METALSTECH LIMITED

# ANNUAL REPORT
# For the Year ended

# 30 June 2020

## CORPORATE INFORMATION

**Directors & Officers**

| | |
|---|---|
| Mr. Russell Moran | Executive Chairman |
| Mr. Gino D'Anna | Executive Director |
| Dr. Qingtao Zeng | Non-Executive Director (Technical) |

**Company Secretary**
Mr Paul Fromson (CFO and Company Secretary)

**Registered Office**
Unit 1
44 Denis Street
Subiaco WA 6008

T: +61 (08) 9388 0468
F: +61 (08) 9486 4799

**Bankers**
Commonwealth Bank of Australia
150 St Georges Terrace
Perth WA 6000

**Auditors**
BDO Audit (WA) Pty Ltd
38 Station St,
Subiaco WA 6008

**Stock Exchange**
Australian Securities Exchange Limited (ASX)
Home Exchange - Perth
ASX Code - MTC

**Share Registry**
Automic Group
Level 2, 267 St Georges Terrace
Perth WA 6000
T: 1300 288 664

**Australian Company Number**
ACN 612 100 464

**Australian Business Number**
ABN 86 612 100 464

**Domicile and Country of Incorporation**
Australia

**Website**
www.metalstech.net

**Solicitors**
Steinepreis Paganin Lawyers & Consultants
Level 4, the Read Buildings
16 Milligan Street
Perth WA 6000 Australia

The directors present their report, together with the financial statements, on MetalsTech Limited (the "Company", "MTC", "parent entity" or "MetalsTech") and the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of MetalsTech and the entities it controlled at the end of, or during, the year ended 30 June 2020.

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

Mr. Gino D'Anna
Mr. Russell Moran
Mr. Noel O'Brien (appointed 17 June 2019, resigned 6 July 2020)
Dr. Qingtao Zeng

Directors were in office for this entire period unless otherwise stated.

**Company Secretary**
Paul Fromson – CFO and Company Secretary

**Principal activities**
The principal activity of the Group during the financial year was gold and lithium exploration.

**Financial results**
The financial results of the Group for the year ended 30 June 2020 are:

| | **30-June-20** | 30-June-19 |
|---|---|---|
| Cash and cash equivalents (AUD $) | 1,030,660 | 74,418 |
| Net assets (AUD $) | 4,719,849 | 7,654,830 |
| Total revenue (AUD $) | 8,728 | 5,181 |
| Net loss after tax (AUD $) | (4,704,023) | (4,115,832) |

## REVIEW OF OPERATIONS 2020

## HIGHLIGHTS

### JORC (2012) Mineral Resource Estimate

- JORC (2012) Mineral Resource Estimate for Sturec:
  - **21.2Mt @ 1.50 g/t Au and 11.6 g/t Ag, containing 1.026Moz of gold and 7.94Moz of silver** of which 67% is Indicated and Measured Resource Category using a 0.4g/t Au cut-off and within an optimised open pit shell; and
  - **388kt @ 3.45 g/t Au and 21.6 g/t Ag containing 43koz of gold and 270koz of silver**, of which 71% is Inferred Resource Category using a 2.85g/t Au cut-off (outside the optimised open pit shell) on an underground mining basis
  - based on 90.5% gold recovery rates on Sturec mineralisation using ammonium thiosulphate processing technology without the use of cyanide

- Deposit is open to the north and south along strike, as well as down-dip and plunge, indicating significant exploration upside and ready drill targets
- High-grade core of the known mineralisation plunges south into an undrilled zone, which will be the focus of resource expansion drilling

### Partnership with Clean Earth Technologies

- MTC partnership with Clean Earth Technologies for use of proprietary cyanide-free thiosulphate-based gold recovery technology at the Sturec Gold Project
- The Company continues to mine and extract ore from the Andrej Adit under its recently awarded underground mining licence, with ore being shipped to Australia for bulk metallurgical testing covering conventional gravity separation, flotation, heavy liquid separation (HLS) and thiosulphate-based gold extraction technology

### Underground Diamond Drilling Program

- Underground diamond drilling ongoing from within the Andrej Adit at the Sturec Gold Mine
- Initial exploration drilling program will include up to nine (9) diamond drill holes totalling approximately 3,000m and will focus on potential resource expansion
- Drilling will follow up STOR 3.11 which intersected:
  - **89.0m @ 6.9g/t Au and 23.6g/t Ag from 114m to 203m down hole using a 3g/t Au cut-off**

    within a broader intersection of
  - **137.3m @ 4.6g/t Au and 16.5g/t Ag from 67.7m to 205m down hole using a 0.3g/t Au cut-off**
- Results from the current drill program will feed into the underground mine scoping study, which is expected to include as a first stage of operations, a simple and low CAPEX gravity separation and flotation concentrate operation with a shorter timeline to production
- The gold sector is booming and to capitalise on this the Company is looking to fast-track production at Sturec – the Company has accelerated the completion of a scoping study for a simple, high-grade underground mine that takes advantage of the existing Sturec infrastructure, mine workings and existing underground mining licence which was awarded to the Company in April 2020

### Gravity and Flotation Metallurgical Testwork Program Results

- Excellent gold recovery on transitional (semi-oxidised) and sulphide (fresh) ore from the Andrej Adit within the Sturec Gold Mine using gravity separation and flotation
- Gravity gold recoveries range from 52% to 74% increasing to up to 88% after flotation and increasing to up to 98% if flotation tailings are also leached

- Strong gold recovery profile of sulphide ore supports potential for simple gravity separation and flotation processing strategy which would significantly reduce CAPEX and allow Sturec to produce a gold concentrate for export out of Slovakia where it could be processed further using conventional processing for sulphide concentrates or sold

### Consolidation of Share Register

- Industrial chemicals manufacturer Wuxi Baichuan Chemical Industrial Co Ltd (BCC) divests of its remaining 7,790,000 share stake in MTC in a $1.4 million bookbuild and sell down completed at 18c per share to institutional and sophisticated investors

### Appointment of Technical Advisor and Board Changes

- Mark Calderwood joins MetalsTech as Technical Advisor to assist the Company with its development of the Sturec Gold Project in Slovakia – he is a member of the Australasian Institute of Mining and Metallurgy and has more than 25 years' experience in exploring and mining gold
- Mr Calderwood successfully led Persues Mining Limited as Managing Director and over 9 years, facilitated its transition from IPO to gold producer and an ASX100 Company with a market capitalisation of > $1.6 billion
- Mr Noel O'Brien resigned as Non-Executive Director and has been appointed a Technical Advisor (Metallurgy & Processing)
- Together with the recent appointment of Mr Mark Calderwood as a Technical Advisor to the Company, Mr O'Brien's transition to a formal technical consulting role is in keeping with the Company's strategy to strengthen its technical capability as it seeks to advance development of the 100% owned Sturec Gold Mine

## OVERVIEW

During the financial year ended 30 June 2020, the Company announced that it had completed the acquisition of Ortac Resources (UK) Limited, the 100% owner of Ortac s.r.o which owns a 100% interest in the Sturec Gold Mine located in Slovakia (**Sturec** or the **Project**).

Following the completion of the Sturec acquisition, the Company announced that it had delineated a JORC (2012) Mineral Resource on Sturec (**Mineral Resource**). The Mineral Resource was reported in accordance with JORC (2012) guidelines as 21.2Mt @ 1.50 g/t Au and 11.6 g/t Ag (1.59g/t AuEq1), containing 1.026Moz of gold and 7.94Moz of silver (1.086Moz of gold equivalent) using a 0.4g/t Au cut-off within an optimised open pit shell; as well as 388kt @ 3.45 g/t Au and 21.6 g/t Ag (3.60g/t AuEq1), containing 43koz of gold and 270koz of silver (45koz of gold equivalent) outside the optimised open pit shell on an underground mining basis.

Also, during the financial year ended 30 June 2020, the Company announced that it had entered into a Binding Technology Agreement (**Technology Agreement**) with Clean Earth Technologies Pte Ltd (**CET**).

[1] AuEq g/t = ((Au g/t grade*Met. Rec.*Au price/g) + (Ag g/t grade*Met. Rec.*Ag price/g)) / (Met. Rec.*Au price/g)
Long term Forecast Gold and Silver Price (source: World Bank, JP Morgan): $1,500 USD/oz and $20 USD/oz respectively.
Gold And silver recovery from the 2014 Thiosulphate Metallurgical test work: 90.5% and 48.9% respectively.
It is the Company's opinion that both gold and silver have a reasonable potential to be recovered and sold from the Sturec ore using Thiosulphate Leaching/Electrowinning as per the recoveries indicated.

CET owns proprietary thiosulphate-based gold extraction technology developed over more than a decade by the Commonwealth Scientific and Industrial Research Organisation (**CSIRO**), an independent Australian federal government body responsible for leading scientific research and innovation.

In addition, the Company announced that its wholly owned subsidiary, Ortac s.r.o. has been awarded an extension to the existing underground mining permit at the Sturec Gold Mine, located in Slovakia. The initial decision on granting the extension to the mining activities on the Kremnica Mining Licence was made by the Regional Mining Bureau Banská Bystrica on 31 October 2019 and was subsequently confirmed by the Main Mining Bureau at Banská Štiavnica on 28 March 2020.

Finally, during the financial year ended 30 June 2020, the Company announced that it had made a number of key appointments with respect to its technical, permitting, licencing and environmental capabilities to accelerate development at the Sturec.

## Sturec Gold Project

The Sturec Gold Mine is located in central Slovakia between the town of Kremnica and the village of Lučky, 17km west of central Slovakia's largest city, Banská Bystrica, and 150km northeast of the capital, Bratislava (Figure 1). It is covered by the Kremnica Mining Territory for 9.47 km$^2$.

Well paved roads and a network of old mining and forestry tracks service the project and there is an operating rail line to the town of Kremnica. High voltage power lines pass through the margins of the mining lease, and connection to the national grid is possible. A network of historic water storage impounds from the historic mining of the area would ensure adequate water supply.


**Figure 1: Location of the Sturec Gold Mine, Slovakia**

Gold mining commenced at Sturec in the 8th century and historic production reportedly totals ~46,000kg (~1.5Moz) of gold and ~208,000kg (~6.7Moz) of silver. Production was mostly from underground mine workings but also some small open pits.

*Refer to ASX Announcement dated 20 November 2019 and titled "MetalsTech Signs Option to Acquire the Sturec Gold Mine".*

The Slovak Geological Survey carried out extensive exploration in the Sturec area from 1981 to 1987, including extensive adit and cross-cut development within the Sturec zone. The State-owned Company, Rudne Bane, subsequently operated an open-pit mine at Sturec from 1987 to 1992 and produced 50,028t of ore averaging 1.54g/t Au. Further core and RC drilling was undertaken by Argosy Mining Corporation and Tournigan Gold Corporation (120 holes totalling 25,000m), before Ortac Resources acquiring the project in 2009.

## Mineralisation and Exploration Potential

The Sturec deposit, occurs in the southern part of the central First Vein System (Figure 2). It is continuously mineralised for 1,200m along a north-south strike, is typically 100 to 150m wide, generally dips steeply to the east and extends to a known depth of at least 300m. The deposit is composed of massive to sheeted quartz veins and is classified as a low-sulphidation epithermal Ag-Au deposit and is open to extension both at depth and along strike to the north and the south.

