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# Saturn Metals Limited

**ANNUAL REPORT 2020**

**ABN 43 619 488 498**

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## Directors

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

## Company Secretary

Ryan Woodhouse

## Registered Office

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WEST PERTH WA 6000

Telephone: + 61 (08) 6424 8681  
Email: info@saturnmetals.com.au

## Stock Exchange Listing

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

**ACN:** 619 488 498

## Share Registry

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

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Facsimile: +61 (0)2 9287 0303  
Website: www.linkmarketservices.com

## Auditors

PricewaterhouseCoopers  
Level, 15  
125 St Georges Terrace  
Perth WA 6000

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Saturn Metals Limited is a company limited by shares, incorporated and domiciled in Australia. The consolidated financial statements were authorised for issue by the Directors on 7 August 2020. The Directors have the power to amend and reissue the consolidated financial statements.

Dear Shareholders

I am pleased to report on what has been a very productive and successful year for Saturn Metals Limited. During the year, the Company made substantial progress towards its goal of growing the Mineral Resource at our flagship, 100% owned, Apollo Hill Project to a scale that can support a substantial gold mining operation.

In October 2019, the Company delivered its second resource upgrade for Apollo Hill, taking the Indicated and Inferred Mineral Resource to 24.5 million tonnes grading 1.0g/t for 781,000 ounces of contained gold. Importantly, the component of the Mineral Resource classified at the higher, Indicated category, increased by 250% to 298,000 ounces.

A key development during the year was the identification of higher grade hanging-wall lodes located immediately adjacent and parallel to the Apollo Hill main lode. Near surface drilling on the hanging-wall lodes contributed significantly to the October 2019 resource upgrade.

As I write, drilling is continuing at Apollo Hill and high quality intersections continue to be delivered, many of which are outside the current Mineral Resource envelope. Post year end one of the most exciting intercepts to date was returned from a reverse circulation (RC) hole on the main lode. As reported on 30 July 2020, hole AHRC0362 intersected 9 metres grading 18.2 g/t gold from 301 metres down-hole. Visible gold was noted over a 3 metre interval within the broader mineralised zone and this interval assayed an impressive 54.2g/t gold.

Over 23,000 metres of RC drilling has been completed at Apollo Hill since the October 2019 resource was calculated. We anticipate completing and releasing the next resource up-date for Apollo Hill late in 2020.

As more drilling data has been generated, our understanding of the mineralised systems at Apollo Hill has evolved. It is now evident that Apollo Hill exhibits a single, 600 metre wide mineralised corridor, providing potential to define a large near surface deposit. This has very positive economy of scale implications for any future mining operation.

During the year, the Company also undertook exploratory RC drilling at the Calypso Prospect, located 3.5 kilometres northeast of Apollo Hill. This drilling returned several significant intersections, including 9 metres grading 8.67g/t gold from 116 metres in RC hole BBRC0003. Drilling is continuing at Calypso in order to further test this important satellite prospect. At the regional scale, broad spaced reconnaissance aircore drilling continued to identify a number of important gold and geological trends in our greater greenfields land package.

In April 2020, Saturn secured the right to earn an 85% joint venture interest in a key exploration tenement in the heart of the historic West Wyalong goldfield. This provides an exciting second element to the company's gold mandate in Australia. West Wyalong is located in the well-endowed Lachlan Fold Belt in New South Wales, a region with a significant mining heritage and large scale current operations. A little over 100 years ago West Wyalong was a substantial, high grade gold producer and we believe that with the application of modern exploration and mining practises, there is excellent potential to re-establish gold production. During 2020/21 we aim to develop and implement our first field programs at West Wyalong, working in close consultation with the local community.

The Company raised over \$8 million during the year through share placements to institutional and sophisticated investors. This enabled Saturn to maintain an active program of work at Apollo Hill and retain a sound balance sheet. The placements also delivered a share register with strong institutional representation, placing us in a very enviable position for a junior Australian resource company.

Since I joined the Saturn Board in April 2020, I have been most impressed by the quality of work carried out and I commend the Company's management and staff and my fellow directors for their achievements since listing on the ASX less than two and a half years ago.

I would also like to thank Saturn's shareholders for their on-going support of the Company. 2020/21 is going to be our most active year as we continue to build momentum at Apollo Hill and expand our regional and Australian exploration programs. I look forward to reporting the results of these endeavours to you this time next year.

Yours sincerely,



**Brett Lambert**

Chairman

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# Review of Operations

## Company Profile

Saturn Metals Limited (Saturn) was incorporated on 2 June 2017 for the purposes of gold exploration and development and listed on the Australian Securities Exchange on 9 March 2018 after a successful spin out from Peel Mining Limited.

Saturn's primary objective is to focus on mineral exploration and resource opportunities that have the potential to deliver growth for shareholders.

Saturn's management strategy is to:

- Maintain a rapid exploration program at Apollo Hill towards rapidly growing the Resource;
- Conduct further exploration activities within the Apollo Hill area towards identifying and growing new higher-grade gold lode/vein exploration targets, and;
- Continue a cost-effective exploration program in respect to its highly prospective District Tenement Package to seek, identify and develop large new Archaean Lode Gold deposits.

In addition, Saturn also looks to expand its current project portfolio by seeking opportunities to:

- apply for additional tenements to complement the Project; or
- acquire, either by way of an asset or share purchase, complementary projects.

To this end, Saturn entered into a Joint Venture on a brownfields exploration tenement, EL 8815, over the highly prospective and historic West Wyalong Gold Field in New South Wales where the initial focus of exploration will be the high grade Mallee Bull Reef and its extensional possibilities.

- **Shares on Issue: 87,952,680 (30/06/2020)**
- **Share Price: \$0.715 (30/06/2020)**
- **Market Capitalisation: \$62M**
- **Cash: \$5.132M (30/06/2020)**
- **0.781Moz 2019 JORC Compliant Mineral Resource<sup>1</sup>**



Logging drill core at Apollo Hill core yard.

<sup>8</sup>This document contains exploration results and historic exploration results as originally reported in fuller context in Saturn Metals Limited ASX Announcements, Quarterly Reports and Prospectus - as published on the Company's website. Saturn Metals Limited confirms that it is not aware of any new information or data that materially affects the information on results noted.

<sup>1</sup>Details of the Mineral Resource breakdown by category are presented in Table 1a\* (on page 17 of this document) along with the associated Competent Persons statement and details of the original ASX report that this information was originally published in.

# Review of Operations

## Apollo Hill Project

Our flagship Apollo Hill Project is at the heart of the world-class Eastern Goldfields 650km NE of Perth, Western Australia.

The Project is located approximately 60km by road from the gold mining and processing town of Leonora.

The Apollo Hill deposit itself has a published October 2019 JORC Compliant Inferred & Indicated Mineral Resource of 24.5 Mt at 1.0g/t for 781,000 ounces of gold using a 0.5 g/t cut-off (maximum depth of the resource at 180m below surface)<sup>1</sup>.

Located in the Archean aged Norseman-Wiluna Greenstone Belt, the Apollo Hill deposit occurs in a mineralised structure associated with the 5km long and 500m wide Apollo-Ra Shear zone. This shear zone is a parallel component of the district prevalent, gold fertile, and highly prospective Keith-Kilkenny Fault system.

The extensive and intense hydrothermal alteration exhibits all the hallmarks of a major mineralised Archean lode gold system.

The deposit is characterised by simple metallurgy (free milling coarse gold with low cyanidation characteristics) and thick zones of mineralisation. Importantly, the deposit has potential for a low stripping ratio and a simple gravity gold focused circuit.

Recent drilling has focused on extensional corridors, targeting higher grade plunging shoots within the known resource and on newly discovered hanging-wall lodes. Results are increasing the size and quality of the known gold system.

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Since the last Resource upgrade in October 2019 the company has completed approximately 23,000m of RC drilling over several programs to test new exploration targets and provide information for an additional resource estimate.

Drilling successfully focused on:

**The discovery of a number of improved grade, hanging-wall lodes immediately adjacent and parallel to the main Apollo Hill lode and resource envelope.**

Significant intersections include:

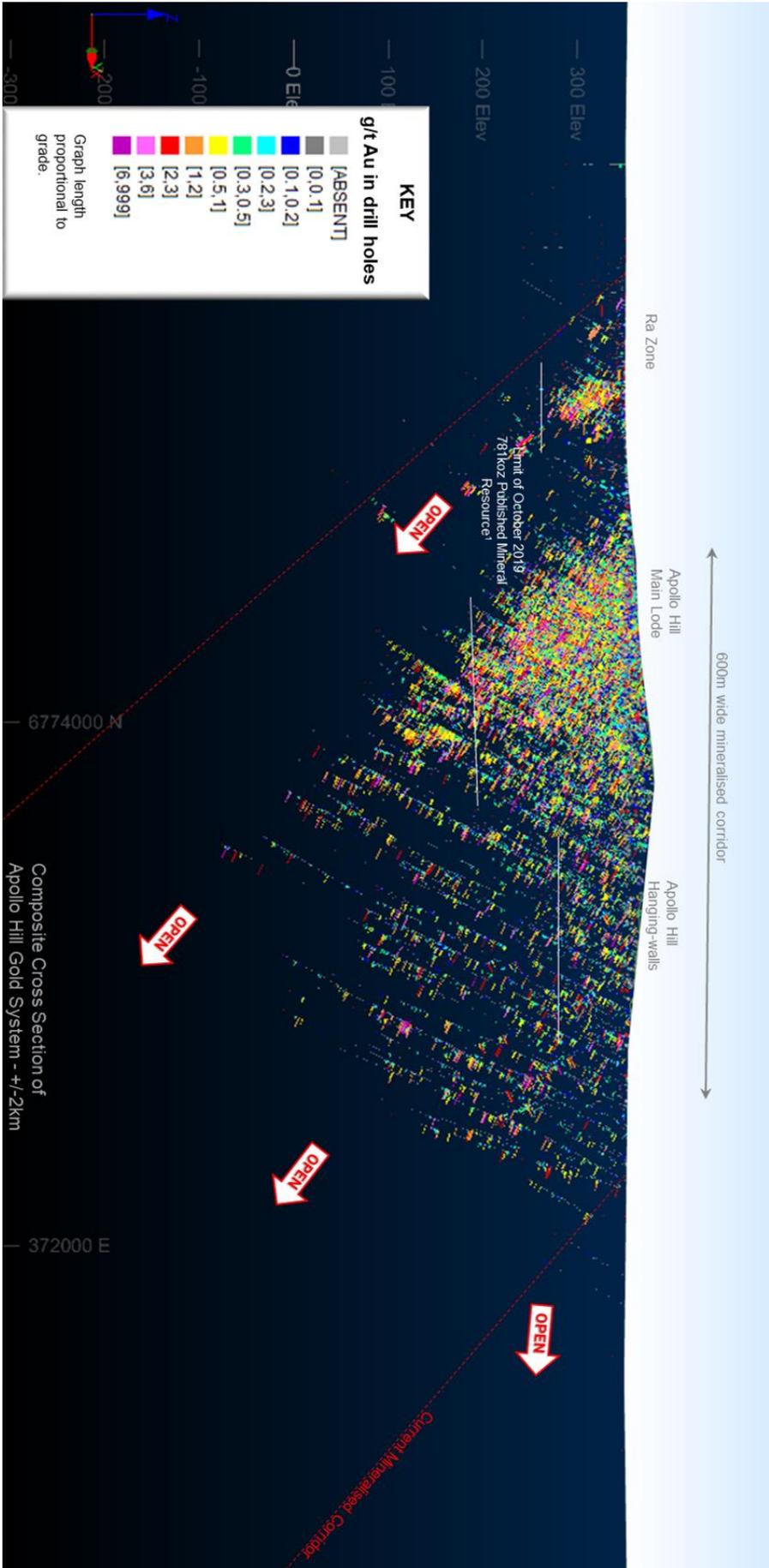
- 12m @ 9.98g/t Au from 269m – AHRC0312;
- 36m @ 1.32g/t Au from 183m including 11m @ 3.28g/t Au from 208m – AHRC0312;
- 13m @ 1.2g/t Au from 301m including 4m @ 3.63g/t Au from 301m – AHRC0312;
- 4m @ 15.57g/t Au from 100m including 2m @ 31g/t Au from 100m – AHRC0350;
- 8m @ 12.9g/t Au from 126m within 14m @ 7.75g/t Au from 120m - AHRC0330;
- 5m @ 8.03g/t Au from 111m. – AHRC0330;
- 7m @ 6.59g/t Au from 34m contained within 35m @ 1.67g/t from 34m - AHRC0223;
- 6m @ 6.23g/t Au from 246m – AHRC0360;
- 8m @ 5.12g/t Au from 215m – AHRC0344;
- 5m @ 5.19g/t Au from 44m within 16m @ 1.69g/t Au from 44m – AHRC0269;
- 8m @ 4.26g/t Au from 16m - AHRC0239;
- 5m @ 4.70gt Au from 126m – AHRC0297;
- 6m @ 4.08g/t Au from 108m within 55m @ 0.62g/t Au from 92m – AHRC0281;
- 8m @ 3.38g/t Au from 6m – AHRC0343;
- 13m @ 1.39g/t Au from 157m – AHRC0358;
- 4m @ 3.23g/t Au from 141m – AHRC0357;
- 1m @ 24.10g/t Au from 70m – AHRC0357;
- 6m @ 3.11g/t Au from 98m – AHRC0352;
- 20m @ 0.51g/t Au from 60m – AHRC0350;
- 14m @ 1.21g/t Au from 12m within 28m @ 0.90g/t Au – AHRC0296;
- 11m @ 1.40g/t Au from 194m within 19m @ 0.93g/t Au from 186m – AHRC0298;
- 11m @ 1.2g/t Au from 180m within 25m @ 0.61g/t Au from 166m – AHRC0244;
- 8m @ 1.70g/t Au from 33m within 21m @ 0.72g/t Au from 33m – AHRC0292;
- 6m @ 2.20g/t Au from 129m within 19m @ 0.91g/t Au from 116m – AHRC0287;
- 9m @ 1.64g/t Au from 114m within 24m @ 0.81g/t Au from 107m – AHRC0282;
- 9m @ 1.17g/t Au from 119m including 4m @ 2.47g/t Au from 122m – AHRC0293;
- 6m @ 1.96g/t Au from 32m – AHRC0295;
- 7m @ 2.13g/t Au from 64m – AHRC0242;
- 17m @ 2.96g/t Au from 41m, including 10m @ 4.82g/t Au from 45m, which also includes 4m @ 9.31g/t Au from 51m - all contained within 28m @ 1.8g/t Au from 39m – AHRC0221.

