K
Schellgadeen South/Carinthia	76/05/K
Schellgadeen South/Carinthia	77/05/K
Schellgadeen South/Carinthia	78/05/K
Schellgadeen South/Carinthia	79/05/K
Schellgadeen South/Carinthia	80/05/K
Schellgadeen South/Carinthia	81/05/K
Schellgadeen South/Carinthia	82/05/K
Schellgadeen South/Carinthia	83/05/K
Schellgadeen South/Carinthia	84/05/K
Schellgadeen South/Carinthia	85/05/K
Schellgadeen South/Carinthia	86/05/K
Schellgadeen South/Carinthia	87/05/K
Schellgadeen South/Carinthia	88/05/K
Schellgadeen South/Carinthia	89/05/K
Schellgadeen South/Carinthia	90/05/K
Schellgadeen South/Carinthia	91/05/K
Schellgadeen South/Carinthia	93/05/K
Schellgadeen South/Carinthia	94/05/K
Schellgadeen South/Carinthia	95/05/K
Schellgadeen South/Carinthia	96/05/K
Schellgadeen South/Carinthia	97/05/K
Schellgadeen South/Carinthia	98/05/K
Schellgadeen South/Carinthia	99/05/K
Schellgadeen South/Carinthia	100/05/K
Schellgadeen South/Carinthia	101/05/K
Schellgadeen South/Carinthia	102/05/K
Schellgadeen South/Carinthia	103/05/K
Schellgadeen South/Carinthia	104/05/K
Schellgadeen South/Carinthia	105/05/K
Schellgadeen South/Carinthia	106/05/K

SCHEDULE OF EXPLORATION LICENCES

Subsidiary: Eurocan Mining GmbH	
Project name	**Claim No.**
Schellgadeen South/Carinthia	107/05/K
Schellgadeen South/Carinthia	108/05/K
Schellgadeen South/Carinthia	109/05/K
Schellgadeen South/Carinthia	110/05/K
Schellgadeen South/Carinthia	111/05/K
Schellgadeen South/Carinthia	112/05/K
Schellgadeen South/Carinthia	113/05/K
Schellgadeen South/Carinthia	114/05/K
Schellgadeen South/Carinthia	115/05/K
Schellgadeen South/Carinthia	116/05/K
Schellgadeen South/Carinthia	117/05/K
Schellgadeen South/Carinthia	118/05/K
Schellgadeen South/Carinthia	119/05/K
Schellgadeen South/Carinthia	120/05/K
Schellgadeen South/Carinthia	121/05/K
Schellgadeen South/Carinthia	122/05/K
Schellgadeen South/Carinthia	123/05/K
Schellgadeen South/Carinthia	124/05/K
Schellgadeen South/Carinthia	125/05/K
Schellgadeen South/Carinthia	126/05/K
Schellgadeen South/Carinthia	127/05/K
Schellgadeen South/Carinthia	128/05/K
Schellgadeen South/Carinthia	129/05/K
Schellgadeen South/Carinthia	130,05/K
Schellgadeen South/Carinthia	131/05/K
Schellgadeen South/Carinthia	132/05/K
Schellgadeen South/Carinthia	133/05/K
Schellgadeen South/Carinthia	134/05/K
Schellgadeen South/Carinthia	135/05/K
Kreuzeck West/Carinthia	136/05/K
Kreuzeck West/Carinthia	137/05/K
Kreuzeck West/Carinthia	138/05/K
Kreuzeck West/Carinthia	139/05/K
Kreuzeck West/Carinthia	140/05/K
Kreuzeck West/Carinthia	141/05/K
Kreuzeck West/Carinthia	142/05/K
Kreuzeck West/Carinthia	143/05/K
Kreuzeck West/Carinthia	144/05/K
Kreuzeck West/Carinthia	145/05/K
Kreuzeck West/Carinthia	146/05/K
Kreuzeck West/Carinthia	147/05/K
Kreuzeck West/Carinthia	148/05/K
Kreuzeck West/Carinthia	149/05/K
Kreuzeck West/Carinthia	150/05/K

Subsidiary: Eurocan Mining GmbH	
Project name	**Claim No.**
Kreuzeck West/Carinthia	151/05/K
Kreuzeck West/Carinthia	152/05/K
Kreuzeck West/Carinthia	153/05/K
Kreuzeck West/Carinthia	154/05/K
Kreuzeck West/Carinthia	155/05/K
Kreuzeck West/Carinthia	156/05/K
Kreuzeck West/Carinthia	157/05/K
Kreuzeck West/Carinthia	158/05/K
Kreuzeck West/Carinthia	159/05/K
Kreuzeck West/Carinthia	160/05/K
Kreuzeck West/Carinthia	161/05/K
Kreuzeck West/Carinthia	162/05/K
Kreuzeck West/Carinthia	163/05/K
Kreuzeck West/Carinthia	164/05/K
Kreuzeck West/Carinthia	165/05/K
Kreuzeck West/Carinthia	166/05/K
Kreuzeck West/Carinthia	167/05/K
Kreuzeck West/Carinthia	168/05/K
Kreuzeck West/Carinthia	169/05/K
Kreuzeck West/Carinthia	170/05/K
Kreuzeck West/Carinthia	171/05/K
Kreuzeck West/Carinthia	172/05/K
Kreuzeck West/Carinthia	173/05/K
Kreuzeck West/Carinthia	174/05/K
Kreuzeck West/Carinthia	175/05/K
Kreuzeck West/Carinthia	176/05/K
Kreuzeck West/Carinthia	177/05/K
Kreuzeck West/Carinthia	178/05/K
Kreuzeck West/Carinthia	179/05/K
Kreuzeck East/Carinthia	180/05/K
Kreuzeck East/Carinthia	181/05/K
Kreuzeck East/Carinthia	182/05/K
Kreuzeck East/Carinthia	183/05/K
Kreuzeck East/Carinthia	184/05/K
Kreuzeck East/Carinthia	185/05/K
Kreuzeck East/Carinthia	186/05/K
Kreuzeck East/Carinthia	187/05/K
Kreuzeck East/Carinthia	188/05/K
Kreuzeck East/Carinthia	189/05/K
Kreuzeck East/Carinthia	190/05/K
Kreuzeck East/Carinthia	191/05/K
Kreuzeck East/Carinthia	192/05/K
Kreuzeck East/Carinthia	193/05/K
Kreuzeck East/Carinthia	194/05/K