In the northern part of the deposit, a northeast-striking quartz vein system that joins with the main north-south striking vein system (Schramen Vein). This vein system projects southwest away from the Schramen Vein where it outcrops approximately 100m to the west. It then bends to the south and strikes parallel to the Schramen Vein. This vein system dips 40° to 55° east, re-joining with the Schramen Vein at depth.

Zones of stockwork gold mineralisation occur between the two principal veins and appear to plunge to the south (Figure 3). This plunging zone contains some of the highest-grade mineralisation within the deposit and presents the most compelling exploration target.

Numerous targets have been identified in addition to the existing Mineral Resource, which has the potential to increase provide resource expansion opportunities. These include the Vratislav and Wolf targets, which are located 1km and 2km, respectively, north along the continuation of the Kremnica vein structure and a large area of strongly clay and silica altered rhyolite, referred to as South Ridge, located south of the deposit, which is considered to be prospective for several styles of epithermal gold mineralisation.

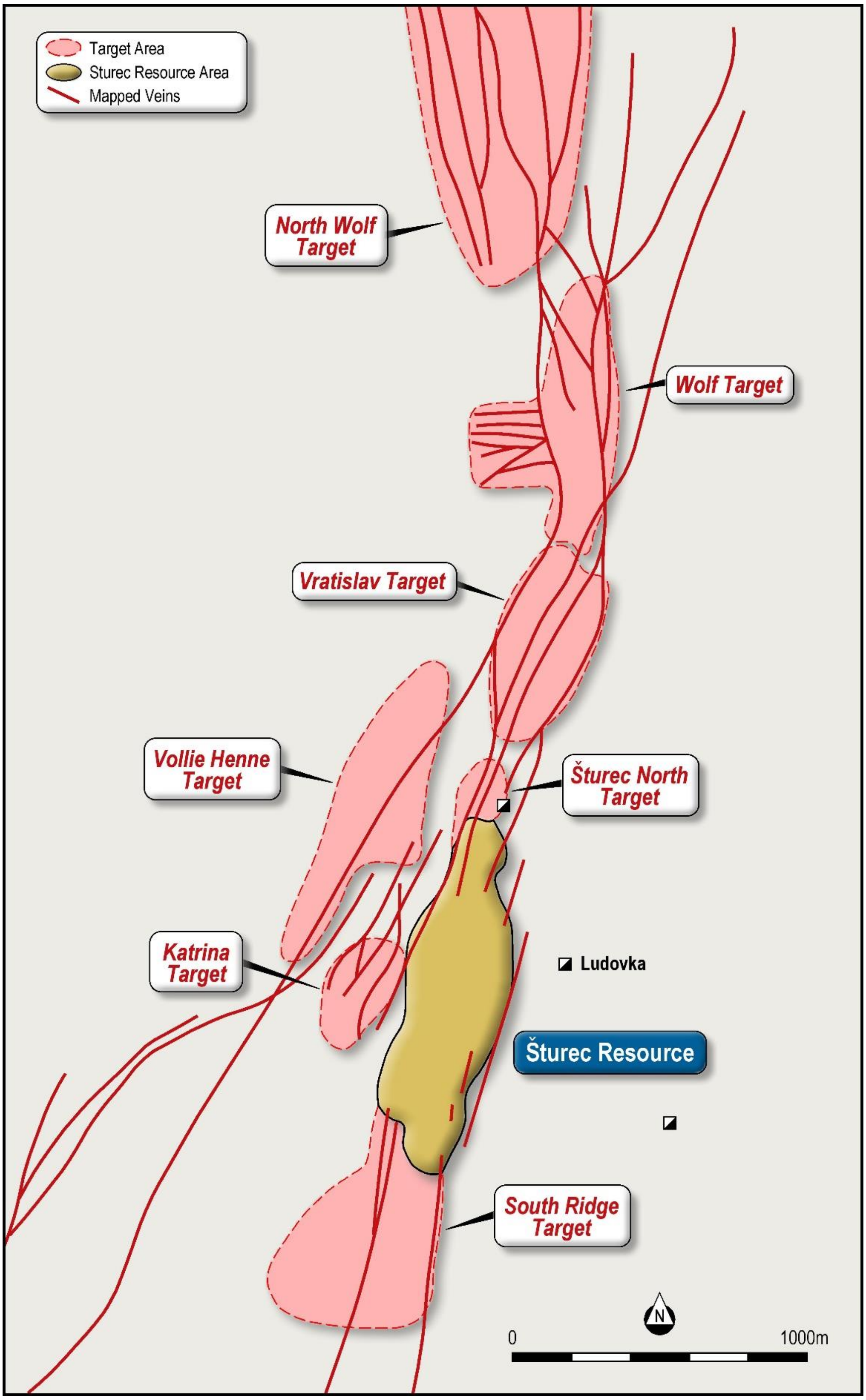



**Figure 2: Outline of the Šturec Mineral Resource area within the First Vein system, as well as other priority exploration target areas**

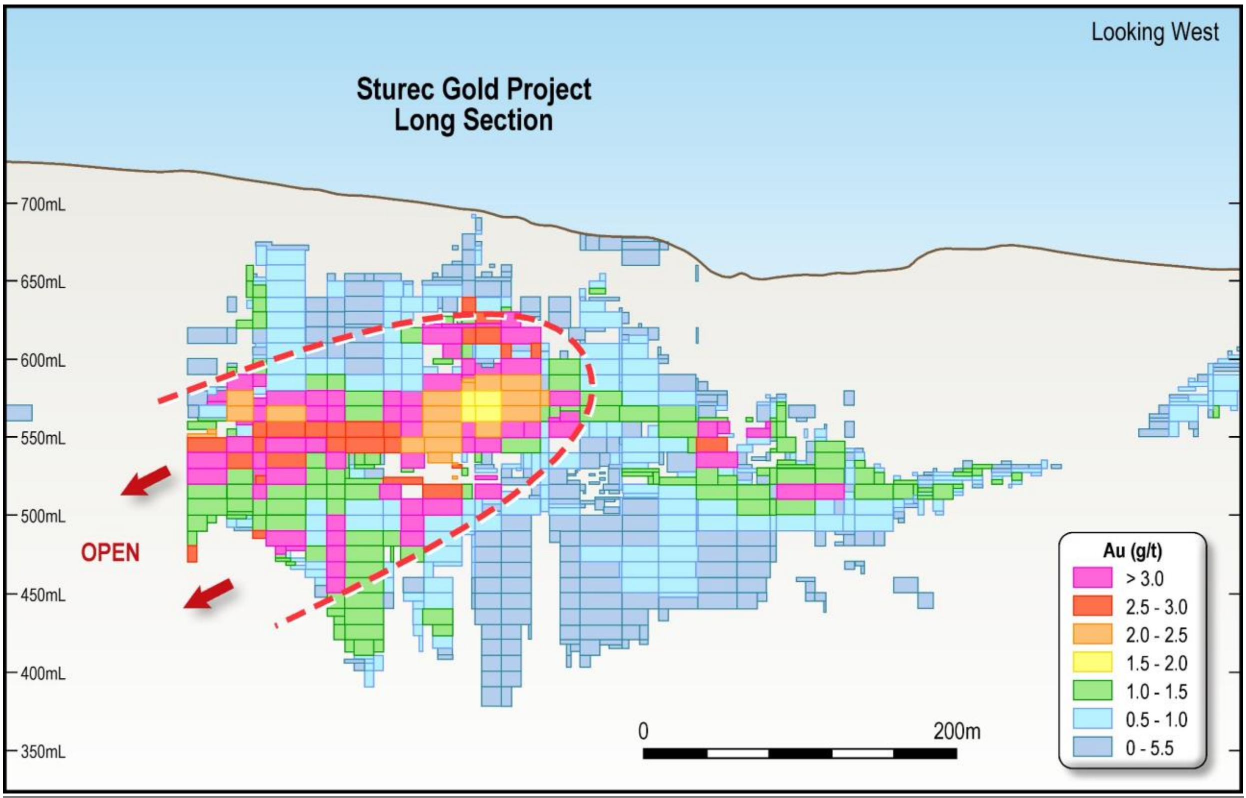



**Figure 3: Long-section through the Sturec Mineral Resource model, showing the high-grade core of the orebody plunging to the south into a zone that is previously not drilled**

## Thiosulphate Leaching Test Work

In 2014, cyanide leaching in relation to minerals processing was banned in Slovakia. In response to the cyanide leaching ban, several metallurgical test work programs assessing alternative processing methodologies were completed on the mineralisation from the Sturec Gold Project. The most encouraging results came from the latest, Thiosulphate Leaching study completed in 2014 by CMC Chimie. In this study, a significant amount of Sturec gold-silver mineralisation (10 batches of approximately 800kg each) was subjected to Ammonium Thiosulphate leaching. The leaching was very successful and produced a pregnant liquor that had a content of 3-8g/t Au and 10-25g/t Ag, which was then subjected to electrowinning and filtering/drying, producing a copper/gold/silver cement with an overall recovery of 90.5% for gold and 48.9% for silver. The resultant dry cement was approximately 1% gold-silver and about 50% copper. These results were used to justify the conclusion that Thiosulphate Leaching could be used as an alternative processing method to conventional cyanidation and it was also interpreted to be of comparable economic viability.

In February this year, the Company signed an agreement with Clean Earth Technologies for the use of their patented thiosulphate processing technology which was developed in conjunction with the CSIRO over more than two decades.

## Mineral Resource Estimation

The Company commissioned Measured Group Pty Ltd to prepare a Mineral Resource estimate for the Sturec Gold Mine under the guidelines of the JORC Code (2012). The Mineral Resource estimate was calculated using geological data supplied to Measured Group by the Company including channel sampling from adits, diamond drilling (from surface and underground), reverse circulation ("RC") surface drilling and trenches. The available geological data includes all sample location details, drill hole surveys, drilling details, lithological data, density data and assay results.

The geological data used to support the 2020 Mineral Resource estimate contains 229 drill holes for a total of 54,000m. The geological data supplied by the Company is the primary source for all such information and was used by the Competent Person to estimate mineral resources. The Competent Person undertook consistency checks between the database and original data sources, as well as routine internal checks of the data validity including spot checks and the use of validation tools. No material inconsistencies were identified, and the data was deemed satisfactory for mineral resource estimation purposes.

Documentation of the sample processing, QA/QC protocols and analytical procedures used for all the drilling phases (except the very oldest pre-1995) is excellent and the Competent Person concludes it is of a sufficient quantity and quality to support a Mineral Resource estimate under the guidelines of the JORC Code (2012).