Intersections compare favorably to historic mineralised intervals and highlight the potential to increase the scale and quality of the known gold system. A further Resource upgrade is targeted for late 2020.

Drilling at Apollo Hill defined a single, 600m wide, mineralised corridor with the potential to outline a much bigger near surface deposit.

# Review of Operations

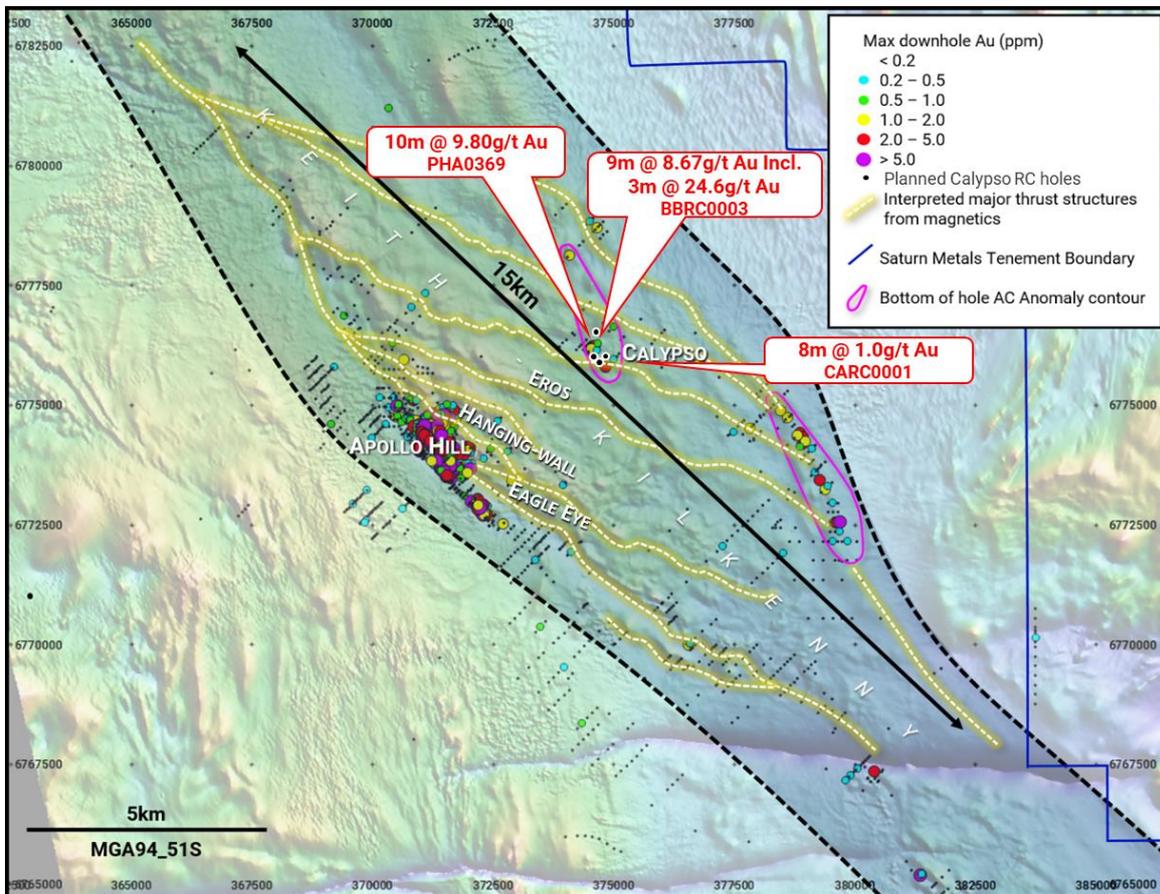
## Apollo Hill Deposit



RC drilling at the satellite prospect 'Calypso', located only 3.5km northeast of Apollo Hill, returned significant intersections of:

- 9m @ 8.67g/t Au from 116m including 3m @ 24.6g/t Au from 119m in hole BBRC0003, and;
- 8m @ 1.04g/t Au from 99m – CARC0001.

Drilling was undertaken to test underneath a historic aircore intersection of 10m @ 9.80g/t Au from 89m. This new drilling, along with other historic and recent drilling results, has outlined a gold anomaly which is 300m wide and 600m in length. Drilling is underway at the time of writing to further test this important satellite prospect.



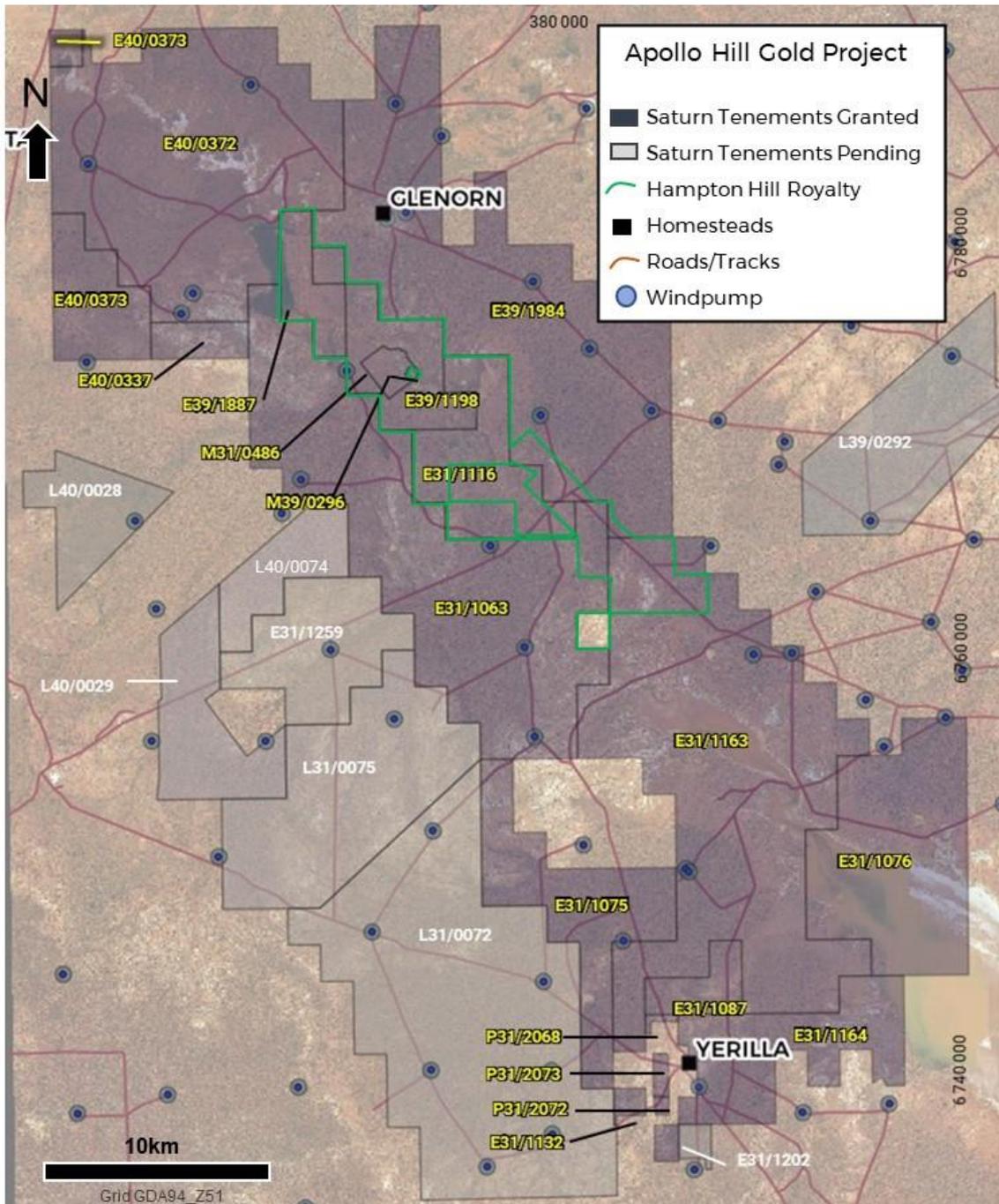
Regional drill hole and magnetic plan of a 15km section of the Keith-Kilkenny Lineament host to the Apollo Hill Deposit and Calypso prospect. Major thrust structures mapped from airborne magnetics in yellow.

### Regional Exploration - Excellent Infrastructure, Key Strategic Land Position

#### Potential to re-write the geology, prospectivity and history of the Apollo Hill District

The Apollo Hill Project comprises 28 highly prospective mining, exploration and prospecting licenses and 7 miscellaneous licenses (approximately 1,600km<sup>2</sup> of contiguous ground).

Saturn Metals Apollo Hill tenure holds a central strategic land position amongst major and mid-tier Australian and International gold companies. The tenement package is illustrated below. All tenements are 100% owned by Saturn Metals Limited.



Saturn Metals Limited Apollo Hill Tenement Map and Land Holdings

## Review of Operations

### Apollo Hill - Regional

A two phase 5,635m 85-hole aircore drilling program was undertaken at multiple targets across Saturn Metals Keith Kilkenny regional land package. Drilling was undertaken to assess several targets identified as a result of ongoing, mapping, interpretation and exploration.

Results of this drilling identified several anomalous areas and further broad spaced aircore drilling is planned.

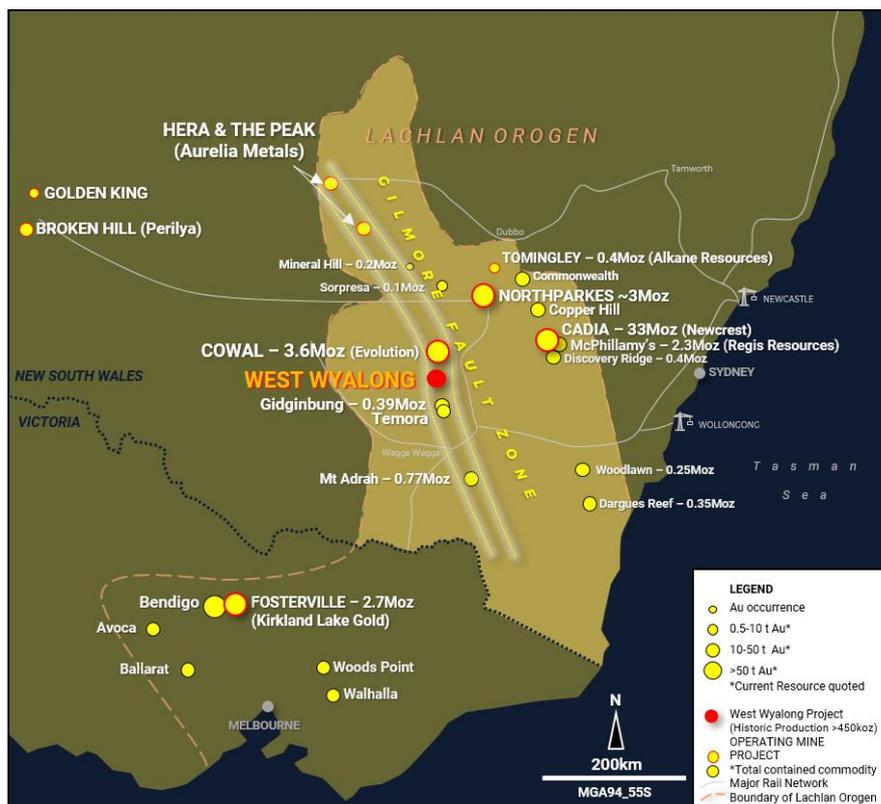
The Company successfully undertook several Aboriginal Heritage Site surveys with Traditional Aboriginal Landowners over the southern part of Saturn's Apollo Hill project. Clearance work paves the way for ongoing reconnaissance AC drilling over a number of areas where multiple kilometres of strike length of gold prospective stratigraphy and structure remain to be tested.



### West Wyalong Farm-in

During the period Saturn entered into a Joint Venture on a 91km<sup>2</sup> brownfields exploration tenement over the highly prospective and historic West Wyalong Gold Field (EL8815). West Wyalong is located in the well-endowed Lachlan Fold Belt, host to major gold deposits, including Cowal Gold Mine (Evolution) and Cadia Gold Mine (Newcrest)

Recorded historical production from the West Wyalong Goldfield, which operated mainly between 1894 and 1915, totaled approximately 439,000 oz Au at 36g/t Au (see full references and joint venture details in Saturn's ASX announcement dated 28 April 2020).



### Titan Metals Established

During the year, the Company established Titan Metals Pty Ltd, a 100% owned subsidiary. The subsidiary was established to hold the Company's farm-in interests at the West Wyalong project.

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### Well Funded for Progress

During the year the Company undertook three capital raises to ensure funding capacity to continue progressing its Apollo Hill Gold Project and exploration at its regional prospective tenure. The raisings were completed through both brokered placements and non-brokered direct placements to both institutional and sophisticated investors. The raisings were as follows:

- 30 August 2019, the Company raised \$3,341,250 by issuing 9,546,428 shares at 35 cents per share;
- 3 April 2020, the Company raised \$2,964,166 by issuing 10,978,393 shares at 27 cents per share
- 26 June 2020, the Company raised \$1,892,500 by issuing 3,785,000 shares at 50 cents per share

As part of the June 2020 capital raising, the Company proposed to issue 1,892,500 options with an exercise price of \$0.70c to the overseas institutional investor. The options have an expiry term of two years from issue and are subject to shareholder approval at a general meeting set for 11 August 2020; and foreign investment review board (FIRB) approval. Upon exercise of the options, the Company would receive \$1.3 million of additional funding.

At the year ended 30 June 2020, the Company has 87,952,680 shares on issue.