High Grade Metals

SCHEDULE OF EXPLORATION LICENCES

Subsidiary: Eurocan Mining GmbH	
Project name	**Claim No.**
Kreuzeck East/Carinthia	195/05/K
Kreuzeck East/Carinthia	196/05/K
Kreuzeck East/Carinthia	197/05/K
Kreuzeck East/Carinthia	198/05/K
Kreuzeck East/Carinthia	199/05/K
Kreuzeck East/Carinthia	200/05/K
Kreuzeck East/Carinthia	201/05/K
Kreuzeck East/Carinthia	202/05/K
Kreuzeck East/Carinthia	203/05/K
Kreuzeck East/Carinthia	204/05/K
Kreuzeck East/Carinthia	205/05/K
Kreuzeck East/Carinthia	206/05/K
Kreuzeck East/Carinthia	207/05/K
Kreuzeck East/Carinthia	208/05/K
Kreuzeck East/Carinthia	209/05/K
Kreuzeck East/Carinthia	210/05/K
Kreuzeck East/Carinthia	211/05/K
Kreuzeck East/Carinthia	212/05/K
Kreuzeck East/Carinthia	213/05/K
Kreuzeck East/Carinthia	214/05/K
Kreuzeck East/Carinthia	215/05/K
Kreuzeck East/Carinthia	216/05/K
Kreuzeck East/Carinthia	217/05/K
Kreuzeck East/Carinthia	218/05/K
Kreuzeck East/Carinthia	219/05/K
Kreuzeck East/Carinthia	220/05/K
Kreuzeck East/Carinthia	221/05/K
Goldeck Siflitz/Carinthia	222/05/K
Goldeck Siflitz/Carinthia	223/05/K
Goldeck Siflitz/Carinthia	224/05/K
Goldeck Siflitz/Carinthia	225/05/K
Goldeck Siflitz/Carinthia	226/05/K
Goldeck Siflitz/Carinthia	227/05/K
Goldeck Siflitz/Carinthia	228/05/K
Goldeck Siflitz/Carinthia	229/05/K
Goldeck Siflitz/Carinthia	230/05/K
Goldeck Siflitz/Carinthia	231/05/K
Goldeck Siflitz/Carinthia	232/05/K
Goldeck Siflitz/Carinthia	233/05/K
Goldeck Siflitz/Carinthia	234/05/K
Goldeck Siflitz/Carinthia	235/05/K
Goldeck Siflitz/Carinthia	236/05/K

Subsidiary: Eurocan Mining GmbH	
Project name	**Claim No.**
Goldeck Siflitz/Carinthia	237/05/K
Goldeck Siflitz/Carinthia	238/05/K
Goldeck Siflitz/Carinthia	239/05/K
Goldeck Siflitz/Carinthia	240/05/K
Goldeck Siflitz/Carinthia	241/05/K
Goldeck Siflitz/Carinthia	242/05/K
Goldeck Siflitz/Carinthia	243/05/K
Goldeck Siflitz/Carinthia	244/05/K
Goldeck Siflitz/Carinthia	245/05/K
Goldeck Siflitz/Carinthia	246/05/K
Goldeck Siflitz/Carinthia	247/05/K
Goldeck Siflitz/Carinthia	248/05/K
Goldeck Siflitz/Carinthia	249/05/K
Goldeck Siflitz/Carinthia	250/05/K
Goldeck Siflitz/Carinthia	251/05/K
Goldeck Siflitz/Carinthia	252/05/K
Goldeck Siflitz/Carinthia	253/05/K
Goldeck Siflitz/Carinthia	254/05/K
Goldeck Siflitz/Carinthia	255/05/K
Goldeck Siflitz/Carinthia	256/05/K
Goldeck Siflitz/Carinthia	257/05/K
Goldeck Siflitz/Carinthia	258/05/K
Goldeck Siflitz/Carinthia	259/05/K
Goldeck Siflitz/Carinthia	260/05/K
Goldeck Siflitz/Carinthia	261/05/K
Goldeck Siflitz/Carinthia	262/05/K
Goldeck Siflitz/Carinthia	263/05/K
Goldeck Siflitz/Carinthia	264/05/K
Goldeck Siflitz/Carinthia	265/05/K
Goldeck Siflitz/Carinthia	266/05/K
Goldeck Siflitz/Carinthia	267/05/K
Goldeck Siflitz/Carinthia	268/05/K
Goldeck Siflitz/Carinthia	269/05/K
Goldeck Siflitz/Carinthia	270/05/K
Goldeck Siflitz/Carinthia	271/05/K
Goldeck Siflitz/Carinthia	272/05/K
Goldeck Siflitz/Carinthia	273/05/K
Goldeck Siflitz/Carinthia	274/05/K
Goldeck Siflitz/Carinthia	275/05/K
Goldeck Siflitz/Carinthia	276/05/K
Goldeck Siflitz/Carinthia	277/05/K
Goldeck Siflitz/Carinthia	278/25/K