The significant body of technical data relating to the Sturec Gold Mine that is the basis for this 2020 Mineral Resource estimate has been critically examined and validated multiple times by various independent mining consultant groups. The sample processing, QA/QC protocols, analytical procedures and the data has been analysed/reviewed in:

1. 1997 as part of a Mineral Resource estimate calculated by Western Services Engineering Inc;
2. 2004 as part of a Mineral Resource estimate by Smith and Kirkham;
3. 2006 as part of a Mineral Resource estimate by Beacon Hill;
4. 2009 as part of the Saint Barbara NI 43-101 compliant mineral resource estimate; and
5. 2012 as a part of the Sturec Deposit Resource Estimate (JORC 2004) by Snowden Mining Consultants; and
6. 2013 as part of a Prefeasibility Study (JORC 2004) by SRK Consulting.

No significant issues with the data or the adequacy of the sampling techniques, QA/QC protocols, analytical procedures were identified during any of these studies.

Drill holes are typically oriented east-west and were generally drilled inclined to the west. The drill spacing is inconsistent over many areas of the deposit. Drill spacing over the central part of the deposit ranges from 25m to 50m north-south. Surface trenches follow open-pit contours, and underground adit sampling followed underground workings, typically running north-east to south-west and north to south.

No compositing of sample intervals was undertaken in the field. Samples were composited to 1m lengths within the mineralisation envelopes for resource modelling. Data spacing was considered sufficient for estimation of Au and Ag grades by ordinary kriging and by indicator kriging for classification as Measured, Indicated or Inferred Mineral Resources according to the JORC Code.

Statistical analysis was undertaken on the composited drill hole file to assess the appropriateness of the domaining process and as such, no additional domaining was undertaken.

Domains 10 and 11 showed mixed populations of data with a high degree of skewness, and therefore Snowden utilised multiple indicator kriging ("MIK") as the interpolation technique within these domains. All other domains were interpolated using ordinary kriging ("OK"). Top cuts were applied to both Au and Ag in all six domains before the grade estimation process. Top cut values were determined at the point where the histogram distribution began to breakdown.

Two block model prototypes were generated. A primary prototype with larger parent block sizes was used for OK grade interpolation. Selection of block size was based on a kriging neighbourhood analysis. OK was undertaken for Domains 0, 1, 20, and 30.

A prototype using smaller parent block sizes was generated for the MIK grade interpolation for Domains 10 and 11. The block model was regularised using the larger parent cell size after grade estimation before reporting. The final models were validated using statistical and visual comparisons, and sectional validation plots.

Most assays were taken over lengths of less than 1.0m with the mode occurring at 0.8m to 1.0m. A composting length of 1.0m was used for this resource estimate.

Mineralisation was modelled as three-dimensional blocks of parent size 5m X 25m X 10m with sub-celling allowed to 0.1m X 0.1m X 0.1m. The 20m length of the parent block equates to about half the cross-section spacing on which drilling was concentrated.

No assumptions were made regarding the modelling of selective mining units.

No assumptions were made about the correlation between variables.

Validation of the block model was made by:

- checking that drill holes used for the estimation plotted in expected positions
- checking that flagged domains intersections lay within, and corresponded with, domain wireframes
- ensuring whether statistical analyses indicated that grade cutting was required
- checking that the volumes of the wireframes of domains matched the volumes of blocks of domains in the block model
- checking plots of the grades in the block model against plots of drill holes

The plan is shown in Figure 4 and sections are shown in Figures 5, 6, 7 and 8.