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## Schedule of Tenements

Tenement	Current Area	Area Unit	Measured km <sup>2</sup>	Grant Date	Expiry Date
E 31/1063*	56	Standard Block	168	9/03/2015	8/03/2025
E 31/1075	19	Standard Block	55.8	9/03/2015	8/03/2025
E 31/1076	28	Standard Block	83.8	10/03/2015	9/03/2025
E 31/1087	4	Standard Block	12.0	19/03/2015	18/03/2025
E 31/1116*	14	Standard Block	42.0	26/07/2016	25/07/2021
E 31/1132	1	Standard Block	2.3	1/02/2017	31/01/2022
E 31/1163*	70	Standard Block	214	27/04/2018	26/04/2023
E 31/1164	17	Standard Block	48.8	27/04/2018	26/04/2023
E 39/1198*	11	Standard Block	28.6	31/03/2009	30/03/2021
E 39/1887*	5	Standard Block	15.0	24/02/2016	23/02/2021
E 39/1984*	61	Standard Block	183.0	30/03/2017	29/03/2022
E 40/337	3	Standard Block	9.0	3/12/2014	2/12/2024
E 40/372	55	Standard Block	160.6	3/07/2018	2/07/2023
E 40/373	10	Standard Block	30.1	16/11/2019	15/11/2023
M 31/486*	411	Ha	4.1	12/03/2015	11/03/2036
M 39/296	24	Ha	0.2	30/09/1993	29/09/2035
P 31/2068	78	Ha	0.8	8/05/2015	7/05/2023
P 31/2072	68	Ha	0.7	8/05/2015	7/05/2023
P 31/2073	166	Ha	1.7	8/05/2015	7/05/2023
L 39/284	288	Ha	2.8	Application	30/06/2041
E 31/1202	2	Standard Block	2.9	Application	
E 31/1259	15	Standard Block	44.9	Application	
L 31/72	19,357	Ha	193.6	Application	
L 31/74	6,284	Ha	62.6	Application	
L 31/75	10,416	Ha	104.3	Application	
L 39/292	6,590	Ha	66.0	Application	
L 40/28	2,675	Ha	26.8	Application	
L 40/29	3,801	Ha	38.1	Application	
<b>28 Leases</b>	Blocks and Ha		<b>Total 1,602km<sup>2</sup></b>		

### Saturn Metals Limited Current Tenement Holdings

\*Land subject to 5 % Hampton Hill Royalty on +1Moz Production – see tenement map Review of Operations – Apollo Hill Regional section.

# Mineral Resource Estimation Governance

During the year, the Company provided an update to JORC 2012 Apollo Hill Mineral Resource estimate.

Saturn Metals Limited has ensured that the Mineral Resource estimates are subject to good governance arrangements and internal controls. The Mineral Resources reported have been generated by independent external consultants who are experienced in best practices in modelling and estimation methods. The consultants have also undertaken a review of the quality and suitability of the underlying information used to generate the resource estimations. Additionally, Saturn Metals Limited carries out regular reviews and audits of internal processes and external contractors that have been engaged by the Company.

The Mineral Resource estimate for Apollo Hill was compiled and reported in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition.

The table below sets out the updated October 2019 Apollo Hill Mineral Resource.

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

The models are reported above nominal RLs (180 mRL – this is approximately 180 metres below surface (mbs) (accounting for localised variations in topography) for the Apollo Hill main zone and 260 mRL or 90mbs for Ra the deposit and the Apollo Hill Hanging-walls – refer to reporting RL's illustrated in Figures 1, 3 and 4 in the ASX announcement titled "Apollo Hill Resource Upgrade" dated 14/10/2019) and nominal 0.5 g/t Au lower cut-off grade for all material types. Saturn Metals advise that there is no material depletion by mining within the model area. Estimation is by localised multiple indicator kriging for Apollo Hill zone and the Apollo Hill Hanging-wall zone; estimation of Ra zone used restricted ordinary kriging due to limited data. The model assumes a 5mE by 12.5mN by 5mRL Selective Mining Unit (SMU) for selective open pit mining. The final models are SMU models and incorporate internal dilution to the scale of the SMU. Technically the models do not account for mining related edge dilution and ore loss. These parameters should be considered during the mining study as being dependent on grade control, equipment and mining configurations including drilling and blasting. Classification is according to JORC Code Mineral Resource categories. Totals may vary due to rounded figures.

The table below sets out the November 2018 Apollo Hill Mineral Resource

Lower cut-off grade (Au g/t)	Oxidation State	Measured			Indicated			Inferred			MII Total		
		Tonnes (Mtonnes)	Au (g/t)	Au metal (K ozs)	Tonnes (Mtonnes)	Au (g/t)	Au metal (K ozs)	Tonnes (Mtonnes)	Au (g/t)	Au metal (K ozs)	Tonnes (Mtonnes)	Au (g/t)	Au metal (K ozs)
0.5	Oxide	0	0	0	0.1	0.9	4	0.4	0.9	12	0.6	0.9	17
	Transitional	0	0	0	1.1	1.0	37	1.2	0.9	36	2.3	1.0	73
	Fresh	0	0	0	2.1	1.1	75	15.8	1.0	520	17.9	1.0	595
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3.3</b>	<b>1.1</b>	<b>116</b>	<b>17.4</b>	<b>1.0</b>	<b>569</b>	<b>20.7</b>	<b>1.0</b>	<b>685</b>

The models are reported above nominal RLs (190 mRL – approximately 180 metres below surface (mbs) for Apollo Hill northwest, 210 mRL approximately 150mbs for Apollo Hill southeast and 260 mRL 90mbs for Ra deposit) and nominal 0.5 g/t Au lower cut-off grade for all material types.

Saturn Metals advise that there is no material depletion by mining within the model area.

Estimation is by localized multiple indicator kriging for Apollo Hill zone; estimation of Ra zone used restricted ordinary kriging due to limited data.

The model assumes a 7.5 mE by 7.5 mN by 5 mRL Selective Mining Unit (SMU) for selective open pit mining.

The final models are SMU models and incorporate internal dilution to the scale of the SMU. Technically the models do not account for mining related edge dilution and ore loss. These parameters should be considered during the mining study as being dependent on grade control, equipment and mining configurations including drilling and blasting.

Classification is according to JORC Code Mineral Resource categories.

Totals may vary due to rounded figures.

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# Mineral Resource Estimation Governance

## Competent Persons Statements – for November 2018 and October 2019 Resources

### **Apollo Hill and Apollo Hill Project**

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

The information in this announcement that relates to Apollo Hill Mineral Resource estimates (gold) is based on information compiled and generated by Ingvar Kirchner, an employee of AMC Consultants. Mr Kirchner consents to the inclusion, form and context of the relevant information herein as derived from the original resource reports. Mr Kirchner has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

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Your Directors present their report on the consolidated entity, consisting of Saturn Metals Limited ("Company") and the entities it controlled at the end of or during the financial year ended 30 June 2020. Throughout the report the consolidated entity is referred to as the group.

## Directors

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

Ian Bamborough

Brett Lambert (appointed 9 April 2020)

Robert Tyson

Andrew Venn

## Directors' interests in shares and options

Directors' interests in shares and options as at the date of this report are set out in the table below.

<i>Director</i>	<i>Shares Directly and Indirectly Held</i>	<i>Options</i>	<i>Performance Rights</i>
Ian Bamborough	1,563,941	3,750,000	250,000
Brett Lambert	-	-	-
Robert Tyson	710,000	1,250,000	250,000
Andrew Venn	250,000	1,250,000	250,000

## Principal activities

The principal activity of the Group is the exploration for economic deposits of precious metals. For the period of this report, the emphasis has been gold focused exploration near Leonora, in Western Australia.

## Results

The loss for the Group for the financial year after providing for income tax amounted to \$1,476,067 (2019: \$1,187,119). Loss per share \$0.02 (2019: \$0.02).

## Dividends

No dividends were paid or proposed during the year (2019: nil).

## Review of operations

A review of the operations of the Group during the financial year are contained in pages 7 to 15 in this report.

## Significant changes in the state of affairs

### Titan Metals Subsidiary

In April 2020 Saturn Metals Limited entered into a farm-in arrangement, on NSW exploration licence EL 8815, through its newly created, wholly owned subsidiary Titan Metals Pty Ltd, with Mr Peter Goldner and Dr Angus Collins.

Saturn Metals can earn up to 85% in the project through four farm-in stages by spending a total of \$1.9 million on exploration over approximately 4 years and by making a total of \$195,000 in staged progress payments (cash or shares). Saturn must keep the Tenement in good standing. On Saturn earning 85%, a Joint Venture will be formed and the Joint Venture Partners have the option to contribute or dilute (subject to the pre-negotiated dilution formula in line with previous earn in stages)

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to a combined 1.5% royalty. On the joint venture partners reverting to a royalty position Saturn must make an additional \$50,000 progress payment. Saturn earns a transferrable interest in the tenement during the first three stages but does not maintain full commercial rights until having earned 60% by spending \$900,000 on exploration. The agreement does not constitute a Joint Arrangement under the Australian Accounting Standards.

### Impact of COVID-19

During the year, in response to the COVID-19 pandemic, the Group moved to implement a series of precautionary measures as part of its OHS policies to ensure that risk around COVID-19 was minimised for all employees and contractors. These measures included restrictions on air travel with field staff driving in and out of the project. The Group's head office staff moved to a work-from-home basis from the start of April to mid-May in line with government guidelines. Besides the aforementioned, site operations were not affected during this period.

The Group instigated a series of cost-saving measures during the April-June quarter whilst the Group adhered to government guidelines in response to the pandemic. These included retrenchment of a number of permanent and casual staff and Saturn's Executive and Non-Executive Directors agreeing to take temporary pay reductions. The Group has now reinstated all Director wages and fees. The Group will continue to monitor the situation and will advise the market of any material impacts of the pandemic if they occur.

### Changes to Contributed Equity

During the year the Group increased contributed equity by \$8,197,916 through the issue of 24,309,821 shares in the company as part of three placements to institutional and sophisticated investors. The details and timing of each placement were as follows:

- 30 August 2019, the Company raised \$3,341,250 by issuing 9,546,428 shares at 35 cents per share;
- 3 April 2020, the Company raised \$2,964,166 by issuing 10,978,393 shares at 27 cents per share;
- 26 June 2020, the Company raised \$1,892,500 by issuing 3,785,000 shares at 50 cents per share.

Details of changes in contributed equity is disclosed in note 10 in the consolidated financial statements.

The Company also entered into a Voluntary Escrow Agreement with Peel Mining Limited (Peel) over its holding of 4,000,001 shares. The shares will be subject to voluntary escrow until 9<sup>th</sup> September 2020.

The Directors are not aware of any other significant changes in the state of affairs of the Company occurring during the financial year, other than disclosed in this report.

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## Events occurring after balance date

There were no other matters or circumstances that 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 years.

## Likely developments and expected results

It is the Board's current intention that the Group will seek to progress exploration on current projects. These activities are inherently risky and there are no certainties that the Group will successfully achieve its objectives.

## Information on Directors

### Ian Bamborough (BSc(Hons), MSc, MBA, MAIG, GAICD) – *Managing Director*

Mr Bamborough is a geologist with more than 20 years leadership experience in the mining industry. Mr Bamborough developed his career with Newmont Mining Corporation and was more recently managing Director of ASX listed Spectrum Rare Earths Limited. Mr Bamborough has previously served as a Director of the Northern Territory Mining Board, and currently holds directorships with private exploration and mining companies Roman Road Pty Ltd and Reef Mining Pty Ltd. Mr Bamborough has been a director of the Company for 3 years.

The Board considers that Mr Bamborough is not an independent Director.

Mr Bamborough holds 1,563,941 shares in Saturn Metals Limited, 3,750,000 share options and 250,000 performance rights.

### Brett Lambert (BAppSc (Mining Engineering)) – *Non-Executive Chairman*

Mr Lambert is a mining engineer and experienced company director. He has over 35 years' involvement in the Australian and international resources industry encompassing exploration, mining operations, project development, business development and corporate administration. Mr Lambert commenced his professional career with Western Mining Corporation in Kalgoorlie and progressed to a Senior Management role. Since leaving WMC, Mr Lambert has held executive positions with a number of junior and mid-tier resource companies, including more than 10 years at CEO/managing director level. Currently Mr Lambert serves as Non-Executive Chairman of Mincor Resources NL (ASX:MCR) and Australian Potash Limited (ASX:APC). Mr Lambert has been a director of the Company for 4 months.

The Board considers that Mr Lambert is an independent Director.

Mr Lambert does not currently hold any shares or options in Saturn Metals Limited.

### Robert Maclaine Tyson (B.App Sc(Geol), GradDip Applied Finance(SIA) MAusIMM) – *Non-Executive Director*

Mr Tyson is a geologist with more than 20 years resources industry experience having worked in exploration and mining-related roles for companies including Cyprus Exploration Pty Ltd, Queensland Metals Corporation NL, Murchison Zinc Pty Ltd, Normandy Mining Ltd and Equigold NL. Mr Tyson is the Managing Director of Peel Mining Limited, a role he has held for 13 years. Mr Tyson has been a director of the Company for 3 years.

The Board considers that Mr Tyson is not an independent Director.

Mr Tyson holds 710,000 shares in Saturn Metals Limited, 1,250,000 share options and 250,000 performance rights..

### Andrew Venn (BBus, GradDip Applied Finance, FFin) – *Non-Executive Director*

Mr Venn has over 20 years mining industry experience and currently holds a senior executive position with DDH1 Drilling Pty Ltd, a major mining contractor. Mr Venn has previously held senior positions across financing and operations for Argonaut Limited, Orica Mining Services and ICI Explosives and is

a Fellow of the Financial Services Institute of Australia. Mr Venn has been a director of the Company for 3 years.

The Board considers that Mr Venn is an independent Director.

Mr Venn holds 250,000 shares in Saturn Metals Limited, 1,250,000 share options and 250,000 performance rights..

### **Ryan Woodhouse – Company Secretary**

Mr Woodhouse has 13 years of experience in the mining and energy industries in the area of accounting and governance. He holds a Bachelor of Commerce from Curtin University and is a member of the Institute of Chartered Accountants. Mr Woodhouse currently holds the position of Company Secretary with Peel Mining Limited.

Mr Woodhouse was appointed Company Secretary on 6 June 2017.

### **Meetings of Directors**

Director's attendance at Directors meetings are shown in the following table:

<b>Director</b>	<b>Number held whilst in office</b>	<b>Number attended</b>
I Bamborough	9	9
B Lambert	3	3
R Tyson	9	9
A Venn	9	9

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# Remuneration Report (Audited)

The remuneration report is set out under the following headings:

- a) Principles used to determine the nature and amount of remuneration
- b) Details of remuneration
- c) Service agreements
- d) Share-based compensation
- e) Option holdings of key management personnel
- f) Performance rights holdings of key management personnel
- g) Share holdings of directors and key management personnel, and
- h) Additional information

## a) Principles used to determine the nature and amount of remuneration

The objective of the remuneration framework of Saturn Metals Limited is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board believes that executive remuneration satisfies the following key criteria:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

These criteria result in a framework which can be used to provide a mix of fixed and variable remuneration, and a blend of short and long-term incentives in line with the Group's remuneration policy.

### Board and senior management

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Group of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$300,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Group to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed. Senior management are paid based on applicable market rates.

Remuneration is not linked to past Group performance but rather towards generating future shareholder wealth through share price performance. The Board and management are issued share options in the company on a periodic basis as a means to link executive rewards to shareholder value.

The Group has recorded a loss this financial year to date. No dividends have been declared or paid during the reporting period.

# Remuneration Report (Audited)

## Payments to Executives and Directors April to May 2020

Due to the outbreak of Covid-19 and the uncertainties surrounding the impact on the Group, the Board decided to reduce the level of remuneration paid to all executives and Directors from April 2020 to May 2020 by 20%. Contract levels of remuneration were reinstated in late June 2020.