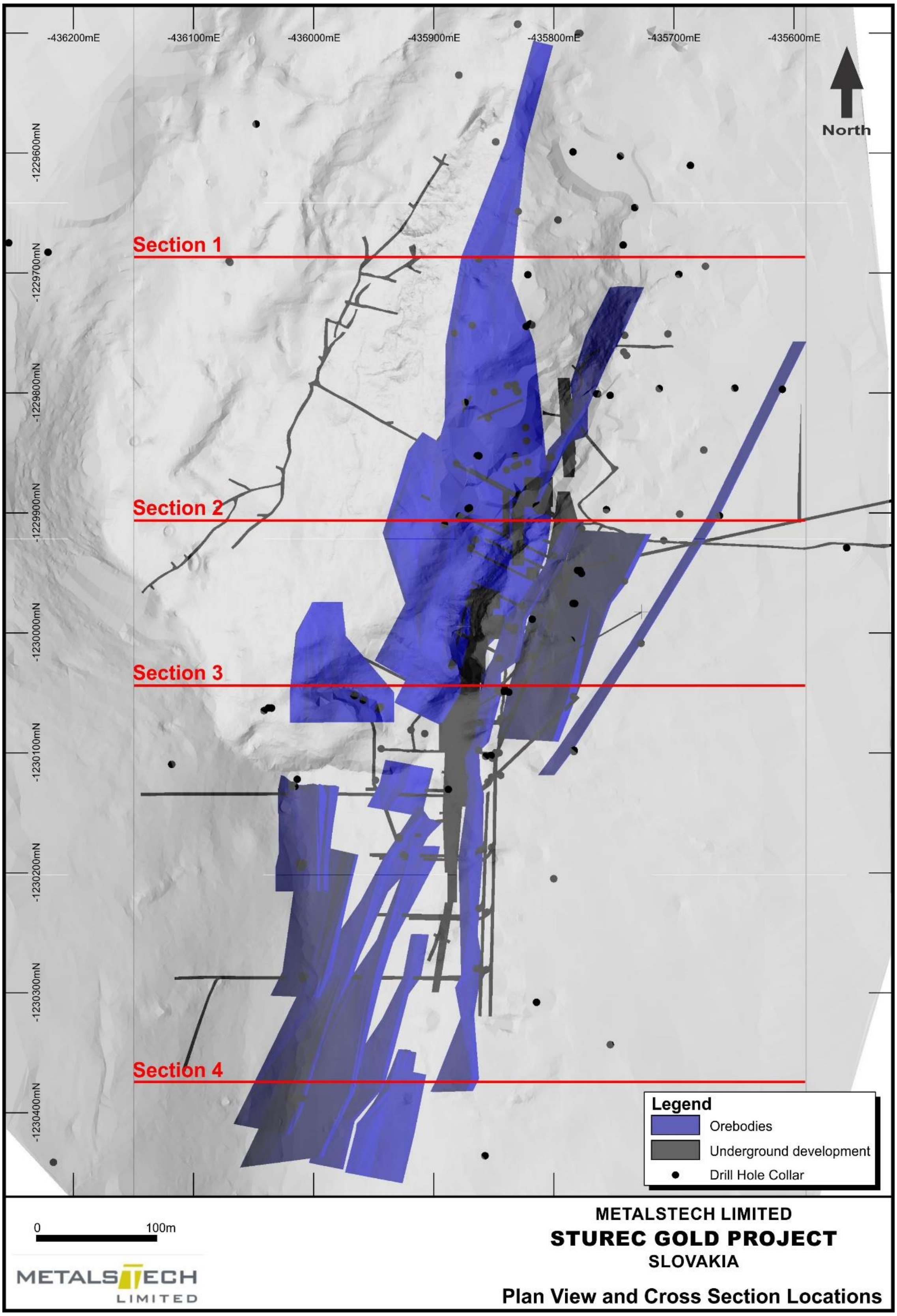



Figure 4: Plan View of Sturec Mineral Resource wireframes

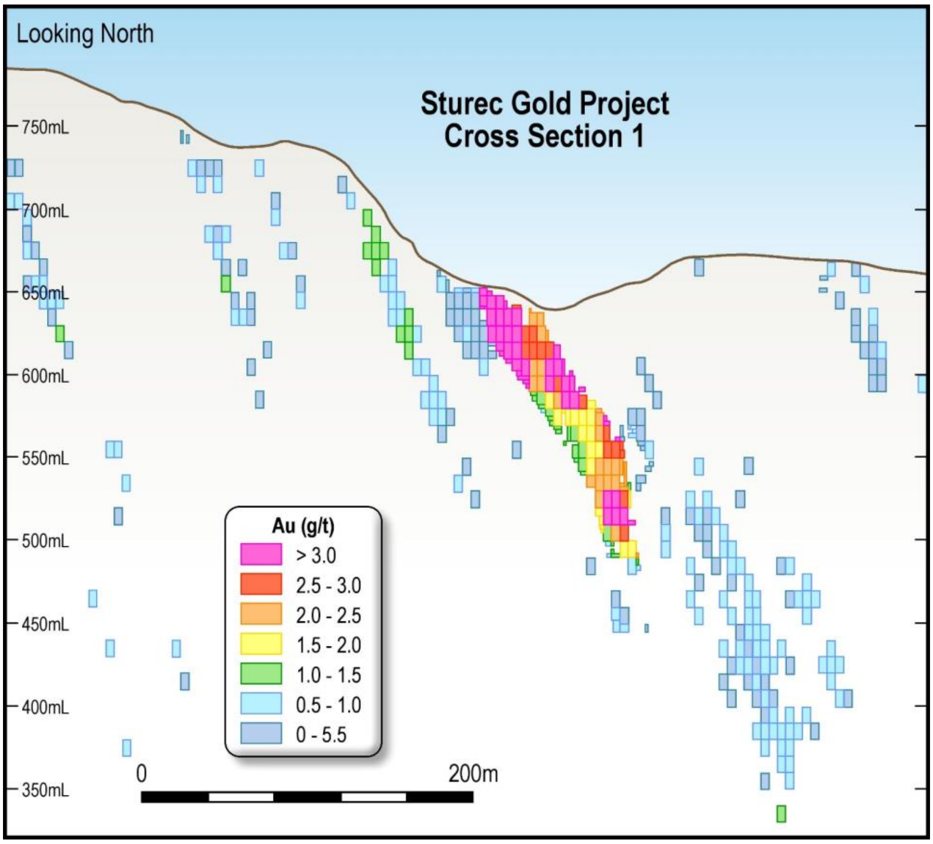



Figure 5: Section 1 from Figure 4

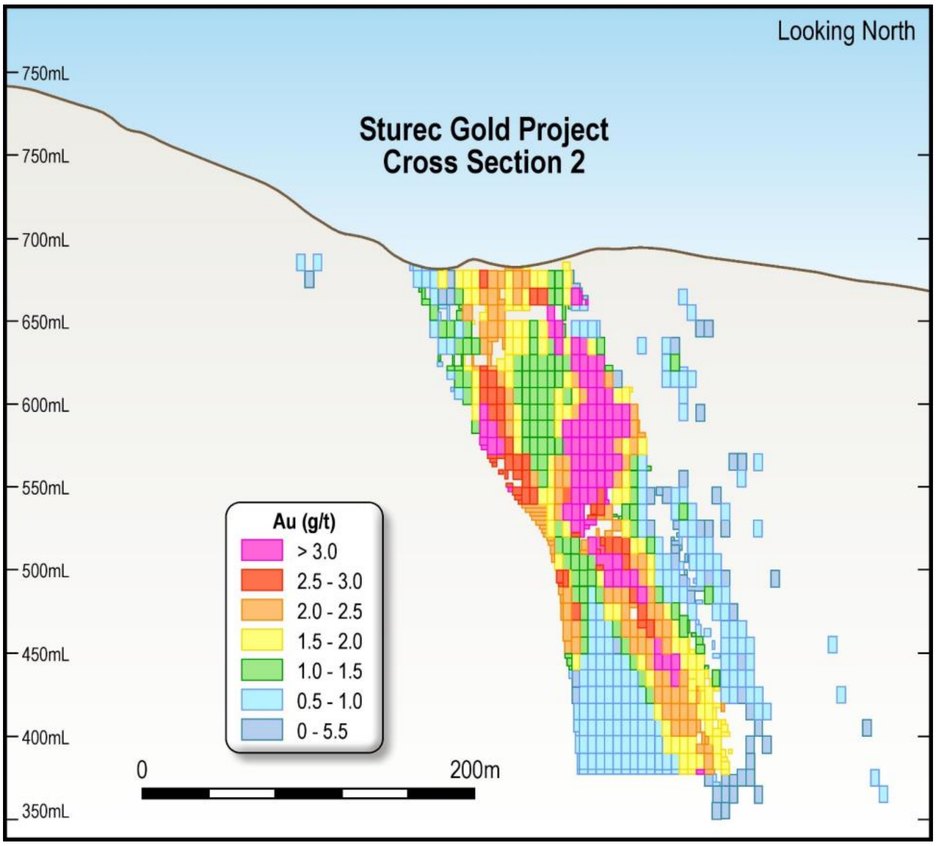



Figure 6: Section 2 from Figure 4

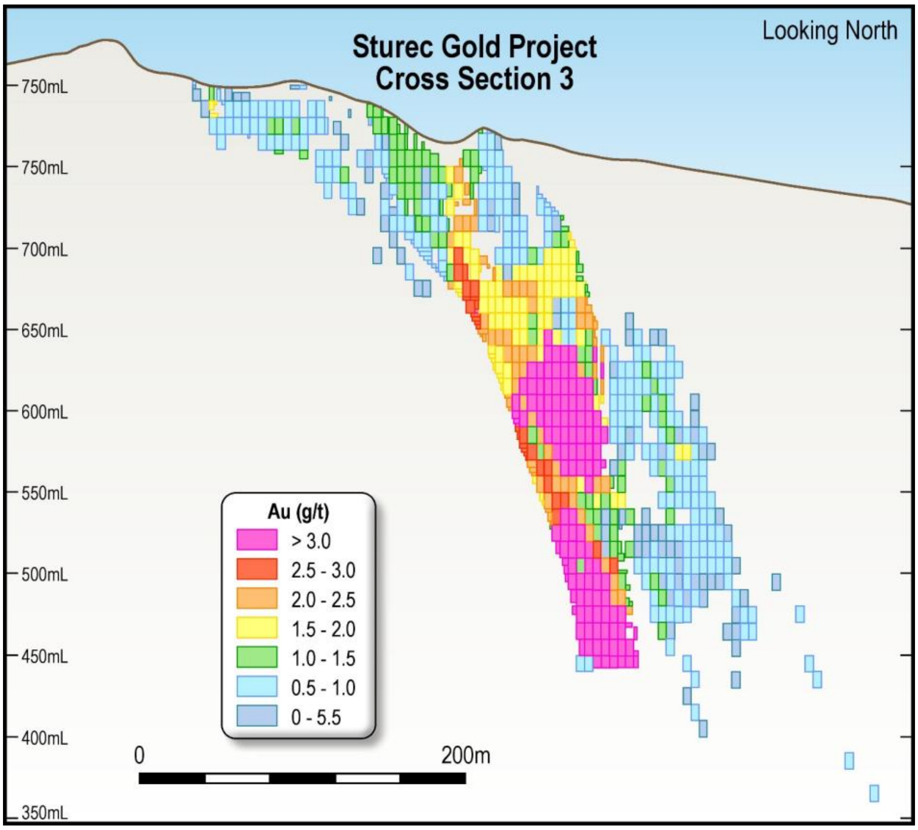



Figure 7: Section 3 from Figure 4

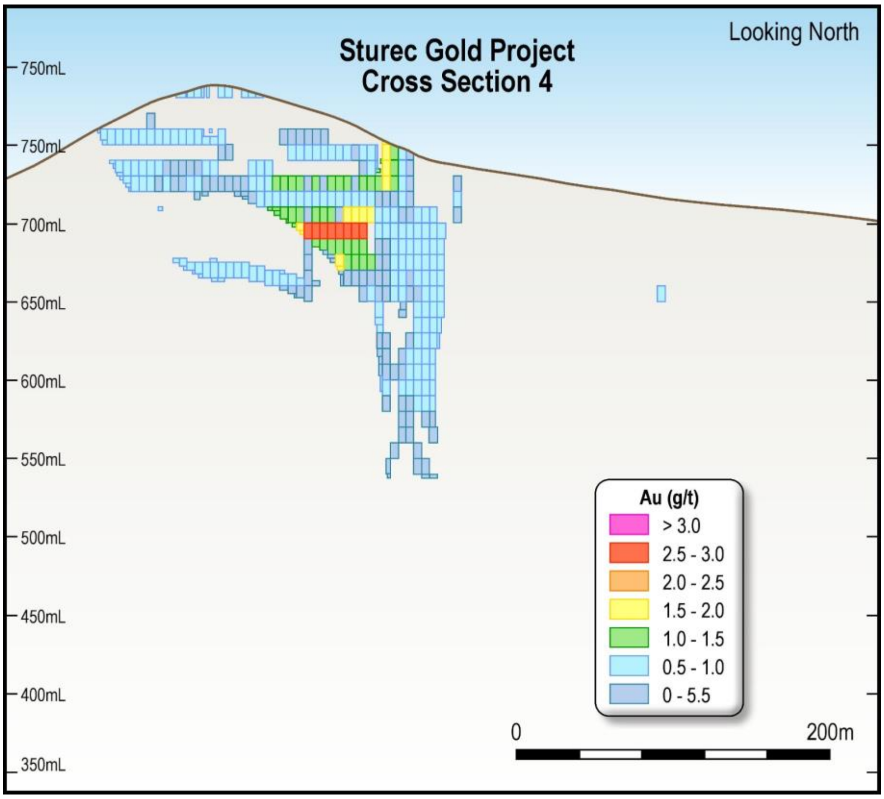



Figure 8: Section 4 from Figure 4

## Mineral Resource Statement

The Mineral Resource Statement for the Sturec Gold Project reports the Mineral Resource with potential for open pit mining and underground mining separately. The mineralised material that has been interpreted to have 'reasonable prospects of eventual economic extraction' by open-pit methods was defined as the mineralised material that has a cut-off grade above 0.40 g/t Au within an optimised open pit shell, created in March 2020 by Optimal Mining Solutions. The assumptions used to model the optimised open pit shell and their justifications are shown in Table 2.

The mineralised material that lies outside the optimised open pit shell and is interpreted to have 'reasonable prospects of eventual economic extraction' by underground mining methods was estimated using a cut-off grade exceeding 2.85 g/t Au.

Using these criteria, the Mineral Resource estimate for Sturec is reported as 21,200,000 tonnes @ 1.50 g/t Au and 11.6 g/t Ag (1.59g/t AuEq) using a 0.4g/t Au cut-off and within an optimised open pit shell, containing 1,026,000 ounces of gold and 7,944,000 ounces of silver (1,086,000 ounces of gold equivalent) in accordance with JORC (2012); and 388,000 tonnes at 3.45 g/t Au and 21.6 g/t Ag (3.60g/t AuEq) outside the optimised open pit shell, containing 43,000 ounces of gold and 270,000 ounces of silver (45,000 ounces of gold equivalent), reported in accordance with JORC (2012).

This Mineral Resource Estimate is based on the geological interpretation and modelling completed by Snowden Mining Consultants in 2012 and no new information has been obtained to determine a new interpretation or resource model since.

The breakdown of the Mineral Resource per Resource Category is detailed in Table 2. Oblique views of the Resource Model showing Au g/t x thickness and Resource Category are displayed in Figure 9 and 10 respectively.

**Table 1: Optimised open pit shell parameters**

| Item | Units | Value | Justification |
|---|---|---|---|
| Mining Cost | US$/t mined | 2.06 | Provided by Optimal Mining Solutions and benchmarked against their recent experience of mining costs in Europe |
| Incremental cost of mining | $/t/10m | 0.077 | Provided by Optimal Mining Solutions and benchmarked against their recent experience of mining costs in Europe |
| Mining Dilution | % | 3 | Industry Standard assumption for open pit |
| Mining Recovery | % | 97 | Industry Standard assumption for open pit |
| Gold price | US$ per oz | 1500 | Consensus Long Term price forecast |
| Silver price | US$ per oz | 20 | Consensus Long Term price forecast |
| Recovery Au (Thiosulphate) | % | 90.5 | Based on Thiosulphate Leaching metallurgical test work results from 2014 (range 90% – 92%). |
| Recovery Ag (Thiosulphate) | % | 48.9 | Based on Thiosulphate Leaching metallurgical test work results and cost estimates from 2014. Escalated 16% to 2020 equivalent costs. |
| Processing cost (Thiosulphate) | US$/t milled | 11.46 | Based on Thiosulphate Leaching metallurgical test work results and cost estimates from 2014. Escalated 16% to 2020 equivalent costs. |
| Overland conveyor and crushing | $/t milled | 2.84 | Based on plans to transport ore to a more suitable location for the Thiosulphate Leaching and Electrowinning and escalated to 16% to 2020 equivalent costs. |
| General and Administration | $/t milled | 3.47 | Based on previous costs estimates from 2013 and escalated to 16% to 2020 equivalent costs. |
| Tailings | $/t milled | 5.01 | Based on previous costs estimates from 2013 and escalated to 16% to 2020 equivalent costs. |
| Closure cost provisions | $/t milled | 1.87 | Based on previous costs estimates from 2013 and escalated to 16% to 2020 equivalent costs. |
| Overall slope angle | Degree | 43 | Based on geotechnical and groundwater modelling of host rock units. |
| Royalty Calculation | % | 1.43 | (Mining Cost/Total Cost)*Revenue*3% |

**Table 2: Mineral Resource Estimate – Sturec Gold Project**

| Sturec Mineral Resource Estimate | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Resource Estimate above 0.40 g/t Au cut-off and within an optimised open pit shell** | | | | | | | | |
| **Resource Category** | **Tonnes (kt)** | **Density ($t/m^3$)** | **Au (g/t)** | **Ag (g/t)** | **AuEq[1] (g/t)** | **Au (koz)** | **Ag (koz)** | **AuEq[1] (koz)** |
| Measured | 3,000 | 2.17 | 1.69 | 13.5 | 1.79 | 161 | 1291 | 171 |
| Indicated | 11,200 | 2.24 | 1.79 | 14.9 | 1.90 | 643 | 5373 | 685 |
| Measured + Indicated | 14,200 | 2.23 | 1.77 | 14.6 | 1.87 | 804 | 6664 | 856 |
| Inferred | 7,000 | 2.33 | 0.97 | 5.6 | 1.01 | 222 | 1280 | 230 |
| TOTAL | 21,200 | 2.26 | 1.50 | 11.6 | 1.59 | 1026 | 7944 | 1086 |
| **Resource Estimate above 2.85 g/t Au cut-off: outside optimised open pit shell** | | | | | | | | |
| **Resource Category** | **Tonnes (kt)** | **Density ($t/m^3$)** | **Au (g/t)** | **Ag (g/t)** | **AuEq[1] (g/t)** | **Au (koz)** | **Ag (koz)** | **AuEq[1] (koz)** |
| Measured | - | - | - | - | - | - | - | - |
| Indicated | 114 | 2.28 | 3.39 | 25.6 | 3.57 | 12 | 94 | 13 |
| Measured + Indicated | 114 | 2.28 | 3.39 | 25.6 | 3.57 | 12 | 94 | 13 |
| Inferred | 274 | 2.34 | 3.47 | 19.9 | 3.61 | 31 | 176 | 32 |
| TOTAL | 388 | 2.34 | 3.45 | 21.6 | 3.60 | 43 | 270 | 45 |

[1] AuEq g/t = ((Au g/t grade*Met. Rec.*Au price/g) + (Ag g/t grade*Met. Rec.*Ag price/g)) / (Met. Rec.*Au price/g)
Long term Forecast Gold and Silver Price USD/oz (source: World Bank, JP Morgan): $1,500 and $20 respectively.
Gold And silver recovery from the 2014 Thiosulphate metallurgical test work: 90.5% and 48.9% respectively.
It is the Company's opinion that both gold and silver have a reasonable potential to be recovered and sold from the Sturec ore using Thiosulphate Leaching/Electrowinning as per the recoveries indicated.

The Mineral Resource estimate was prepared under the assumption that Thiosulphate Leaching gold and silver extraction technology will be used to process the Sturec mineralisation, with recovery rates and estimated processing costs taken from the 2014 Thiosulphate Leaching test work program results. Adding to the veracity of this assumption is the fact that in 2014, the CSIRO successfully collaborated with Barrick Gold Corporation to implement Thiosulphate ore processing technology on the Goldstrike Mine in Nevada, USA, which now produces approximately 350,000 ounces of gold per annum for Barrick and Newmont Goldcorp Corp; proves that this technology can be utilised economically and at significant scale.

**Figure 9: Sturec Resource Model showing Au g/t x thickness**

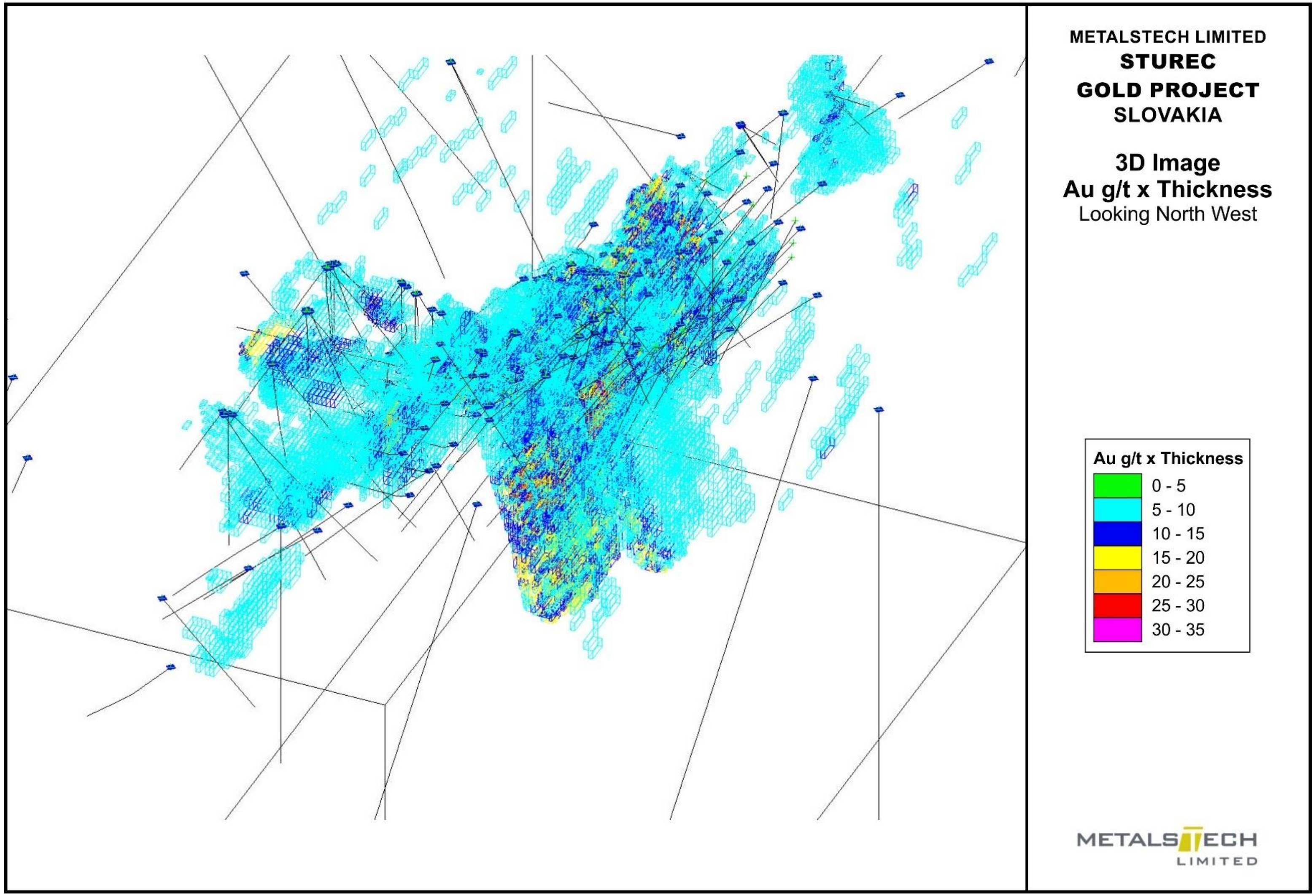
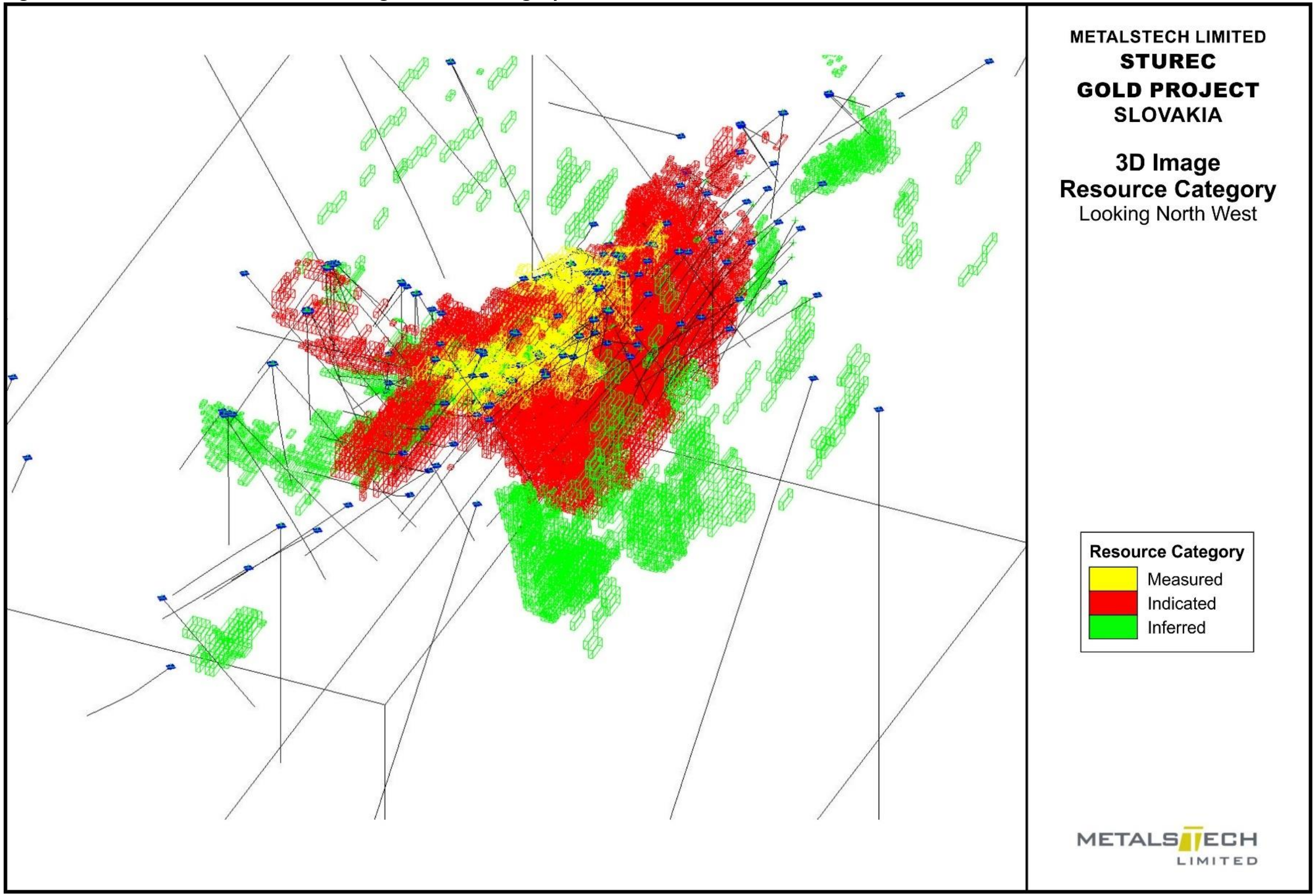


**Figure 10: Sturec Resource Model showing Resource Category**



## Partnership with Clean Earth Technologies

During the financial year ended 30 June 2020, the Company announced that it had entered into a Binding Technology Agreement (**Technology Agreement**) with Clean Earth Technologies Pte Ltd (**CET**). CET owns proprietary thiosulphate-based gold extraction technology developed over more than a decade by the Commonwealth Scientific and Industrial Research Organisation (**CSIRO**), an independent Australian federal government body responsible for leading scientific research and innovation.

Under the Technology Agreement, MTC and CET will work together to test ore from the Sturec Gold Project in Slovakia using thiosulphate. Subject to the successful extraction and recovery performance of the Sturec ore using the thiosulphate technology, the parties will negotiate terms on which MTC will be granted access, use and/or agency of the thiosulphate process in certain European jurisdictions, including Slovakia.

MTC and CET will also work together to expand distribution of the thiosulphate recovery technology beyond Slovakia into Romania, Bosnia and Herzegovina. This arrangement has the potential to benefit MTC by allowing it to leverage successful implementation of the thiosulphate technology at Sturec into other jurisdictions where the recovery technology could have strategic value.

The use of traditional cyanide-based gold recovery is not permitted in Slovakia and thiosulphate is an attractive alternative because it is non-flammable, water soluble and negates the need for cyanide or other toxic livixiants during the gold recovery process.

The partnership with CET has the potential to allow MetalsTech to overcome key permitting issues associated with the ban on cyanide in Slovakia, thereby unlocking the significant value that exists at the Sturec project.

In 2014, the CSIRO successfully collaborated with Barrick Gold Corporation (Barrick) for the implementation of thiosulphate processing technology at the Goldstrike Mine in Nevada which now produces approximately 350,000 ounces of gold each year for Barrick and Newmont Goldcorp Corporation.