### b) Details of remuneration

Details of the nature and amount of each element of the remuneration of each of the Directors of Saturn Metals Limited and other key management personnel of the Group during the year ended 30 June 2020 are set out in the following table:

**Table 1: Director and Key Management Personnel remuneration**

	Short-Term Employment Benefits	Post- Employment	Long-Term Benefits	Share Based Payment		Total	Performance Related
	Cash salary and fees	Super- annuation	Leave benefits	Options	Performance Rights		
2020	\$	\$	\$	\$	\$	\$	%
<b>Directors</b>							
I Bamborough	187,300	23,268	-	127,584	24,768	362,920	42%
B Lambert	15,167	1,441	-	-	-	16,608	0%
R Tyson	48,333	4,592	-	53,610	24,767	131,302	60%
A Venn	48,333	4,592	-	53,610	24,767	131,302	60%
<b>Total</b>	<b>299,133</b>	<b>33,893</b>		<b>234,804</b>	<b>74,302</b>	<b>642,132</b>	

	Short-Term Employment Benefits	Post- Employment	Long-Term Benefits	Share Based Payment		Total	Performance Related
	Cash salary and fees	Super- annuation	Leave benefits	Options	Performance Rights		
2019	\$	\$	\$	\$	\$	\$	%
<b>Directors</b>							
I Bamborough	201,684	25,730	-	170,761	-	398,175	43%
R Tyson	50,000	4,750	-	50,379	47,909	153,038	64%
A Venn	50,000	4,750	-	50,379	-	105,129	48%
<b>Total</b>	<b>301,684</b>	<b>35,230</b>		<b>271,519</b>	<b>47,909</b>	<b>656,342</b>	

### c) Service agreements

Remuneration and other terms of employment for the Directors and key management personnel, except those of non-executive Directors are formalised in Employment Agreements or Letters of Offer. Details of the employment conditions for Directors and key management personnel are set out below:

The Company has entered into an executive services agreement with Mr Ian Bamborough pursuant to which Mr Bamborough is appointed Managing Director of the Company on the following terms:

- The Company will employ the Managing Director for an initial period of 6 months commencing on 12th August 2017 during which time the Company will seek to list on the ASX. Post listing, employment in this capacity will continue on a full time on basis.
- The Company will pay to the Managing Director for services rendered a salary of \$200,000 (excluding superannuation) per annum.

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## Remuneration Report (Audited)

- (c) The Managing Director is entitled to 1,000,000 Class A Options 1,000,000 Class B Options and 1,000,000 Class C Options as part of a long-term incentive program to be granted pursuant to the Company's Incentive Option Plan.
- (d) The Company will reimburse the Managing Director for all reasonable expenses (including travel and accommodation) incurred in the performance of his duties.
- (e) The Company may terminate the service agreement on 1 month's written notice during the Initial Period and without reason on 3 months' notice thereafter and immediately without notice in the event of serious misconduct.
- (f) The Managing Director may terminate the executive service agreement at any time and without notice if the Company commits a serious breach of the executive service agreement or by giving three (3) months' notice to the Company.
- (g) The Company will arrange for a deed of insurance, indemnity and access to be prepared, which will be entered into by Mr Bamborough and the Company. The Company will also use its best endeavours to secure and maintain appropriate directors' and officers' liability insurance.

The above Executive Service Agreement otherwise contains terms and conditions which are considered standard for agreements of their nature, including those relating to confidentiality, non-disclosure and assignment.

The Company has entered into an appointment letter with Mr Brett Lambert pursuant to which Mr Lambert is appointed Non-Executive Chairman of the Company on the following terms:

- (a) Mr Lambert's appointment will commence on 9 April 2020 and automatically ceases at the end of any meeting at which he is not re-elected as a Director by the shareholders of the Company or otherwise ceases in accordance with the Constitution;
- (b) The Company will pay \$70,000 per annum (excluding superannuation) to the Non-executive Chairman monthly in arrears. Remuneration shall be subject to annual review by the Board of the Company and approval by the shareholders of the Company (if required);
- (c) The Company will reimburse Mr Lambert for all reasonable expenses (including travel and accommodation) incurred in the performance of his duties where agreed by the Board.
- (d) The Company will arrange for a deed of insurance, indemnity and access to be prepared, which will be entered into by Mr Lambert and the Company. The Company will also use its best endeavours to secure and maintain appropriate directors' and officers' liability insurance.

The appointment letter otherwise contains terms and conditions that are considered standard for agreements of this nature.

The Company has entered into an appointment letter with Robert Tyson pursuant to which Mr Tyson is appointed Non-Executive Director of the Company on the following terms:

- (a) Mr Tyson's appointment will commence on 9 April 2020 and automatically ceases at the end of any meeting at which he is not re-elected as a Director by the shareholders of the Company or otherwise ceases in accordance with the Constitution;
- (b) The Company will pay \$50,000 per annum (excluding superannuation) to the non-executive Director monthly in arrears. Remuneration shall be subject to annual review by the Board of the Company and approval by the shareholders of the Company (if required);
- (c) The Company will reimburse Mr Tyson for all reasonable expenses (including travel and accommodation) incurred in the performance of his duties where agreed by the Board.
- (d) The Deed of insurance, indemnity and access which was entered into by Mr Tyson and the Company will continue. The Company will also use its best endeavours to secure and maintain appropriate directors' and officers' liability insurance.

The appointment letter otherwise contains terms and conditions that are considered standard for agreements of this nature.

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## Remuneration Report (Audited)

The Company has entered into an appointment letter with Andrew Venn pursuant to which Mr Venn is appointed Non-Executive Director of the Company on the following terms:

- (a) Mr Venn's appointment will commence on 21 September 2017 and automatically ceases at the end of any meeting at which he is not re-elected as a Director by the shareholders of the Company or otherwise ceases in accordance with the Constitution;
- (b) The Company will pay \$50,000 per annum (excluding superannuation) to the non-executive Director monthly in arrears. Remuneration shall be subject to annual review by the Board of the Company and approval by the shareholders of the Company (if required);
- (c) Mr Venn is entitled to 500,000 Class A Options as part of a long-term incentive program.
- (d) The Company will reimburse Mr Venn for all reasonable expenses (including travel and accommodation) incurred in the performance of his duties where agreed by the Board.
- (e) The Company will arrange for a deed of insurance, indemnity and access to be prepared, which will be entered into by Mr Venn and the Company. The Company will also use its best endeavours to secure and maintain appropriate directors' and officers' liability insurance.

The appointment letter otherwise contains terms and conditions that are considered standard for agreements of this nature.

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# Remuneration Report (Audited)

## d) Share-based compensation

### (i) Options

Options over shares in Saturn Metals Limited may be granted under the Company's Incentive Option Plan which was created in September 2017 and approved by the Board. The Incentive Option Plan is designed to provide long-term incentives for Eligible Participants to deliver long-term shareholder returns. Under the plan, the Board may from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for Options, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines. An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Option.

Details of options over ordinary shares in the Company provided as remuneration to each director and key management personnel of Saturn Metals Limited are set out below. When exercisable, each option is convertible into one ordinary share of Saturn Mining Limited. Further information on the options is set out in note 20(a) to the consolidated financial statements.

Name	Fair Value at Grant Date		Number of options granted during year		Number of options vested during year	
	2020	2019	2020	2019	2020	2019
<b>Directors</b>	\$	\$				
Ian Bamborough	53,550	77,225	250,000	500,000	1,000,000	1,000,000
Brett Lambert	-	-	-	-	-	-
Robert Tyson	53,550	77,225	250,000	500,000	-	500,000
Andrew Venn	53,550	77,225	250,000	500,000	-	500,000

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date.

The fair value of the 2019 Class A Options was determined using a hybrid employee share options pricing model which uses a correlated simulation that simultaneously calculates the Company's share price and the Index on a risk neutral basis as at the vesting dates with regards to the measurement period.

The fair value of the 2019 Class B options was independently determined using a Black-Scholes option model that takes into account the exercise price, the term of the option, impact of dilution, the share price at grant date, price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option.

The classes, terms and conditions of each grant of options existing at reporting date is as follows:

Grant Date	Date Vested & Exercisable	Expiry Date	Exercise Price	Value per Option at Grant Date
9 March 2018	Class A - 9 March 2019 (2,000,000) Class B - 9 March 2020 (1,000,000) Class C - 9 March 2021 (1,000,000)	9 Apr 2021	20.0 cents	13.0 cents
6 December 2018	1) 50% vest on 1Moz at Apollo Hill (750,000) 2) 20% on new 100koz discovery (300,000) 3) 30% continuous employment for 2 years (450,000)	6 Dec 2021	26.4 cents	15.4 cents
9 December 2019	Class A - 9 December 2021 (450,000) Class B - 9 December 2021 (300,000)	8 Dec 2022 8 Dec 2022	36.4 cents 36.4 cents	21.1 cents 21.9 cents

No options were exercised by Directors of Saturn Metals Limited.

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## Remuneration Report (Audited)

### (ii) Performance Rights

Performance Rights in Saturn Metals Limited may be granted under the Incentive Performance Rights Plan which approved by the Shareholders at the 2018 Annual General Meeting. The Incentive Performance Rights Plan is designed to provide short-term incentives for Eligible Participants to deliver short and long term shareholder returns. A Performance Right may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Performance Right. A Performance Right will lapse upon the earlier to occur of:

- (i) an unauthorised dealing in the Performance Right;
- (ii) a vesting condition in relation to the Performance Right is not satisfied by its due date, or becomes incapable of satisfaction, unless the Board exercises its discretion to waive the vesting conditions and vest the Performance Right in the circumstances set out in paragraph;
- (iii) unless the Board resolves, in its absolute discretion, to allow the unvested Performance Rights to remain unvested after the Relevant Person ceases to be an Eligible Participant.

Performance rights in the Company were issued during the year, the details of which are set out below. When conditions attaching to the right are met, each performance right is convertible into one ordinary share of Saturn Mining Limited. Further information on the performance rights is set out in note 20(b) to the consolidated financial statements.

Grant Date	Date Vested & No. Exercisable	Expiry Date	Exercise Price	Fair value per Right at Grant Date
9 March 2018	Class B - 500,000 on release of an updated Resource estimate for the Apollo Hill Gold project.	9 March 2019 (Exercised 2019)	Nil consideration	20 cents
9 December 2019	750,000 on achieving a JORC compliant resource of 1.5Moz at a minimum grade 0.8g/t at Apollo Hill & Ra deposits area/corridor within 2 years from grant date.	8 December 2022	Nil consideration	35.5 cents

Name	Fair Value at Grant Date		Number of performance rights granted during year		Number of performance rights vested during year	
	2020	2019	2020	2019	2020	2019
<b>Directors</b>	\$	\$				
Ian Bamborough	88,750	-	250,000	-	-	-
Brett Lambert	-	-	-	-	-	-
Robert Tyson	88,750	-	250,000	-	-	500,000
Andrew Venn	88,750	-	250,000	-	-	-

The fair value of the rights is determined on the market price of the company's shares at grant date, with an adjustment made to take into account the two-year vesting period. The maximum value of the performance rights shares yet to vest has been determined as the amount of the grant date fair value of the rights that is yet to be expensed. For the December 2019 grant, the maximum value yet to vest for this grant was estimated based on the share price of the company at grant date. The minimum value of performance rights shares yet to vest is nil, as the shares will be forfeited if the vesting conditions are not met. The Directors do not receive any dividends and are not entitled to vote in relation to the performance rights during the vesting period (note 20(b)).

## Remuneration Report (Audited)

### e) Option holdings of key management personnel (KMP)

30 June 2020	Balance at the start of the year	Granted as compensation	Expired during year	Exercised	Other Change	Balance at end of the year	Vested and exercisable	Unvested
<b>Directors</b>								
I Bamborough	3,500,000	250,000	-	-	-	3,750,000	2,000,000	1,750,000
B Lambert	-	-	-	-	-	-	-	-
R Tyson	1,000,000	250,000	-	-	-	1,250,000	500,000	750,000
A Venn	1,000,000	250,000	-	-	-	1,250,000	500,000	750,000
<b>KMP</b>	<b>5,500,000</b>	<b>750,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,250,000</b>	<b>3,000,000</b>	<b>3,250,000</b>

No options were exercised by Directors of Saturn Metals Limited.

### f) Performance rights holdings of key management personnel (KMP)

30 June 2020	Balance at the start of the year	Granted as compensation	Expired during year	Converted to Shares	Balance at end of the year	Vested and exercisable	Unvested
<b>Directors</b>							
I Bamborough	-	250,000	-	-	250,000	-	250,000
B Lambert	-	-	-	-	-	-	-
R Tyson	-	250,000	-	-	250,000	-	250,000
A Venn	-	250,000	-	-	250,000	-	250,000
<b>KMP</b>	<b>-</b>	<b>750,000</b>	<b>-</b>	<b>-</b>	<b>750,000</b>	<b>-</b>	<b>750,000</b>

### g) Share holdings of Directors and key management personnel – Shares in Saturn Metals Limited (number)

30 June 2020	Balance at The start of the year	Received during the year conversion of performance rights	Other changes during the year	Closing balance
<b>Directors</b>				
I Bamborough	1,563,941	-	-	1,563,941
B Lambert	-	-	-	-
R Tyson	710,000	-	-	710,000
A Venn	250,000	-	-	250,000
<b>KMP</b>	<b>2,523,941</b>	<b>-</b>	<b>-</b>	<b>2,523,941</b>

### h) Additional information

#### Other transactions with key management personnel

The Group's Non-Executive Director, Mr Robert Tyson is also the Managing Director of Peel Mining Limited, which has a 4.6% holding in the Company at the time of this report. During the year Saturn Metals Limited paid Peel Mining Limited for costs associated with shared Management Services. The total of transactions with Peel Mining Limited during the year was \$171,410 (2019: \$153,238). The outstanding balance at year-end was \$9,023 (2019: \$13,232).

# Remuneration Report (Audited)

## Cash bonuses

No cash bonuses have been paid by the Group to directors during the financial year (2019: Nil).

## Share-based compensation: options & performance rights

Other than options and performance rights granted under the Incentive Option Plan and the Performance Rights Plan as described in (d) above, there were no other options issued to or exercised by Directors of Saturn Metals Limited or key management personnel during the year.

## Use of remuneration consultants

During the year ended 30 June 2020, the Group did not employ the services of a remuneration consultant to review its existing remuneration policies and to provide recommendations in respect of both executive short-term and long-term incentive plan design.

## Voting and comments made at the Company's Annual General Meeting

Saturn Metals Limited received 92% of "yes" votes on its remuneration report for the 2019 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

*End of Audited Remuneration Report*

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## Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date options granted	Expiry date	Exercise price of options	Number under option	
			2020	2019
6 December 2018	6 Dec 2021	26.4 cents	2,560,000	
9 March 2018	9 Apr 2021	20.0 cents	4,000,000	
9 December 2019	8 Dec 2022	36.4 cents	1,200,000	

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

## Shares issued on the exercise of options

Date of Exercise	Issue price of shares		Number of shares issued	
	2020	2019	2020	2019
	cents	cents	Number	Number
Nil	-	-	-	-

## Shares issued on the conversion of performance rights

Date of Conversion	Issue price of shares		Number of shares issued	
	2020	2019	2020	2019
	cents	cents	Number	Number
6 December 2018	-	20 Cents	-	500,000

## Indemnification and Insurance of Directors and Officers

During the financial year the Group paid a premium of \$14,622 (2019: \$12,668) to insure the Directors and officers of the Group. The policy indemnifies each Director and officer of the Group against certain liabilities arising in the course of their duties.

## Proceedings on behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

## Environmental Regulation

The Group holds exploration licences and mining leases in Australia. These licences specify guidelines for environmental impacts in relation to exploration activities. The licence conditions provide for the full rehabilitation of the areas of exploration in accordance with the respective jurisdiction's guidelines and standards. The Group is not aware of any significant breaches of the licence condition.

## Auditor's Independence Declaration

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

## Non-Audit Services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important. The Board has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor as set out below did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in *APEX 110 Code of Ethics for Professional Accountants*.

Details of the fees paid to the auditor during the year can be found at note 21 of the notes to the consolidated financial statements.

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

## Ian Bamborough



Managing Director  
Perth, Western Australia  
11<sup>th</sup> August 2020

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 30 June 2020**

	Note	2020 \$	2019 \$
Interest and other income	12	74,974	80,126
Interest and other income		74,974	80,126
Share-based remuneration	20	(456,178)	(365,565)
Employee and Directors' benefit expenses	13	(570,206)	(509,985)
Administration expenses		(524,657)	(391,695)
Loss before income tax		(1,476,067)	(1,187,119)
Income tax benefit (expense)	14	-	-
Loss from continuing operations after income tax		(1,476,067)	(1,187,119)
Other comprehensive income		-	-
Total Loss and comprehensive income for the year attributable to the members of Saturn Metals Limited		(1,476,067)	(1,187,119)
Basic Loss per share for the year attributable to the members of Saturn Metals Limited	22	(0.02)	(0.02)
Diluted Loss per share for the year attributable to the members of Saturn Metals Limited	22	(0.02)	(0.02)

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

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## Consolidated Statement of Financial Position

### For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Current Assets</b>			
Cash and cash equivalents	5	5,131,938	2,745,167
Trade and other receivables	6	52,518	170,942
<b>Total Current Assets</b>		<b>5,184,456</b>	<b>2,916,109</b>
<b>Non-Current Assets</b>			
Plant & equipment	7	93,945	109,228
Exploration assets	8	12,624,645	8,176,971
<b>Total Non-Current Assets</b>		<b>12,718,590</b>	<b>8,286,199</b>
<b>Total Assets</b>		<b>17,903,046</b>	<b>11,202,308</b>
<b>Current Liabilities</b>			
Trade and other payables	9	542,840	572,957
<b>Total Current Liabilities</b>		<b>542,840</b>	<b>572,957</b>
<b>Total Liabilities</b>		<b>542,840</b>	<b>572,957</b>
<b>Net Assets</b>		<b>17,360,206</b>	<b>10,629,351</b>
<b>Equity</b>			
Contributed equity	10	19,882,745	12,132,001
Accumulated losses	11	(3,520,506)	(2,044,439)
Option reserve	11	997,967	541,789
<b>Total Equity</b>		<b>17,360,206</b>	<b>10,629,351</b>

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

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## Consolidated Statement of Changes in Equity For the Year Ended 30 June 2020

		Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total Equity \$
<b>Balance at 1 July 2018</b>	Note	10,631,001	(857,320)	276,224	10,049,905
Loss for the year	11	-	(1,187,119)	-	(1,187,119)
Total comprehensive loss for the year	11	-	(1,187,119)	-	(1,187,119)
Issue of share capital	10	1,600,000	-	-	1,600,000
Share issue expenses	10	(99,000)	-	-	(99,000)
Share based payments	11	-	-	265,565	265,565
<b>Balance at 30 June 2019</b>		<b>12,132,001</b>	<b>(2,044,439)</b>	<b>541,789</b>	<b>10,629,351</b>
Loss for the year		-	(1,476,067)	-	(1,476,067)
Total comprehensive loss for the year	11	-	(1,476,067)	-	(1,476,067)
Issue of share capital	10	8,197,916	-	-	8,197,916
Share issue expenses	10	(447,172)	-	-	(447,172)
Share based payments	11	-	-	456,178	456,178
<b>Balance at 30 June 2020</b>		<b>19,882,745</b>	<b>(3,520,506)</b>	<b>997,967</b>	<b>17,360,206</b>

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

## Consolidated Statement of Cash Flows

### For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(919,828)	(771,285)
<b>Net cash outflow from operating activities</b>	15	(919,828)	(771,285)
<b>Cash flows from investing activities</b>			
Payments for exploration expenditure		(4,472,185)	(2,983,951)
Grant refunds		3,827	56,916
Payments for purchase of plant and equipment		(9,258)	(28,564)
Interest received		33,471	89,013
<b>Net cash outflow from investing activities</b>		(4,444,145)	(2,866,586)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		8,197,916	1,500,000
Transaction costs of issue of shares		(447,172)	(99,000)
<b>Net cash inflow from financing activities</b>		7,750,744	1,401,000
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at the start of year		2,386,771	(2,236,871)
<b>Cash and cash equivalents at the end of year</b>	5	2,745,167	4,982,038
		5,131,938	2,745,167

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

# Notes to the Consolidated Financial Statements

## 1. Significant Changes During the Year

During the year Saturn Metals has entered a joint venture arrangement for an exploration lease near West Wyalong, NSW. A new entity, Titan Metals Pty Ltd was formed as a 100% owned subsidiary of Saturn Metals, to hold the farm-in interest. As a result, Saturn Metals has now adopted consolidated financial reporting in accordance with AASB 10 for the year ended 30 June 2020.

The principal accounting policies adopted in the preparation of the financial report are set out in the notes below including note 24. With the exception of the above, these policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the consolidated financial statements for the Group at the end of, or during the financial years ended 30 June 2020 and the comparative period.

## 2. Subsidiary companies

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note (24b):

Name	Country of Incorporation	Class of Shares	Equity holding 2020 %	Equity holding 2019 %
Titan Metals Pty Ltd	Australia	Ordinary	100.00	-

## 3. Interests in other entities

In April 2020 Saturn Metals Limited entered into a joint venture arrangement, through its wholly owned subsidiary Titan Metals Pty Ltd, with Mr Peter Goldner and Dr Angus Collins.

Saturn Metals can earn up to 85% in the project through four farm-in stages by spending a total of \$1.9 million on exploration over approximately 4 years and by making a total of \$195,000 in staged progress payments (cash and or shares). Saturn must keep the tenements in good standing. On Saturn earning 85% a Joint Venture will be formed and the Joint Venture Partners have the option to contribute or dilute (subject to the pre-negotiated dilution formula in line with previous earn in stages) to a combined 1.5% royalty. On the Joint venture Partners reverting to a royalty position Saturn must make an additional \$50,000 progress payment. Saturn earns a transferrable interest in the tenement during the first three stages but does not maintain full commercial rights until having earned 60% by spending \$900,000 on exploration.

As at the time of this report and due to the early stage of the arrangement, Titan Metals Pty Ltd has not yet earned an interest in the tenements under the agreement. The agreement does not constitute a Joint Arrangement under the Australian Accounting Standards.

## 4. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief decision maker has been identified as the Board of Directors.

Management has determined that Saturn Metals Limited only has one segment, being exploration for precious metals at its tenement package, south of Leonora, Western Australia. Whilst the Company's 100% owned subsidiary, Titan Metals Pty Ltd, has recently entered into a farm-in arrangement for the exploration of precious metals at West Wyalong, NSW, at this early stage of the arrangement Management does not feel the transactions are material enough to qualify as an additional segment.

# Notes to the Consolidated Financial Statements

## 5. Cash & Cash Equivalents

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

	2020	2019
	\$	\$
Cash at bank and in hand	5,131,938	245,167
Term deposits with financial institutions	-	2,500,000
	5,131,938	2,745,167

Refer to note 16 for the policy on financial risk management

## 6. Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

In determining the recoverability of a trade or other receivable using the expected credit loss model, the Group performs a risk analysis considering the type and age of the outstanding receivables, the creditworthiness of the counterparty, contract provisions, letter of credit and timing of payment.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

No material provision for credit losses was required to be recognised in the current period ending 30 June 2020.

Receivables (Current)	2020	2019
	\$	\$
GST recoverable from taxation authority	33,975	128,059
Accrued income	-	8,498
Grant receivable	-	17,233
Prepayments	18,543	17,152
	52,518	170,942

Refer to note 16 for the policy on financial risk management

## 7. Property, Plant & Equipment

### *Plant and equipment*

All assets acquired, including plant and equipment are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives from the time the asset is held ready for use as follows:

## Notes to the Consolidated Financial Statements

- Plant	3-10 years
- Vehicles	3-8 years
- Office equipment	3-5 years
- Computer software	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is impaired.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

### *Impairment of assets*

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs of disposal and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs of disposal and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Nil impairment losses have been recognised for the year ending 30 June 2020 (2019: \$nil).

	2020	2019
	\$	\$
<i>Plant and equipment</i>		
Depreciating plant and equipment	143,842	134,584
Less accumulated depreciation	(49,897)	(25,356)
Total property, plant and equipment	93,945	109,228
<b>Reconciliation</b>		
Carrying amount at beginning of year	109,228	101,379
Additions	9,258	28,564
Depreciation expense	(24,541)	(20,715)
Disposals	-	-
Closing balance	93,945	109,228

### **8. Exploration and evaluation assets**

All exploration and evaluation expenditure is capitalised under AASB 6 Exploration for and Evaluation of Mineral Resources. Mineral interest acquisition costs and exploration and evaluation expenditure incurred is accumulated and capitalised in relation to each identifiable area of interest. These costs are only carried forward to the extent that the Group's right to tenure to that area of interest are current and either the costs are expected to be recouped through successful development and exploitation of the area of interest (alternatively by sale) or where areas of interest have not at reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active, and significant operations are undertaken in relation to the area of interest.

Amortisation is not charged on costs carried forward in respect of areas of interest in the exploration and evaluation phase or development phase until production commences.

### *Grants (R&D Tax Incentive grant income /Co Operative Drill Funding)*

The Group accounts for funds received from the ATO under the Research and Development ("R&D") Tax Incentive Scheme as an offset to the Exploration and Evaluation asset, where the initial expenses to

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# Notes to the Consolidated Financial Statements

which it relates were capitalised. During the year, the Group also received a refund through the Co-Operative Drill Funding scheme through the Western Australian Government. These funds are also offset to the Exploration and Evaluation asset, where the initial expenses to which it relates were capitalised.

	2020	2019
	\$	\$
At cost	12,624,645	8,176,971
<b>Reconciliation</b>		
Opening balance	8,176,971	5,086,787
Exploration expenditure	4,451,501	3,147,100
Grant Refund	(3,827)	(56,916)
Closing balance	12,624,645	8,176,971

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

## 9. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually payable within 30 days of invoice. The carrying amounts of trade and other payables are considered the same as their fair values, due to their short-term nature.

	2020	2019
	\$	\$
Trade payables	174,375	128,055
Accrued expenses & other payables	368,465	444,902
	542,840	572,957

## 10. Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity acquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) are recognised directly in equity.

# Notes to the Consolidated Financial Statements

## (a) Share capital

	2020		2019	
	Number of Shares	\$	Number of Shares	\$
Authorised and issued, ordinary shares fully paid	87,952,680	19,882,745	63,642,859	12,132,001

## (b) Movements in ordinary share capital

Opening balance, 1 July	63,642,859	12,132,001	56,000,001	10,631,001
Shares issued as a result of conversion of performance rights	-	-	500,000	100,000
Shares issued as a result of share placements	24,309,821	8,197,916	7,142,858	1,500,000
Transaction costs on share issues	-	(447,172)	-	(99,000)
Closing balance, 30 June	87,952,680	19,882,745	63,642,859	12,132,001

## (c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

## (d) Options & performance rights

Information relating to options and performance rights issued during the year is set out in note 20.

## (e) Capital risk management

In employing its capital, the Group seeks to ensure that it will be able to continue as a going concern and in time provide value to shareholders by way of increased market capitalisation and/or dividends. In the current stage of its development, the Group has invested its available capital in acquiring and exploring mining tenements. As is appropriate at this stage, the Group is funded entirely by equity. As it moves forward to develop its tenements towards production, the Group will adjust its capital structure to support its operational and strategic objectives, by raising additional capital or taking on debt, as is seen to be appropriate from time to time given the overriding objective of creating shareholder value. In this regard, the Board will consider each step forward in the development of the Group on its merits and in the context of the then capital markets, in deciding how to structure funding arrangements.

## 11. Reserves and accumulated losses

	2020	2019
	\$	\$
<i>(i) Accumulated losses</i>		
Opening balance	2,044,439	857,320
Loss for the year	1,476,067	1,187,119
Closing balance	3,520,506	2,044,439
<i>(ii) Share-based payments reserve</i>		
Opening balance	541,789	276,224
Option expenses (Director options)	234,804	271,519
Option expenses (Employee options)	105,630	46,137
Net Performance rights (Directors rights)	74,302	(52,091)
Net Performance rights (Employee rights)	41,442	-
Closing balance	997,967	541,789

# Notes to the Consolidated Financial Statements

## Nature and purpose of reserve

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

### Share options and reserve movements

	2020		2019	
	Options	\$	Options	\$
<b>Opening balance</b>	6,560,000	541,789	4,000,000	224,133
Options issued to Directors	750,000	234,804	1,500,000	271,519
Options issued to Employees	450,000	105,630	1,060,000	46,137
Exercised	-	-	-	-
<b>Closing balance</b>	<b>7,760,000</b>	<b>882,223</b>	<b>6,560,000</b>	<b>541,789</b>
Exercisable at 26.4 cents; vesting on or before 6 Dec 21	1,500,000		1,500,000	
Exercisable at 26.4 cents; vesting on or before 6 Dec 21	1,060,000		1,060,000	
Exercisable at 20 cents; vesting on 9 Mar 2019	2,000,000		2,000,000	
Exercisable at 20 cents; vesting on 9 Mar 2020	1,000,000		1,000,000	
Exercisable at 20 cents; vesting on 9 Mar 2021	1,000,000		1,000,000	
Exercisable at 36.4 cents; vesting on or before 8 Dec 2022	750,000		-	
Exercisable at 36.4 cents; vesting on or before 8 Dec 2022	450,000		-	
	<b>7,760,000</b>		<b>6,560,000</b>	

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value (note 20(a)).