*Source:*
*http://www.metalstech.net/wp-content/uploads/2020/01/Barrick-Gold-Corporation-Technical-Report-on-the-Goldstrike-Mine-March-22-2019.pdf*

## Extension to Underground Mining Permit

During the financial year ended 30 June 2020, the Company announced that its wholly owned subsidiary, Ortac s.r.o. has been awarded an extension to the existing underground mining permit at the Sturec Gold Mine, located in Slovakia. The initial decision on granting the extension to the mining activities on the Kremnica Mining Licence was made by the Regional Mining Bureau Banská Bystrica on 31 October 2019 and was subsequently confirmed by the Main Mining Bureau at Banská Štiavnica on 28 March 2020.

The previous permit allowed underground mining from the Kremnica Mining Licence for the years 2017 to 2018 (inclusive), whilst the extension to the underground mining permit allows mining activity to take place at the Kremnica Mining Licence for the years 2019 to 2021 (inclusive). Under the Mining Act of Slovakia, the Company is able to extend the underground mining permit for a further period of three (3) years from 2022 to 2024 (inclusive) (**First Extension Period**).

Under the current permit, all types of underground mining activities are permitted, however, the Company does not have processing capabilities on site, and this would require additional permits and environmental approvals.

There are no financial conditions attached to the underground mining licence. Pursuant to the underground mining permit, the Company is required to adhere to the mine management plan that was lodged with the Main Mining Bureau and record with the Main Mining Bureau the tonnage that is extracted from the underground operations. The Company is also required to advertise the commencement and completion date of the mining operations.

Once the current underground mining permit has reached the end of the First Extension Period, the Company will need to apply for a 'refreshed' underground mining permit, which will involve, amongst other things, an updated mine management plan and information as to where the additional mining activities will focus, including the expected tonnage to be mined from underground. The Company will apply for the 'refreshed' underground mining licence during 2024 to ensure a smooth transition of mining activities.

Pursuant to the underground mining licence extension permit, mining activities will focus on extracting ore from the existing Andrej adit at Sturec. The Andrej adit is readily accessible and the Company has already commenced preparatory works including the delivery of ore extracting equipment.

Initial mining activities will be focused on extracting sufficient material for the purposes of completing detailed metallurgical processing test work, including investigating the use of thiosulphate-based gold extraction technology on the ore at the Sturec Gold Mine.

Once this material has been extracted from the Andrej adit, the Company plans on mining additional material for stockpiling and potential toll treatment at nearby gold concentrate producers. The timing and amount of material that will be extracted for this purpose is yet to be determined and is dependent on the outcome of the discussions that the Company is currently having with a nearby gold mining operation.

An image of the existing Andrej adit is illustrated below:

**Image 1: The Andrej adit at the Sturec Gold Mine, Slovakia**

The Company is currently engaged in discussions with a nearby gold producer to determine potential processing solutions, including toll treatment options for the production of a gold concentrate.

## Metallurgical Sampling

Two 100kg bulk samples were mined from within the Sturec Mineral Resource where it can be accessed from the Andrej Adit at -435970mE; -1230067mN; 656m RL; Datum: S-JTSK/ Krovak.

Two samples were taken:

- P4 Transitional (semi-oxidised sample) was taken on the existing face of the mineralisation; and
- P4 Fresh (sulphide sample) was taken at the same location as P4 transitional but it was taken from at least 50cm into the existing face where the sample was geologically identified as fresh.

These samples were then transported securely, under strict quarantine protocols to Nagrom Laboratories in Perth for various metallurgical testwork programs.

## Metallurgical Testwork Results

An approximately 20kg sub-sample of P4 Transitional and P4 Fresh were first subjected to a standard Gravity Recoverable Gold (**GRG**) test.

This test involved:

- Grinding to p90 = 850 microns and processing in a Knelson gravity concentrator.
- Grinding the first stage tailings to p50 = 75 microns and processing that in the Knelson.
- Grinding the second stage tailings to p90 = 75 microns and processing that in the Knelson.

The results of the GRG test were:

| **Sample** | **P4 Transitional** | **P4 Fresh** |
|---|---|---|
| Au Head calc g/t | 9.52 | 5.05 |
| Ag Head Calc g/t | 49 | 44 |
| Grind p90 microns | 850 | 850 |
| Au recovery | 33.05% | 16.96% |
| Ag recovery | 4.52% | 2.84% |
| Grind p50 microns | 75 | 75 |
| Au recovery | 37.48% | 31.34% |
| Ag recovery | 10.87% | 11.27% |
| Grind p90 microns | 75 | 75 |
| Au recovery | 3.53% | 4.01% |
| Ag recovery | 3.73% | 2.33% |
| **Total gravity Au Recovery** | **74.06%** | **52.31%** |
| **Total gravity Ag Recovery** | **19.12%** | **16.44%** |
| Gravity Tailing g/t Au | 2.50 | 2.44 |
| Gravity Tailing g/t Ag | 40 | 37 |

The tailings from the third stage gravity concentration were further processed by conventional sulphide flotation, which resulted in a further 12% and 30% gold recovery respectively.

Overall, the combined gravity and flotation recoveries were:

| Sample | P4 Transitional | P4 Fresh |
|---|---|---|
| Gravity Au Recovery | 74.06% | 52.31% |
| Gravity Ag Recovery | 19.12% | 16.44% |
| Flotation Au Recovery | 13.94% | 29.69% |
| Flotation Ag Recovery | 15.13% | 32.26% |
| Overall Au Recovery | 88.00% | 82.00% |
| Overall Ag Recovery | 34.25% | 48.70% |

Gravity separation and flotation does not incorporate the use of cyanide.

The flotation tailings were further leached in cyanide to determine if there was residual gold available for recovery.

| Sample | P4 Transitional | P4 Fresh |
|---|---|---|
| Au Recovery to Concentrate | 88.00% | 82.00% |
| Ag Recovery to Concentrate | 34.25% | 48.70% |
| Au recovery in Tailings leach | 9.90% | 14.90% |
| Ag recovery in Tailings leach | 10.76% | 16.25% |
| Total Au Recovery | 97.90% | 96.90% |
| Total Ag Recovery | 45.01% | 64.95% |

If tailings were to be further leached using cyanide (which is not permitted in Slovakia however is permitted in other close neighbouring European jurisdictions), total recoveries of up to 98% for gold and 65% for silver may be achieved. These results provide confidence that Sturec may lend itself to producing an attractive flotation concentrate, with a favorable processing profile.

## Caution Regarding Forward-Looking Information

This document contains forward-looking statements concerning MetalsTech. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes.

Forward looking statements in this document are based on the Company's beliefs, opinions and estimates of MetalsTech as of the dates the forward-looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

## Competent Persons Statement_

The information in this announcement that relates to Exploration Results is based on information compiled by Dr Quinton Hills Ph.D., M.Sc., B.Sc. Dr Hills is the technical advisor of MetalsTech Limited and is a member of the Australasian Institute of Mining and Metallurgy (No. 991225). Dr Hills 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'. Dr Hills consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in the report to which this statement is attached that relates to Mineral Resources for the Sturec Gold Deposit is based on information compiled by Mr Chris Grove, who is a Member of The Australasian Institute of Mining and Metallurgy (No. 310106). Mr Grove is a full-time employee of Measured Group Pty Ltd and 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'. Mr Grove consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in the report to which this statement is attached that relates to Metallurgy and metal recoveries for the Sturec Gold Deposit is based on information compiled by Mr Noel O'Brien, who is a Fellow of The Australasian Institute of Mining and Metallurgy (No. 226758). Mr O'Brien is the Principal of Trinol Pty Ltd and 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'. MrO'Brien consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## Changes in Board of Directors

Mr Noel O'Brien resigned from the Board on 6 July 2020. Mr O'Brien is continuing to provide metallurgical and processing technical assistance to the Company.

## Cancellation of Performance Rights

On 22 April 2020 the director related entities of Mr Moran and Mr D'Anna each cancelled 1,100,000 Performance Rights by mutual agreement with the Company.

## Events occurring after the reporting period

Other than below, there have been no matters or circumstances which have arisen since 30 June 2020 that have significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2020, of the Company, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2020, of the Company.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 6 July 2020 the Company issued 500,000 unlisted options to newly appointed Technical Advisor, Mark Calderwood. The unlisted options are exercisable at 20 cents and expire 6 July 2022.

On 6 July 2020 Mr Noel O'Brien resigned from the Board. Mr O'Brien continues to act as a Technical Consultant to the Company.

On 21 July 2020 the Company announced that major shareholder Wuxi Baichuan Chemical Industrial Co Ltd had sold its remaining holding in the Company.

On 21 September 2020 the Company announced that it had received firm commitments pursuant to a Placement to Sophisticated and Professional Investors to raise $3,300,000 (before costs) via the issue of 20,000,000 fully paid ordinary shares at 16.5 cents per share. Sanlam Private Wealth Pty Ltd acted as Lead Manager to the Placement. The capital raising was completed on 25 September 2020.

MetalsTech is well funded to achieve its near term objectives at the Sturec Gold Mine which include:

- underground roadway development within the Andrej Adit to facilitate further resource expansion drilling with multiple rigs;
- resource expansion drilling targeting vein sets both within and outside of the main Schramen Vein (the major historical gold production vein);
- scoping study on a high-grade underground gold mine producing a high-grade gold concentrate through simple gravity and flotation processing; and
- Pre-Feasibility Study including a new mine plan, mine design and processing route

## Impact of COVID-19

The impact of the Coronavirus (COVID-19) pandemic up to 30 June 2020 has been mostly positive with a stronger gold price and gold sector generally speaking. The Company's share price has improved significantly, and this improves the ability of the Company to raise equity capital.

The travel restrictions within Australia and overseas has limited the Company's Australian based board and consultants to visit its gold project in Slovakia however the Company has been able to source local geological consultants and drilling companies to continue with its exploration activities.