### Performance rights and reserve movements

	2020		2019	
	Performance Rights	\$	Performance Rights	\$
<b>Opening balance</b>	-	-	500,000	52,091
Performance Rights issued to Directors	750,000	74,302	-	47,909
Performance Rights issued to Employees	450,000	41,442	-	-
Performance Rights converted to ordinary shares	-	-	(500,000)	(100,000)
<b>Closing balance</b>	<b>1,200,000</b>	<b>115,744</b>	<b>-</b>	<b>-</b>

The fair value of the rights is determined on the market price of the company's shares at grant date, with an adjustment made to take into account the one-year vesting period. The maximum value of the performance rights shares vested has been determined as the amount of the grant date fair value of the rights that is expensed. For the December 2019 grant, the maximum value vested for this grant was estimated based on the share price of the company at grant date. The minimum value of performance rights shares vested is nil, as the shares will be forfeited if the vesting conditions are not met. The Directors do not receive any dividends and are not entitled to vote in relation to the performance rights during the vesting period (note 20(b)).

## 12. Interest and Other Income

### Income recognition

Income is recognised to the extent that it is probable that the economic benefit will flow to the Group and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised.

#### Interest income

Income is recognised as the interest accrues using the nominal interest rate.

# Notes to the Consolidated Financial Statements

	2020	2019
	\$	\$
Interest Income	24,974	80,126
Other Income	50,000	-
<b>Total</b>	<b>74,974</b>	<b>80,126</b>

## 13. Expenses

Loss before income taxes includes the following specific expenses:

	2020	2019
	\$	\$
Employees and Director's benefit expenses		
Employment costs	437,198	397,585
Directors' fees	111,833	100,000
Recruitment costs	21,175	12,400
	<b>570,206</b>	<b>509,985</b>

## 14. Income tax

The income tax expense (or benefit) for the period is the tax payable (or refundable) on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised. A deferred income tax asset is not recognised where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit and loss for the year.

The Group has total carried forward tax losses arising in Australia of \$3,336,113 (2019: \$1,734,380) available for offset against future assessable income of the Group. The deferred tax asset in respect of these losses has been used to offset a deferred tax liability. The net deferred tax asset attributable to the residual tax losses of \$2,274,827 has not been brought to account until convincing evidence exists that assessable income will be earned of a nature and amount to enable such benefit to be realised.

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# Notes to the Consolidated Financial Statements

## 15. Reconciliation of cash flows from operating activities to loss after income tax

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

	2020 \$	2019 \$
Net cash outflow from operating activities	(919,828)	(771,285)
Adjustments for		
Share-based payments	(456,178)	(365,565)
Depreciation	(24,541)	(21,347)
Interest received and receivable	24,974	80,126
Change in operating assets and liabilities		
Decrease in receivables	(109,926)	(32,404)
Increase/(decrease) in payables	9,432	(76,644)
Loss after income tax	(1,476,067)	(1,187,119)

## 16. Financial Risk Management

### Overview

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

### Credit risk

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

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

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

### Risk management

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

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

### Impairment losses

At 30 June 2020 the Group has not recognised any impairment losses (2019: nil).

### 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 have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring

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## Notes to the Consolidated Financial Statements

unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity by maintaining adequate reserves by continuously monitoring forecast and actual cash flows ensuring there are appropriate plans in place to finance these future cash flows.

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

	Financial Obligations \$
<b>30 June 2020</b>	
Trade and other payables less than 6 months	542,840
<b>30 June 2019</b>	
Trade and other payables less than 6 months	572,957

### Interest rate risk

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

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

		Carrying Amount	
		2020 \$	2019 \$
Short term cash deposits	4	-	2,500,000

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

At 30 June 2020 if interest rates had changed +/- 100 basis points from year end rates with all other variables held constant, equity and post-tax loss would have been \$17,018 lower/higher (2019: \$25,000 lower/higher). This is based on a calculated weighted average balance of short term deposits during the financial year of \$1,701,781.

### Capital Management

The Directors' objectives when managing capital are to ensure that the Group can fund its operations and continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads.

The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Group were as follows:

	Note	2020 \$	2019 \$
Cash and cash equivalents	5	5,131,938	2,745,167
Trade and other receivables	6	52,518	170,942
Trade and other payables	9	(542,840)	(572,957)
Working capital position		4,641,616	2,343,152

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# Notes to the Consolidated Financial Statements

## Fair values

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

## 17. Contingencies & Commitments

The Group had no contingent assets or liabilities as at 30 June 2020 (2019: \$Nil).

### Operating lease commitments

The Group had no operating lease commitments within 12, before 60 or later than 60 months as at 30 June 2020 (2019: \$Nil).

### Exploration commitments

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

Expenditure commitments within one year at the reporting date but not recognised as liabilities were \$625,580 (2019: \$615,580). Due to the uncertain nature of exploration and the fact that the Group may at any time relinquish tenements it does not believe it to be appropriate to recognise these commitments post 12 months. The Group had no other expenditure commitments greater than 12 months.

## 18. Events after the reporting period

There were no other matters or circumstances that 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 years.

## 19. Related Parties

At 30 June 2020, Peel Mining Limited (PEX) held 4.6% of Saturn Metals Limited (2019: 31.43%). The Group engaged Peel Mining Limited in a non-exclusive basis to perform and provide administrative services and facilities through a service agreement. Throughout the year the Group made reimbursements to Peel Mining Limited for costs associated with the provision of management services.

The Company purchased drilling services from DDH1 Drilling Pty Ltd in 2019, which at that point in time, the Company's non-executive Director, Andrew Venn, was the Chief Operations Officer. Mr Venn's position at DDH1 Drilling Pty Ltd has since changed to Executive General Manager, Corporate Services, however is still considered a member of key management personnel at the Company. There were no transactions with DDH1 in 2020.

	2020	2019
	\$	\$
<b>Compensation of key management personnel</b>		
Short-term employee benefits	299,133	301,684
Post-employment benefits	33,893	35,230
Long-term benefits	-	-
Share-based payments	309,106	319,428
	642,132	656,342

# Notes to the Consolidated Financial Statements

<b>Transactions with related parties</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Purchases of management service from associate	171,410	153,238
Purchases of goods and services from entities controlled by key management personnel	-	92,729
	<b>171,410</b>	<b>245,967</b>
<b>Outstanding balances arising from purchases of services with related parties</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Current payables</i>		
Peel Mining Limited	(9,023)	(13,232)
Entities controlled by key management personnel	-	-
	<b>(9,023)</b>	<b>(13,232)</b>

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

## 20. Share-based payments

Share-based compensation benefits to directors, employees and consultants are provided at the discretion of the Board.

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the recipient becomes unconditionally entitled to the options.

The fair value at grant date is independently determined by using an appropriate model based on the vesting conditions attached to the options. The models used to determine fair value include a Black-Scholes model, or a hybrid employee share options pricing model.

During the year the Company has granted performance rights and options to Directors and employees through its Performance Rights and Incentive Option Plan.

Total expenses arising from share-based payment transactions recognised in the profit and loss during the year were as follows:

### (a) Options

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

	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Number</b>	<b>\$</b>	<b>Number</b>	<b>\$</b>
Options granted to Directors	750,000	234,804	1,500,000	271,519
Options granted to employees	450,000	105,630	1,060,000	46,137

<b>Grant date</b>	<b>Expiry date</b>	<b>Exercise price</b>	<b>Bal. at start of the year</b>	<b>Granted during the year</b>	<b>Expired during the year</b>	<b>Exercised during the year</b>	<b>Balance at end of the year</b>	<b>Vested and exercisable at end of the year</b>
		<b>Cents</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
6 Dec 18	6 Dec 21	26.4	1,500,000	-	-	-	1,500,000	-
6 Dec 18	6 Dec 21	26.4	1,060,000	-	-	-	1,060,000	-
9 Mar 18	9 Apr 21	20.0	3,000,000	-	-	-	3,000,000	1,000,000
9 Mar 18	9 Apr 21	20.0	1,000,000	-	-	-	1,000,000	1,000,000
9 Dec 19	8 Dec 22	36.4	-	750,000	-	-	750,000	-
9 Dec 19	8 Dec 22	36.4	-	450,000	-	-	450,000	-
			<b>6,560,000</b>	<b>1,200,000</b>	<b>-</b>	<b>-</b>	<b>7,760,000</b>	<b>2,000,000</b>

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# Notes to the Consolidated Financial Statements

## Fair value of options granted in 2020

### Class A Options

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

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

	Executive & Non-executive Directors	Employees
Exercise price	36.4 cents	36.4 cents
Grant date	9 December 2019	9 December 2019
Expiry date	8 December 2022	8 December 2022
Share price at issue date	35.5 cents (20 day VWAP)	33.0 cents (20 day VWAP)
Expected price volatility	100%	100%
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	0.77%	0.77%

### Class B Options

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

The fair value of the Class B options is determined to be 21.9 cents per share (Directors) and 19.8 cents per share (Employees). They were valued on a prorated basis as a result of the vesting conditions attached to these options. The fair value at grant date is independently determined using a Black-Scholes option model that takes into account the exercise price, the term of the option, the share price at grant date and performance rights granted during the year ended 30 June 2020 included:

	Directors	Employees
Exercise price	36.4 cents	36.4 cents
Grant date	9 December 2019	9 December 2019
Expiry date	8 December 2022	8 December 2022
Share price at issue date	35.5 cents (20 day VWAP)	33.0 cents (20 day VWAP)
Expected price volatility	100%	100%
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	0.77%	0.77%

## Fair value of options granted in 2019

- a. Granted for no consideration
- b. Vesting Conditions: 50% vest on 1Moz at Apollo Hill; 20% vest on new 100koz discovery; 30% vest on continuous employment for 2 years.

The assessed fair value at grant date of options granted to Directors during the period ended 30 June 2019 was 15 cents per option. The assessed fair value at grant date of options granted to employees

## Notes to the Consolidated Financial Statements

during the period ended 30 June 2019 was also 15 cents per option. For this class of options, the fair value at grant date was independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2019 included:

	<b>2019</b>	<b>2019</b>
	Executive & Non-executive Directors	Employees
Exercise price	26.4 cents	26.4 cents
Grant date	6 December 2018	6 December 2018
Expiry date	6 December 2021	6 December 2021
Share price at issue date	25.11 cents (20 day VWAP)	25.11 cents (20 day VWAP)
Expected price volatility	100%	100%
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	1.93%	1.93%

### (b) Performance Rights

On 9 December 2019, 750,000 director performance rights and 450,000 employee performance rights were granted for nil consideration. The performance rights will vest upon the Company achieving a JORC Compliant Inferred Resource of a greater than 1.5 Moz, at a minimum grade of 0.8g/t at its Apollo Hill and Ra Deposits Area/Corridor within a period of 2 years from the grant of the Performance Rights.

Total expenses arising from share-based payment transactions recognised in the profit and loss during the year were as follows:

	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	Number	\$	Number	\$
2020 performance rights granted to Directors	750,000	74,302	-	-
2020 performance rights granted to Employees	450,000	41,442	-	-

Grant date	Expiry date	Balance at start of the year	Granted during the year	Expired during the year	Converted to ordinary shares during the year	Balance at end of the year	Vested and exercisable at end of the year
		Number	Number	Number	Number	Number	Number
9 Dec 19	8 Dec 22	-	750,000	-	-	750,000	-
9 Dec 19	8 Dec 22	-	450,000	-	-	450,000	-
		-	1,200,000	-	-	1,200,000	-

# Notes to the Consolidated Financial Statements

## Fair value of performance rights granted

The fair value of the performance rights is determined to be 35.5 cents per share (Directors) and 33.0 cents per share (Employees). The fair value at grant date is independently determined using a Black-Scholes option model that takes into account exercise price, the term of the option and performance rights granted during the year ended 30 June 2020 included:

	Directors	Employees
(a) Exercise price	Nil	Nil
(b) Grant date	9 December 2019	9 December 2019
(c) Expiry date	8 December 2022	8 December 2022
(d) Share price at issue date	35.5 cents (20 day VWAP)	33.0 cents (20 day VWAP)
(e) Expected price volatility	100%	100%
(f) Expected dividend yield	0.00%	0.00%
(g) Risk-free interest rate	0.77%	0.77%

### (c) Acquisition – Share based payment

Saturn Metals Limited made no acquisitions using share-based payments during the year.

### (d) Weighted averages – Options

The weighted average exercise price \$0.25 (2019: \$0.22).

The weighted average fair value of options is \$0.15 (2019: \$0.14).

The weighted average remaining contractual life is 1.25 years (2019: 2.04 years).

## 21. Remuneration of Auditors

	2020 \$	2019 \$
Amounts paid or due and payable to the PricewaterhouseCoopers Auditing and reviewing financial reports	35,000	35,000
	35,000	35,000
Indirect taxation services	3,367	3,061
Total	3,367	3,061

## 22. Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	2020	2019
<b>Basic loss per share</b>		
Loss from continuing operations attributable to the ordinary equity holders of the Group	(0.02)	(0.02)
<b>Diluted loss per share</b>		
Loss from continuing operations attributable to the ordinary equity holders of the Group	(0.02)	(0.02)
<b>Reconciliation of loss used in calculation of loss per share</b>		
Loss from continuing operations attributable to the ordinary equity holders of the Group per share	(1,476,067)	(1,187,119)

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# Notes to the Consolidated Financial Statements

	Number of Shares 2020	Number of Shares 2019
<b>Weighted average number of shares used as the denominator</b>		
Weighted average number of shares used in calculating basic loss per share	74,268,410	57,045,402

## Effect of dilutive securities

Options on issue at reporting date could potentially dilute earnings per share in the future. The effect in the current year is to reduce the loss per share hence they are considered anti-dilutive.

## 23. Parent Entity

	Parent Entity 2020 \$
<b>Statement of financial position</b>	
Current assets	5,187,239
Total assets	17,898,203
Current liabilities	(537,979)
Total liabilities	(537,979)
<b>Net assets</b>	<b>17,360,224</b>
<b>Equity</b>	
Issued capital	19,882,745
Share option reserve	997,967
Accumulated losses	(3,520,488)
<b>Total equity</b>	<b>17,360,224</b>
<b>Statement of profit or loss and other comprehensive income</b>	
Interest Revenue	24,974
Other income	50,000
Comprehensive loss for the year	(1,551,024)
<b>Total comprehensive loss for the year</b>	<b>(1,476,050)</b>

Commitments for the parent entity are the same as those for the consolidated entity and are set out in note 17.

As this is the first year the company has been a consolidated group, there is no Comparison for the 2019 financial year, as this would be the same as the full reported financial statements.

The parent entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at year-end.

## 24. Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the consolidated financial statements for the Group during the financial years ended 30 June 2020 and the comparative period.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. Saturn Metals Limited is a for-profit entity for the purpose of preparing the consolidated financial statements. The presentation currency of these accounts is Australian Dollars (AUD).

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# Notes to the Consolidated Financial Statements

As at 30 June 2020, the Group made a net loss after tax of \$1,476,067 (2019: \$1,187,119). The ongoing capital requirements of the Group are dependent on the Group's ability to raise funds in the future.

The Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the twelve month period from the date of signing this financial report. Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the basis of preparation is appropriate.

## *Compliance with IFRS*

The consolidated financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS).

## *Historical cost convention*

These consolidated financial statements have been prepared under the historical cost convention.

## **(b) Principles of consolidation**

The consolidated financial statements are those of the consolidated entity, comprising Saturn Metals Limited ("the parent entity") and entities controlled during the year and at reporting date ("Group"). A controlled entity is any entity that the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Information from the consolidated financial statements of the controlled entities is included from the date the parent company obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the acquisition method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-Group transactions, have been eliminated in full. Unrealised losses are eliminated except where costs cannot be recovered.

Investments in subsidiaries are carried at cost in the parent entity.

## **(c) Leases**

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

As at 30 June 2020, the Group did not recognise any lease assets or lease liabilities on the balance sheet. During the prior period, the Group classified the lease for its office space as an operating lease with payments recognised as an expense as incurred. As the contract term is less than 12 months, and considered short-term, the Group elects to recognise the lease payments directly as an expense in profit or loss.

The Group has considered other significant contracts, such as those for drilling, and determined that there are no other contracts that meet the definition of a lease under AASB 16.

## **(d) Employee benefits**

### *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and leave entitlements that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to balance date and are measured at the amounts expected to be paid when the liabilities are settled.

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# Notes to the Consolidated Financial Statements

## (e) Goods and services tax

Revenues, expenses and assets are recognised net of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable is included as a current asset in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from the taxation authority are classified as operating cash flows.

## (f) New standards and amendments

Certain new accounting standards and interpretations have been published that are mandatory for the 30 June 2020 reporting period and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## (g) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

The Group makes estimates and judgements in applying the accounting policies. Critical judgements in respect of accounting policies relate to exploration assets, where exploration expenditure is capitalised in certain circumstances. Recoverability of the carrying amount of any exploration assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

### *Share-based payment transactions*

The Group measures the cost of equity-settled share-based payment transactions with employees by reference to the fair value of the equity instruments at the grant date. The fair value is determined by using an appropriate model based on the vesting conditions attached to the options. The models used to determine fair value include a Black-Scholes model, or a hybrid employee share options pricing model. 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 expenses and equity.

### *Impairment of capitalised exploration and evaluation expenditure*

It is the Group's policy to capitalise costs relating to exploration and evaluation activities. The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

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The Board of Directors of Saturn Metals Limited declares that:

- (a) the consolidated financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes are in accordance with the Corporations Act 2001 and:
  - (i) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements ; and
  - (ii) give a true and fair view of the financial position as at 30 June 2020 and performance for the financial year ended on that date of the entity.
- (b) The Group has included in the notes to the consolidated financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- (c) In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;
- (d) the Board of Directors have been given the declaration by the chief executive officer and chief financial officer required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



**Ian Bamborough**

Managing Director  
Perth, Western Australia  
11<sup>th</sup> August 2020



## *Auditor's Independence Declaration*

As lead auditor for the audit of Saturn Metals Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

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

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

Helen Bathurst

Helen Bathurst  
Partner  
PricewaterhouseCoopers

Perth  
11 August 2020

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## *Independent auditor's report*

To the members of Saturn Metals Limited

### *Report on the audit of the financial report*

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#### *Our opinion*

In our opinion:

The accompanying financial report of Saturn Metals Limited (the Consolidated entity) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *What we have audited*

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2020
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the declaration of the Directors.

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

#### *Independence*

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### *Our audit approach*

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



#### *Materiality*

- For the purpose of our audit we used overall group materiality of \$179,030, which represents approximately 1% of the Group's total assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose the Group's total assets because, in our view, it is the benchmark against which the performance of the Group is most commonly measured whilst in the exploration phase.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable asset-related thresholds.

#### *Audit Scope*

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group's operational and financial processes are managed by a corporate function in Perth, where substantially all of our audit procedures are performed.

### *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 for the current period. The key audit 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. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><b><i>Carrying value of exploration and evaluation assets</i></b> <i>(Refer to note 8)</i></p> <p>As at 30 June 2020, the Group had capitalised exploration and evaluation assets of \$12.6 million relating to mining, exploration and prospecting licenses across Western Australia and New South Wales.</p> <p>This was a key audit matter because of the relative size of the exploration and evaluation balance in the consolidated balance sheet and the risk of impairment should the result of exploration activities not be positive, or the Group relinquish certain exploration licenses as it continues to assess future viability.</p>	<p>We performed the following procedures, amongst others:</p> <ul style="list-style-type: none"> <li>Assessed whether the Group retained right of tenure for all of its exploration licence areas by obtaining licence status records from relevant state government online databases.</li> <li>For a sample of additions to exploration and evaluation assets during the year inspected relevant supporting documentation, such as invoices, and compared the amounts to accounting records.</li> <li>Obtained management’s exploration expenditure forecasts supporting their assessment of indicators of impairment and compared these to the approved budgets and future cash flow forecasts of the Group.</li> <li>Inquired of management and directors as to the future capitalised exploration and evaluation assets and assessed plans for future expenditure to meet minimum licence requirements.</li> </ul>
<p><b><i>Basis of preparation of the financial report</i></b> <i>(Refer to note 24)</i></p> <p>The financial statements have been prepared by the Group on a going concern basis, which contemplates that the Group will continue to meet its commitments, realise its assets and settle its liabilities in the normal course of business. The Group is in the exploration and evaluation phase and therefore does not generate revenue from its operations and relies on funding from its shareholders or other sources to continue as a going concern. These funds are used to meet expenditure requirements to maintain the good standing of the Group’s tenements, progress project feasibility studies, and to cover corporate overheads.</p> <p>In determining the appropriateness of their going concern basis of preparation of the financial report, the Group made a number of judgements, including expenditure required to progress the Group’s projects and the minimum corporate overhead expenditure required to continue operations.</p>	<p>In assessing the appropriateness of the Group’s going concern basis of preparation for the financial report, we performed the following procedures, amongst others:</p> <ul style="list-style-type: none"> <li>Agreed the amounts received from capital raising during the year to third party bank support.</li> <li>Evaluated the appropriateness of the Group’s assessment of its ability to continue as a going concern, including whether the period covered is at least 12 months from the date of the financial report and that relevant information of which we are aware as a result of the audit has been included.</li> <li>Inquired of management and the directors whether they were aware of any events or conditions, including beyond the period of assessment that may cast significant doubt on the Group’s ability to continue as a going concern.</li> </ul>



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<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
Assessing the appropriateness of the Group's basis of preparation for the financial report was a key audit matter due to its importance to the financial report and the judgement involved in forecasting future cash flows for a period of at least 12 months from the date of the financial report.	<ul style="list-style-type: none"><li>• Compared the key underlying data and assumptions in the Group's cash flow forecast to approved budgets, internal reporting and historical cash outflows, including an assessment of the reasonableness of exploration and evaluation expenditure for the forecast period by comparing forecast expenditure to minimum annual expenditure commitments.</li><li>• Developed an understanding of what forecast expenditure in the cash flow forecast is committed and what could be considered discretionary.</li><li>• Assessed management's historical accuracy of cash flow forecasting by comparing actual results to prior period forecasts.</li></ul>

### *Other information*

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

### *Responsibilities of the Directors for the financial report*

The Directors 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 have no realistic alternative but to do so.

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### *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 the 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: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our auditor's report.

### *Report on the remuneration report*

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#### *Our opinion on the remuneration report*

We have audited the remuneration report included in pages 22 to 29 of the Directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of Saturn Metals Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

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#### *Responsibilities*

The Directors 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.

*Price waterhouse Coopers*

PricewaterhouseCoopers

*Helen Bathurst*

Helen Bathurst  
Partner

Perth  
11 August 2020

# Corporate Governance Statement

## ASX BEST PRACTICE RECOMMENDATIONS

This statement outlines the main corporate governance practices that were formally in place from 21 September 2017. These corporate governance practices comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

## COMPANY VALUES

The Company and its subsidiary are committed to conducting all of its business activities in accordance with the below stated values. The Board will ensure that all employees are given appropriate training on the Company's values and senior executives will continually demonstrate and reinforce such values in all interactions with staff.

### S.A.T.U.R.N

- **Safety** – “Safety First” is key to the Company's endeavours. Ensuring good **communication**, reporting and **transparency** around safety will drive a safe working environment for all stakeholders.
- **Action** – Acting with **courage, confidence, energy and enthusiasm** in all of our endeavours
- **Trust** – Always act with **Integrity**, communicate **honestly**, and **respect** others and yourself in all your actions.
- **United** – We are a team and our stakeholders and business partners are part of our team. We act with **humility** and **commitment** within our team.
- **Results** – We are results **focussed**, and individually **accountable** to our stakeholders and ourselves. We set ourselves **targets** to achieve and exceed.
- **Notable** – We strive to be noted for our **product**, our **ethical** behaviour, and our **efficient** business.

## BOARD OF DIRECTORS CHARTER

The Board operates in accordance with the broad principles set out in its Corporate Governance Plan, which is available from the corporate governance information section of the Company website at [www.saturnmetals.com.au](http://www.saturnmetals.com.au).

## ROLE AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for ensuring that the Company is managed in a manner which protects and enhances the interests of its shareholders and takes into account the interests of all stakeholders. This includes setting the strategic directions for the company, establishing goals for management and monitoring the achievement of these goals.

A summary of the key responsibilities of the Board include:

- **Strategy** - Driving strategic direction of the Company and defining the Company's purpose, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- **Values** - Approving the Company's statement of values and Code of Conduct to ensure the desired culture within the Company is maintained and monitoring the implementation of such values and culture at all times.
- **Financial performance** - Approving budgets, monitoring management and financial performance;
- **Financial reporting and audits** - Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the external auditors;

# Corporate Governance Statement

- **Leadership selection and performance** - Appointment, performance assessment and removal of the Managing Director. Ratifying the appointment and/or removal of other senior management, including the Company Secretary and other Board members;
- **Remuneration** – Approval and management of the Company's remuneration framework for executive management and staff and ensuring it is aligned with the Company's purpose, values, strategic objectives and risk appetite;
- **Risk management** - Reviewing and ratifying systems of audit, risk management (for both financial and non-financial risk) and internal compliance and control, codes of conduct and legal compliance to minimise the possibility of the Company operating beyond acceptable risk parameters, and;
- **Relationships with the exchanges, regulators and continuous disclosure** - Ensuring that the capital markets are kept informed of all relevant and material matters and ensuring effective communications with shareholders.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All Directors have direct access to the Company Secretary.

The Board has delegated to management responsibility for the day-to-day operation and administration of the Company is delegated by the Board to the Managing Director. The Board ensures that the Managing Director and the management team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and executive Directors.

The roles of Chairman and Managing Director are not combined. The Managing Director is accountable to the Board for all authority delegated to the position.

Whilst there is a clear division between the responsibilities of the Board and management, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval and monitoring of a strategic plan;
- approval of annual and semi-annual budgets and monitoring actual performance against budget, and;
- procedures are in place to incorporate presentations to each Board meeting by financial and operations management.

## **COMPOSITION OF THE BOARD**

The names, skills, experiences and period of office of the Directors of the Company in office at the date of this Statement are set out in the Director's Report. A summary of these skills and experiences are provided in table 1.

The composition of the Board is determined using the following principles:

- The Board should comprise Directors with a mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders;
- In appointing new members to the Board, consideration must be given to the demonstrated ability and also future potential of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company;
- The composition of the Board is to be reviewed regularly against the Company's Board skills matrix prepared and maintained by the nominations committee to ensure the appropriate mix of

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# Corporate Governance Statement

skills and expertise is present to facilitate successful strategic direction and to deal with new and emerging business and governance issues;

- Where practical, the majority of the Board should be comprised of non-executive Directors who can challenge management and hold them to account as well as represent the best interests of the Company and its shareholders as a whole rather than those of individual shareholders or interest groups. Where practical, at least 50% of the Board should be independent;
- An independent Director is a director who is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual shareholder or other party;
- Prior to the Board proposing re-election of non-executive Directors, their performance will be evaluated by the remuneration and nomination committee to ensure that they continue to contribute effectively to the Board.

The Board has accepted the following definition of an independent Director:

An independent Director is a Director who is not a member of management (a Non-executive Director) and who:

- does not hold more than 5% of the voting shares of the Company and is not an officer of, or otherwise associated directly or indirectly with, a shareholder of more than 5% of the voting shares of the Company;
- is not, or has not been, employed in an executive capacity by the Company or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the board;
- is not, or has not within the last three years been, a partner, director or senior employee of a provider of material professional services or a material consultant to the Company or any of its child entities;
- is not, or has not been within the last three years, in a material business relationship (eg as a supplier or customer) with the Company or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- is not a substantial security holder of the Company or an officer of, or otherwise associated with, a substantial security holder of the Company;
- does not have a material contractual relationship with the Company or its child entities other than as a Director;
- does not have close family ties with any person who falls within any of the categories described above; or
- has not been a Director of the Company for such a period that his or her independence may have been compromised.

The materiality thresholds are assessed on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold.

All Board Members receive performance-based remuneration as outlined in the Remuneration Report. However, the Board are of the opinion that these incentives are aligned with the Company's objectives and the quantum received do not compromise the independence of the individual director.

**Table 1: Skills and Experience Matrix of Saturn Metals Limited's Directors**

Area	Competence
Business and Finance	Accounting, Business Strategy, Corporate Financing, Financial Literacy, Agreements/Fiscal Terms and Risk Management, Equity Markets
Leadership	Business Leadership, Executive Management and Mentoring, Public Listed Company Experience

# Corporate Governance Statement

Sustainability & Stakeholder	Community Relations, Corporate Governance, Environmental Issues, Government Affairs, Health & Safety, Human Resources, Industrial Relations and Remuneration
Industry Specific (Australia)	Geology (Technical), Precious Metals – Exploration & Production, Base Metals – Exploration, Mining/Production & Resources, Engineering – Production of Precious Base Metals.