Details of the Board of Directors as at the date of this report are as follows:

| | |
|---|---|
| **Name** | **Gino D'Anna** |
| Title | Executive Director |
| Qualifications | Bachelor of Commerce (Honours) |
| Experience | Mr D'Anna is a founding Executive Director of the Company. Mr D'Anna has significant primary and secondary capital markets experience and has extensive experience in resource exploration, public company operations, administration and financial management.<br><br>Mr D'Anna has experience in Canadian Government and First Nations relations in the mining sector and has worked in numerous jurisdictions including Australia, Botswana, Namibia and Canada. In addition, Mr D'Anna has been involved in the exploration and development of many projects including new discoveries and development of existing discoveries. Mr D'Anna was a founding shareholder and founding Executive Director of Atrum Coal (ASX: ATU) which is developing the Elan Hard Coking Coal Project, located in Alberta, Canada.<br><br>Mr D'Anna is currently a Director of 3G Coal Limited, Non-Executive Director of Metals Australia Limited (ASX: MLS) and Blina Minerals NL (ASX: BDI) and was previously a director of K2fly Limited (ASX: K2F). |
| Special Responsibilities | Nil |
| Security Holdings | 14,001,940 ordinary shares<br>3,000,000 unlisted options |

| | |
|---|---|
| **Name** | **Russell Moran** |
| Title | Executive Chairman |
| Qualifications | N/A |
| Experience | Mr Moran is a founding director and Executive Chairman of the Company. He is an experienced natural resources and technology investor with experience across bulk commodities, base metals and mining and engineering services sectors. He was the founder and former Executive Director of Canadian coal developer Atrum Coal (ASX: ATU) which is developing the Elan Hard Coking Coal Project, located in Alberta, Canada and has significant experience in international exploration and resource development.<br><br>Mr Moran is currently Chairman of Zinciferous Limited and 3G Coal Limited. Mr Moran was previously a Non-Executive Director of K2fly Limited (ASX: K2F). |
| Special Responsibilities | Chairman |
| Security Holdings | 18,639,182 ordinary shares (held by Natres Services Pty Ltd, a related party)<br>6,600,000 unlisted options (held by Natres Services Pty Ltd, a related party) |

| | |
|---|---|
| **Name** | **Qingtao Zeng (appointed 17 June 2019)** |
| Title | Non-Executive Director |
| Qualifications | PhD (Geology) |
| Experience | Dr Zeng is an experienced geologist with a PhD (Geology) from the University of Western Australia. He has linked several Australian companies with Chinese counterparties and has negotiated offtake agreements on behalf of some Western Australian spodumene concentrate producers and Chinese lithium carbonate and lithium hydroxide chemical manufacturers. He is a Director of Zinciferous Limited, which has interests in the Tianyuan lithium carbonate facility in China. |
| Special Responsibilities | Technical Director |
| Security Holdings | 1,000,000 Unlisted Options |

| | |
|---|---|
| Name | **Noel O'Brien (appointed 17 June 2019, resigned 6 July 2020)** |
| Title | Non-Executive Director |
| Qualifications | B.E. (Met), MBA , FAusIMM |
| Experience | Mr O'Brien is a metallurgist and lithium processing expert, who has advised Alita Resources (Bald Hill Mine, WA) (ASX: A40), Kidman Resources (Mt Holland Mine) (ASX: KDR), Galaxy Resources (Mt Cattlin Mine) (ASX: GXY) and Zinciferous Limited on its technical due diligence of the Tianyuan lithium carbonate facility in China. He has a deep understanding of the lithium market, processing expertise in smelting, gravity separation, flotation, leaching and solvent extraction. |
| Special Responsibilities | Technical Director |
| Security Holdings | Nil |

**Likely developments and expected results of operation**

Gold Project

The group recently acquired the Sturec Gold Project in Slovakia. Metallurgical testing and exploration drilling have commenced at the project and is expected to continue throughout the coming year. The intention is to use these results to provide a Scoping Study on the project and then progress towards a new Pre-Feasibility Study.

Lithium Assets

During the year the group impaired in full the carrying value of a number of its lithium assets as it discontinues exploration in several areas. The group intends to continue exploration on the core Adina, Cancet, Kapiwak and Sirmac projects whilst looking for joint venture and farm-in opportunities on these assets.

COVID – 19

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity in a stronger gold price and share price up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, in the future. The situation is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

**Directors' Meetings**

The following directors' meetings (including meetings of committees of directors) were held during the year and the number of meetings attended by each of the directors during the year were:

| 2020 | Directors' meetings eligible to attend | Directors' meetings attended |
|---|---|---|
| **Directors** | | |
| Gino D'Anna | 5 | 5 |
| Russell Moran | 5 | 5 |
| Qingtao Zeng | 5 | 5 |
| Noel O'Brien (i) | 5 | 5 |

(i) appointed 17 June 2019, resigned 6 July 2020

The Board of Directors also conducted business via six Circular Resolutions.

The Company does do not have separate committees for audit and risk, remuneration or nominations because the Board is not of a sufficient size or structure, reflecting that the Company's operations are not of a sufficient magnitude at this stage. The full Board performs the roles normally undertaken by these committees.

**Shares under option**

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

| Expiry date | Exercise price | Balance at start of year | Issued up to the date of this report | Converted/ Cancelled or lapsed | Balance at the date of this report |
|---|---|---|---|---|---|
| 1 Aug 2020 | $0.25 | 500,000 | - | (500,000) | - |
| 8 Jul 2021 | $0.25 | 9,600,000 | - | - | 9,600,000 |
| 21 Feb 2020 | $0.25 | 5,800,000 | - | (5,800,000) | - |
| 10 Aug 2020 | $0.25 | 500,000 | - | (500,000) | - |
| 1 Nov 2020 | $0.30 | 100,000 | - | - | 100,000 |
| 1 Nov 2020 | $0.25 | 1,600,000 | - | - | 1,600,000 |

| | | | | | |
|---|---|---|---|---|---|
| 1 Nov 2021 | $0.25 | 100,000 | - | - | 100,000 |
| 31 Dec 2023 | $0.06 | - | 2,980,000 | (2,820,000) | 160,000 |
| 6 May 2023 | $0.25 | - | 604,600 | - | 604,600 |
| 6 July 2022 | $0.20 | - | 500,000 | - | 500,000 |
| | | 18,200,000 | 4,084,600 | (9,620,000) | 12,664,600 |

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

**Environmental regulation**
The Group is not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board is not aware of any breach of environmental requirements as they apply to the Group. The Company remains in compliance with the environmental regulations of Slovakia and Quebec.

**Greenhouse Gas and Energy Data Reporting Requirements**
The Group is cognisant of the reporting requirements under the Energy Efficiencies Opportunity Act 2006 or the National Greenhouse Energy Efficient Reporting Act 2007, and believes it has adequate processes in place to ensure compliance with these Acts.

**Dividends paid, recommended and declared**
No dividends were paid or declared since the start of the period. No recommendation for payment of dividends has been made.

**Remuneration Report - Audited**

The remuneration report is set out under the following main headings:

A Remuneration Governance
B Remuneration Structure
C Details of Remuneration
D Other transactions with key management personnel
E Share-based compensation
F Equity instruments issued on exercise of remuneration options
G Value of options to Directors
H Equity instruments disclosures relating to key management personnel
I Additional statutory information

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001. The remuneration arrangements detailed in this report are for the key management personnel of the Group as follows:

Mr Gino D'Anna – Executive Director
Mr Russell Moran – Executive Chairman
Dr Qingtao Zeng - Non-Executive Director
Mr Noel O'Brien - Non-Executive Director (resigned 6 July 2020)

*Use of remuneration consultants*
The Company did not employ services of consultants to review its existing remuneration policies.

*Voting and comments made at the Company's 2019 Annual General Meeting*
The Annual General Meeting was held on 8 November 2019. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

**A. Remuneration Governance**

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Group and Executives of the Group. The performance of the Group depends upon the quality of its key management personnel. To prosper the Group must attract, motivate and retain appropriately skilled directors and executives.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Group does not engage the services of any remuneration consultants.

**B. Remuneration Structure**

***Executive remuneration arrangement***

Mr Gino D'Anna was an executive director during the entire year. On 1 April 2020 a new consultancy agreement was put in place with Mr D'Anna. The term of the new agreement is a minimum of 24 months and the agreement continues after that time unless terminated. In the event of early termination by the Company, consulting fees equal to 9 months services at 15 billable days per month at a rate of $1,200 are payable. In the event of early termination by the Consultant, the Company may elect to pay consulting fees equal to 3 months services at 15 billable days per month at a rate of $1,200. Mr D'Anna is charging consulting fees at a rate of $1,200 per day under this new agreement and is also entitled to remuneration as a director at $3,000 per month.

Mr Russell Moran was the executive chairman during the entire year. On 1 September 2019 a new consulting agreement was put in place with Natres Services Pty Ltd. The term of the new agreement is a minimum of 24 months and the agreement continues after that time unless terminated. In the event of early termination by the Company, consulting fees equal to 9 months services at 20 billable days at a rate of $1,300 are payable. In the event of early termination by the Consultant, the Company may elect to pay consulting fees equal to 3 months services at 20 billable days per month at a rate of $1,300. Mr Moran along with Mrs Fiona Paterson supply consulting services under this consulting agreement as nominated persons. Consulting services for the nominated persons are charged at $1,300 per day. Natres Services Pty Ltd is also entitled to charge a directors fee of $4,000 per month from 1 September 2019 where one of the nominated persons is also a director of the Company.

***Non-Executive remuneration arrangements***

The remuneration of Non-Executive Directors (**NED**) consists of Directors' fees, payable in arrears. They serve on a month to month basis and there are no termination benefits payable. They do not receive retirement benefits but are able to participate in share option-based incentive programmes in accordance with Group policy. Non-executive directors' fees are currently set at $3,000 per month.

Directors are paid consulting fees on time spent on Group business, including reasonable expenses incurred by them on business of the Group, details of which are contained in the Remuneration Table disclosed in Section C of this Report. Remuneration of Non-Executive Directors are based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which will be periodically recommended for approval by shareholders. The maximum currently stands at $500,000 per annum as per the Group's constitution and may be varied by ordinary resolution of the shareholders in general meeting.

## C. Details of Remuneration

The key management personnel ("KMP") of the Group are the Directors of MetalsTech Limited detailed in the table below. Details of the remuneration of the Directors of the Group are set out below:

| 30/06/2020 | Short-term benefits | | | Post-employment benefits | Share- based payment | | | Total $ | Percentage of performance related remuneration |
|---|---|---|---|---|---|---|---|---|---|
| | Salary & fees $ | Cash bonus $ | Annual and Long Service Leave $ | Super-annuation $ | Performance rights $ | Options $ | Equity $ | | |
| **Directors** | | | | | | | | | |
| **Executive Directors** | | | | | | | | | |
| R Moran | 214,250 | - | - | - | 31,995 | - | - | 246,245 | 13.0% |
| Mr D'Anna | 235,200 | - | - | - | 31,995 | - | - | 267,195 | 12.0% |
| **Non-executive directors** | | | | | | | | | |
| Mr O'Brien | 51,500 | - | - | - | - | - | - | 51,500 | - |
| Dr Zeng | 89,100 | - | - | - | - | - | - | 89,100 | - |
| Total | **590,050** | - | - | - | **63,990** | - | - | **654,040** | |

| 30/06/2019 | Short-term benefits | | | Post-employment benefits | Share- based payment | | | Total $ | Percentage of performance related remuneration |
|---|---|---|---|---|---|---|---|---|---|
| | Salary & fees $ | Cash bonus $ | Annual and Long Service Leave $ | Super-annuation $ | Performance rights $ | Options $ | Equity $ | | |
| **Directors** | | | | | | | | | |
| **Executive Directors** | | | | | | | | | |
| Mr Riekie (ii) | 44,000 | - | - | - | (6,393) | - | - | 37,607 | - |
| **Non-executive directors** | | | | | | | | | |
| Mr D'Anna (i) | 153,600 | - | - | - | 16,042 | - | - | 169,642 | 9.46% |
| Mr Moran (i) | 155,600 | - | - | - | 16,042 | - | - | 171,642 | 9.35% |
| Dr Hills (iii) | 36,000 | - | - | - | - | - | - | 36,000 | - |
| Mr O'Brien | 1,400 | - | - | - | - | - | - | 1,400 | - |
| Dr Zeng | 1,400 | - | - | - | - | - | - | 1,400 | - |
| Total | **392,000** | - | - | - | **25,691** | - | - | **417,691** | |

(i) Mr Moran and Mr D'Anna stepped down as Executive Directors on 6 April 2018 and continued on as Non-Executive Directors. The fees include director and consulting fees for the year.
(ii) Mr Riekie was appointed Managing Director on 6 April 2018 and resigned on 10 September 2018
(iii) Dr Hills was appointed on 13 September 2018 and resigned on 17 June 2019
(iv) Mr O'Brien and Dr Zeng were appointed as directors on 17 June 2019

The relative proportions of remuneration that are linked and/or to performance are as follows:

| | **Fixed Remuneration** | | **At risk – STI** | | **At risk – LTI *** | |
|---|---|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** | **2020** | **2019** |
| **Director** | | | | | | |
| Mr D'Anna | 88% | 82% | - | - | 12% | 18% |
| Mr Moran | 87% | 82% | - | - | 13% | 18% |
| Mr Riekie | N/A | 100% | - | - | - | - |
| Mr Hills | N/A | 100% | - | - | - | - |
| Mr O'Brien | 100% | 100% | - | - | - | - |
| Dr Zeng | 100% | 100% | - | - | - | - |

*Long term incentives are provided by way of the performance rights issued with long term performance milestones. The percentages disclosed reflect the fair value of remuneration consisting of the performance rights, based on the value of the performance rights expensed during the year.