The Directors on the Board collectively have a combination of skills and experience in the competencies set out in the table above. These competencies are set out in the skills matrix that the Board uses to assess the skills and experience of each Director and the combined capabilities of the Board. Where an existing or projected competency gap is identified, the Board will address those gaps. The Board does not currently consider that there are any existing or projected competency gaps.

## **INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION**

Each Director has the right to seek independent external professional advice as they considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

## **NOMINATION COMMITTEE / APPOINTMENT OF NEW DIRECTORS**

Because of the size of the Group and the size of the Board, the Directors do not believe it is appropriate to establish a separate Nomination Committee. The board has adopted a Nomination Committee Charter and will act in accordance with the Charter and hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the internet.

The composition of the Board is reviewed on an annual basis to ensure the Board has the appropriate mix of expertise and experience. Where a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board determines the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities and then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Each Director and senior executive is a party to a written agreement with the Company which sets out the key terms and conditions of that Director's appointment.

The Boards undertakes appropriate checks before appointing a candidate, or putting forward to security holders candidate for election, as a Director, including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate). Shareholders are provided with all material information in its possession concerning a Director standing for election or re-election in the relevant notice of meeting.

An informal induction is provided to all new Directors, which includes meeting with technical and financial personnel to understand Saturn Metals Limited's business, including strategies, risks, company policies and health and safety.

All Directors are required to maintain professional development necessary to maintain their skills and knowledge needed to perform their duties. In addition to training provided by relevant professional affiliations of the Directors, additional development is provided through attendance at seminars and provision of technical papers on industry related matters and developments offered by various professional organisations, such as accounting firms and legal advisors. The Board will approve and review continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.

## **TERM OF OFFICE**

Under the Company's Constitution, the minimum number of Directors is three. At each Annual General Meeting, one third of the Directors (excluding the Managing Director) must resign, with Directors resigning by rotation based on the date of their appointment. Directors resigning by rotation may offer themselves for re-election. Where standing for re-election as a Director, the term of office served by the Director and a statement whether the Board considers the candidate to be independent and if the Board supports the re-election of the candidate will be provided to shareholders.

## **PERFORMANCE OF DIRECTORS AND MANAGING DIRECTOR**

The performance of all Directors, the Board as a whole and the Managing Director and Company Secretary is reviewed annually.

The Board meets once a year with the specific purpose of conducting a review of its composition and performance. This review includes:

- assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget;
- comparison of the performance of the Board against the requirements of the plan;
- review the Board's interaction with management;
- review the nature of information provided to the Directors;
- identification of any particular goals and objectives of the Board for the next year; and identification of any necessary or desirable improvements to Board or committee plans.

A review was undertaken during the post the year end reporting period.

## **PERFORMANCE OF SENIOR EXECUTIVES**

The Managing Director is responsible for assessing the performance of the key executives within the Company. This is to be performed through a formal process involving a formal meeting with each senior executive on an annual basis. The basis of evaluation of senior executives will be on agreed performance measures.

The Managing Director undertook a review of key executives during the reporting period.

## **CONFLICT OF INTEREST**

In accordance with the Corporations Act 2001 and the Company's constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the Board meeting whilst the item is considered. Details of Directors related entity transactions with the Company are set out in the related parties note in the consolidated financial statements.

## **DIVERSITY**

Saturn Metals Limited recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

# Corporate Governance Statement

The Diversity Policy defines the initiatives which assist Saturn Metals Limited with maintaining and improving the diversity of its workforce. A copy of the Diversity Policy can be found in the company's Corporate Governance Plan on the Company's website. The company currently has a naturally diverse workplace in terms of gender, age, ethnicity and cultural background, and believes that currently meets the objectives of its policy. As such no formal measurable objectives have been required or set for achieving diversity. This will be monitored by the Board on an annual basis and as the company grows.

The policy was formally adopted by the company on the 21 September 2017 and updated as at 7<sup>th</sup> August 2020.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are set out in the table below:

## Proportion of Women

	Proportion of women
Organisation as a whole	6 out of 15 (40%)
Senior Executives	1 out of 2 (50%)
Board	0 out of 4 (0%)

The Senior Executives for the purposes of the table above are the individuals at the highest level of organisational management below the Board. Senior Executives includes the CFO/Company Secretary and Exploration Manager but does not include the Managing Director who is included in the 'Board' calculation above

## REMUNERATION

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high quality Executives and Management;
- Design executive remuneration to attract, retain and motivate high quality senior executives;
- Link Executive rewards to shareholder value; and
- Establish appropriate performance hurdles in relation to variable Executive and Management remuneration.

A full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and Executives in the current year is included in the remuneration report, which is contained within the Report of the Directors.

There are no schemes for retirement benefits for Non-executive Directors, other than superannuation.

## BOARD REMUNERATION COMMITTEE

Once the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude, to assist the Board in fulfilling its duties, the Board will establish a Remuneration Committee. Until that time, the Board has adopted a Remuneration Committee Charter and will act in accordance with the Charter. The full Board will hold special meetings or sessions as required to review any matters of significance affecting the remuneration of the Board and employees of the Company. The Board are confident that this process is stringent and full details of remuneration policies and payments are provided to shareholders in the annual report and on the web.

## **AUDIT AND RISK COMMITTEE**

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate audit committee is not considered appropriate. The Board assures integrity of the consolidated financial statements by:

- a) reviewing the Company's statutory consolidated financial statements to ensure the reliability of the financial information presented and compliance with current laws, relevant regulations and accounting standards;
- b) monitoring compliance of the accounting records and procedures in conjunctions with the Company's auditor, on matters overseen by the Australian Securities and Investments Commission, ASX and Australian Taxation Office;
- c) ensuring that management reporting procedures, and the system of internal control, are of a sufficient standard to provide timely, accurate and relevant information as a sound basis for management of the Company's business;
- d) reviewing audit reports and management letters to ensure prompt action is taken;
- e) when required, nominating the external auditor and at least annually review the external auditor in terms of their independence and performance in relation to the adequacy of the scope and quality of the annual statutory audit and half-year review and the fees charged.

## **RISK OVERSIGHT AND MANAGEMENT**

The Board determines the Company's 'risk profile' and is responsible overseeing and approving risk management strategy and policies, internal compliance and internal control systems. In summary, the Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

The Company has exposure to economic risks, including general economy wide economic risks and risks associated with the economic cycle which impact on the price and demand for minerals which affects the sentiment for investment in exploration companies.

There will be a requirement in the future for the Company to raise additional funding to pursue its business objectives. The Company's ability to raise capital may be effected by these economic risks.

Company has in place risk management procedures and processes to identify, manage and minimise its exposure to these economic risks where appropriate.

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceed. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Board currently considers that the Company does not have any material exposure to social sustainability risk.

The Company's Corporate Code of Conduct outlines the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders. The code sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from employees when dealing with stakeholders.

The Board reviewed the Company's Risk Management Framework during year.

# Corporate Governance Statement

A summary of Saturn Metals Limited's Risk Management review procedures can be found in the corporate governance information section of the Company website at [www.saturnmetals.com.au](http://www.saturnmetals.com.au). Considerable importance is placed on maintaining a strong control environment. The Board actively promotes a culture of quality and integrity. Control procedures cover management accounting, financial reporting, compliance and other risk management issues.

No internal audit function is currently in place due to the size of the Company, however Board regularly assess the need for an internal audit function. The Board encourages management accountability for the Company's financial reports by ensuring ongoing financial reporting during the year to the Board. Half yearly, the Financial Controller (or equivalent) and the Managing Director are required to state in writing to the Board that in all material respects:

Declaration required under s295A of the Corporations Act 2001 -

- the financial records of the Company for the financial period have been properly maintained;
  - the consolidated financial statements and notes comply with the accounting standards;
  - the consolidated financial statements and notes for the financial year give a true and fair view; and
  - any other matters that are prescribed by the Corporations Act regulations as they relate to the consolidated financial statements and notes for the financial year are satisfied.
- Additional declaration required as part of corporate governance -
- the risk management and internal compliance and control systems in relation to financial risks are sound, appropriate and operating efficiently and effectively.

These declarations were received for the 30 June 2020 financial year.

## **CODE OF CONDUCT**

The Company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all Directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

The Code of Conduct embraces the values of:

- Integrity & Objectivity
- Excellence
- Commercial Discipline

The Board encourages all stakeholders to report unlawful/unethical behaviour and actively promotes ethical behaviour and protection for those who report potential violations in good faith.

## **TRADING IN SATURN METALS LIMITED SECURITIES BY DIRECTORS, OFFICERS AND EMPLOYEES**

The Board has adopted a specific policy in relation to Directors and officers, employees and other potential insiders buying and selling shares.

Directors, officers, consultants, management and other employees are prohibited from trading in the Company's shares, options and other securities if they are in possession of price-sensitive information.

The Company's Security Trading Policy is provided to each new employee as part of their induction training.

The Directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

# Corporate Governance Statement

## **CONTINUOUS DISCLOSURE**

The Board has a Market Disclosure Policy to ensure the compliance of the Company with the various laws and ASX Listing Rule obligations in relation to disclosure of information to the market. The Managing Director is responsible for ensuring that all employees are familiar with and comply with the policy.

The Company is committed to:

- a) complying with the general and continuous disclosure principles contained in the Corporations Act and the ASX Listing rules;
- b) preventing the selective or inadvertent disclosure of material price sensitive information;
- c) ensuring shareholders and the market are provided with full and timely information about the Company's activities; and
- d) ensuring that all market participants have equal opportunity to receive externally available information issued by the Company.

## **SHAREHOLDER COMMUNICATIONS STRATEGY**

The Company recognises the value of providing current and relevant information to its shareholders. The Company has adopted a Shareholder Communications Strategy which can be accessed from Saturn Metals Limited's website at [www.saturnmetals.com.au](http://www.saturnmetals.com.au).

Information is communicated to shareholders through the annual and half yearly financial reports, quarterly reports on activities, announcements through the Australian Stock Exchange and the media, on the Company's web site and through the Chairman's address at the annual general meeting. After the Annual General Meeting, the Managing Director provides shareholders with a presentation. Afterwards all Directors are available to meet with any shareholders and answer questions.

Shareholders are encouraged to contact the Company through the "Contact Us" section on Saturn Metals Limited's website, to submit any questions via email, or call.

The Company's website provides communication details for its Share Registry, including an email address for shareholder enquiries direct to the Share Registry.

In addition, news announcements and other information are sent by email to all persons who have requested their name to be added to the email list. If requested, the Company will provide general information by email.

The Company will, wherever practicable, take advantage of new technologies that provide greater opportunities for more effective communications with shareholders.

The Company ensures that its external auditor is present at all Annual General Meetings to enable shareholders to ask questions relevant to the audit directly to the auditor.

All substantive resolutions at shareholder meetings will be decided by a poll where the result is in question.

## **COMPANY WEBSITE**

Saturn Metals Limited has made available details of all its corporate governance principles, which can be found in the corporate governance information section of the Company website at [www.saturnmetals.com.au](http://www.saturnmetals.com.au).

## Shareholder Information

<i>Twenty largest shareholders</i>		<b>No. Ord Shares</b>	<b>%</b>
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15,701,952	17.85
2	CITICORP NOMINEES PTY LIMITED	9,527,566	10.83
3	PEEL MINING LIMITED	4,000,001	4.55
4	DUNDEE RESOURCES LIMITED	2,785,000	3.17
5	WYTHENSHAW PTY LTD	2,145,000	2.44
6	GLYDE STREET NOMINEES PTY LTD	2,000,000	2.27
7	BNP PARIBAS NOMS PTY LTD	1,956,589	2.22
8	PERTH CAPITAL PTY LTD	1,775,000	2.02
9	MR ANDREW LENOX HEWITT	1,650,000	1.88
10	SIR LENOX HEWITT	1,620,000	1.84
11	ROMAN ROAD HOLDINGS PTY LTD ATF ROMAN	1,400,000	1.59
12	EQUITY TRUSTEES LIMITED	1,350,370	1.54
13	REDCLIFF PTY LTD	1,000,000	1.14
13	PERTH CAPITAL PTY LTD	1,000,000	1.14
13	MR RICHARD ARTHUR LOCKWOOD	1,000,000	1.14
13	NEW VENTURE EQUITIES FUND LP	1,000,000	1.14
14	CAMPBELL KITCHENER HUME & ASSOCIATES PTY LTD	881,400	1.00
15	T T NICHOLLS PTY LTD	800,000	0.91
15	WYTHENSHAW PTY LTD	800,000	0.91
15	WARRAMBOO HOLDINGS PTY LTD	800,000	0.91
16	HOWARD TRADING CO PTY LTD	770,000	0.88
17	JOST SUPERANNUATION PTY LTD	750,000	0.85
18	DENKEY PTY LTD	714,071	0.81
19	MS SALLY YVONNE ROWAN	700,000	0.80
		<b>57,426,949</b>	<b>65.29%</b>

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## Shareholder Information

Information relating to shareholders at 7 August 2020.

<b>Distribution of shareholders</b>			
<b>Range</b>	<b>No. of Holders</b>	<b>No. Ord Shares</b>	<b>%</b>
1 to 1,000	28	10,917	0.01
1,001 to 5,000	113	338,748	0.39
5,001 to 10,000	104	921,630	1.05
10,001 to 100,000	337	13,651,064	15.52
100,001 and Over	92	73,030,321	83.03
<b>Total</b>	<b>674</b>	<b>87,952,680</b>	<b>100.00</b>

<b>Substantial shareholders</b>		<b>No. Ord Shares</b>	<b>%</b>
1	1832 ASSET MANAGEMENT	12,500,000	14.21
2	WHYTHENSHAW PTY LTD AND ASSOCIATES	9,267,046	11.01
3	DUNDEE CORPOTATION & ASSOCIATES	8,785,000	9.99
4	SPROTT INC.	6,383,852	7.26

At the prevailing market price of \$0.90 per share there were 17 shareholders with less than a marketable parcel of shares at 7 August 2020.

At 3 August 2020 there were 674 holders of ordinary shares in the Company.

At the date of this report, 4,000,001 shares held by Peel Mining Limited was held under voluntary escrow. There were no shares or options restricted by the ASX.

### **Unquoted securities**

At the date of this report the Company had 7,760,000 unlisted share options and 1,200,000 performance rights on issue.

### **Voting Rights**

“Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at meetings of Shareholders or classes of Shareholders:

- a) each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;
- b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote (even though he or she may represent more than one member); and
- c) on a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited).”

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