## D Other Transactions with Key Management Personnel

**Other Transactions with KMP and their related parties**

Director Mr Moran invoices for his services via a consulting arrangement with Natres Services Pty Ltd ("NatRes"). Under that agreement there are two nominated persons including Mr Moran and the $214,250 remuneration disclosed above is for his portion of invoices. A further $168,250 was invoiced by Natres for the services of Ms F Paterson who is a related party, being the spouse of Mr Moran.

Director Dr Zeng is to be granted (subject to shareholder approval) 2 million unlisted options exercisable at 6 cents with a 12 month term. The options are to be granted for services provided by Dr Zeng in connection with a redeemable note debt raising. The options have been valued at $157,308 using a Black Scholes financial model.

**Other Disclosure – Transaction with Natres Services Pty Ltd and Courchevel 1850 Pty Ltd as trustee for Courchevel Investment Trust**

On or around 15 November 2019, Natres Services Pty Ltd (of which Mr Moran is a director and his spouse Ms F Paterson is the sole shareholder) and Courchevel 1850 Pty Ltd (of which Mr Moran's spouse is a director and sole shareholder) entered into a Facilitation Agreement whereby Courchevel 1850 Pty Ltd will receive 9 million Performance Rights and a 2% Net Smelter Royalty over the Sturec Gold Mine on certain terms and conditions (and subject to shareholder approval), in connection with MetalsTech's acquisition of the Sturec Gold Mine. The Performance Rights have been valued at $513,000 using a Trinomial option pricing model (up and in) model.

***Remuneration Policy***

## E Share-based Compensation

*Short term and long term incentives*

On 29th June 2018, MetalsTech Limited issued performance rights to directors following shareholder approval granted on 22nd June 2018. These performance rights were issued in five classes, each with different performance milestones. Each performance right will convert into 1 ordinary share of MetalsTech Limited upon achievement of the performance milestone.

The Company has assessed class 1 as being probable of being achieved and class 2 and 3 are market based and therefore recognised an expense over the vesting period for these three classes. The performance rights are held equally between Mr D'Anna and Mr Moran.

During the year the Class 1 Performance Rights held by Mr D'Anna and Mr Moran (or their nominees) met the performance milestones and 550,000 shares were issued. The remaining 2,200,000 Performance Rights were cancelled by mutual agreement. As a result of these events the remaining fair value on the converted 550,000 Performance Rights were booked in the Share Based Payments Reserve and then transferred to Issued Capital and the remaining fair value on the cancelled 2,200,000 performance rights were booked in the Share Based Payments Reserve. Out of the 2,200,000 performance rights that were cancelled, no amount was recognised for the cancelled 1,100,000 performance rights relating to Classes 4 and 5 as, at the date of cancellation, it was not expected that these performance rights would meet the required milestones.

The expenses in respect of the current directors are tabled below:

| Class | Grant Date | Underlying Share Price | Fair value of right | Number of Performance Rights | Total Fair Value 2018 | Expense 2018 | Expense 2019 | Expense 2020 | Probability of achieving milestone |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 22/06/2018 | $0.12 | $0.12 | 550,000 | $66,000 | $121 | $22,000 | $43,879 | more likely |
| 2 | 22/06/2018 | $0.12 | $0.037 | 550,000 | $20,350 | $37 | $6,783 | $13,529 | n/a |
| 3 | 22/06/2018 | $0.12 | $0.018 | 550,000 | $9,900 | $18 | $3,300 | $6,582 | n/a |
| 4 | 22/06/2018 | $0.12 | $0.12 | 550,000 | $66,000 | - | - | - | less likely |
| 5 | 22/06/2018 | $0.12 | $0.12 | 550,000 | $66,000 | - | - | - | less likely |

Class 1, 4 and 5 were valued using the share price at grant date.
Class 2 and 3 were valued using the up-and-in model as they have market-based conditions attached. A risk free rate of 2.11% was applied in the valuation (3-year Australian bond rate) and a VWAP volatility of 50%.

The expected vesting period for classes 1, 2 and 3 is estimated to be 3 years from the grant date.

Performance Milestones:

- **Class 1 Performance Rights**: the Performance Rights convert to Shares upon the Company achieving a JORC Compliant Inferred Resource at any of its current or future projects within the next 3 years;
- **Class 2 Performance Rights**: the Performance Rights convert to Shares upon the achievement of a 20-day VWAP share price >AUD$0.40 within the next 3 years;
- **Class 3 Performance Rights**: the Performance Rights convert to Shares upon the achievement of a 20-day VWAP share price >AUD$0.60 within the next 3 years;
- **Class 4 Performance Rights**: the Performance Rights convert to Shares upon the Company achieving delivery of a commercial Pre-Feasibility Study on any of its current or future projects within the next 5 years;
- **Class 5 Performance Rights**: the Performance Rights convert to Shares upon completion of first material binding offtake agreement, major project financing (>A$20 million) or major farm-out for any of the Company's current or future projects within the next 5 years,

The total expense arising from share based payment transactions recognised during the period in relation to the performance rights issued to directors was $63,990 based on the "more likely than not" assessment (2019: $32,083).

As a result of the Conversion of the Class 1 Performance Rights and cancellation of the remainder no director holds Performance Rights as at the date of this report.

**F Equity Instruments Issued on Exercise of Remuneration Options**

During the year 550,000 shares were issued to Directors (or related party entities) as a result of achievement of milestones on Performance Rights. Other than this no equity instruments were issued during the year to Directors or key management as a result of exercising remuneration options or rights. (2019: Nil).

**G Value of options to Directors**

No options were issued to Directors during the year ended 30 June 2020 other than as disclosed above in other transactions with KMPs.

**H Equity instruments disclosures relating to key management personnel**

***Share holdings***

The numbers of shares in the Company held during the financial year by each Director and other key management personnel of the Group are set out below.

| 2020 | Opening Balance | Received as Remuneration | Received During Year on Exercise of Performance Rights | Net Change Other | Closing Balance at 30 June |
|---|---|---|---|---|---|
| **Directors** | | | | | |
| Mr D'Anna[1] | 12,953,785 | - | 275,000 | 773,155[5] | 14,001,940 |
| Mr Moran[4] | 18,364,182 | - | 275,000 | - | 18,639,182 |
| Mr N O'Brien[2] | - | - | - | - | - |
| Dr Q Zeng[3] | - | - | - | - | - |
| | 31,317,967 | - | 550,000 | 773,155 | 32,641,122 |

[1] Includes Shares held by Spouse Mrs. R D'Anna
[2] Appointed 17 June 2019 and resigned 6 July 2020
[3] Appointed 17 June 2019
[4] Relates to Shares held by Natres Services Pty Ltd, of which Mr Moran is a Director
[5] Relates to Shares which have been acquired on-market

***Performance Rights holdings***

The numbers of performance rights in the Company held during the financial year by each Director and other key management personnel of the Group are set out below.

| 2020 | Opening Balance | Received as Remuneration | Converted to shares upon achievement of milestones | Net Change Other | Closing Balance |
|---|---|---|---|---|---|
| **Directors** | | | | | |
| Mr D'Anna | 1,375,000 | - | (275,000) | (1,100,000)[3] | - |
| Mr Moran | 1,375,000 | - | (275,000) | (1,100,000)[3] | - |
| Mr N O'Brien[1] | - | - | - | - | - |
| Dr Q Zeng[2] | - | - | - | - | - |
| | 2,750,000 | - | (550,000) | (2,200,000) | - |

[1] Appointed 17 June 2019 and resigned 6 July 2020

[2] Appointed 17 June 2019

[3] These performance rights have been cancelled by mutual agreement

***Option holdings***

The numbers of options in the Company held during the financial year by each Director and other key management personnel of the Group are set out below. All options vested on issue.

| 2020 | Opening Balance | Received as Remuneration | Received During Year | Net Change Other | Closing Balance | Vested and Exercisable |
|---|---|---|---|---|---|---|
| **Directors** | | | | | | |
| Mr D'Anna | 3,000,000 | - | - | - | 3,000,000 | 3,000,000 |
| Mr Moran[4] | 6,600,000 | - | - | - | 6,600,000 | 6,600,000 |
| Mr O'Brien[1] | - | - | - | - | - | - |
| Dr Zeng[2 and 3] | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 |
| | 10,600,000 | - | - | - | 10,600,000 | 10,600,000 |

[1] Appointed 17 June 2019 and resigned 6 July 2020

[2] Appointed 17 June 2019

[3] The Company has agreed to issue Dr Zeng 2 million unlisted options exercisable at 6 cents with a 12 month term. The grant of these options requires shareholder approval

[4] Relates to options held by Natres Services Pty Ltd, of which Mr Moran is a Director

**I Additional statutory information**

**Relationship between remuneration and the Group's performance**

Company remuneration is not linked to Company performance. The following table shows key performance indicators for the Group since it was incorporated:

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| **Loss for the year** | $4,704,023 | $4,115,832 | $4,333,460 | $1,691,564 | $680,344 |
| **Closing Share Price** | 13.5 cents | 1.5 cents | 9.6 cents | 20.0 cents | n/a[1] |
| **KMP Incentives** | $654,040 | $417,691 | $747,533 | $777,083 | Nil |
| **Total KMP Remuneration** | $654,040 | $417,691 | $747,533 | $777,083 | $42,000 |

[1] **No share price disclosed as the Company had not commenced trading on ASX**

**End of Audited Remuneration Report**

**Proceedings on behalf of the Company**
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purposes of taking responsibility on behalf of the Group for all or part of those proceedings.

**Indemnification of officers**
During the financial year the Group paid a premium of $19,000 (2019: $26,620) to insure the directors and officers of the Company and its Australian based controlled entities against a liability incurred as such a director or officer to the extent permitted by the Corporations Act 2001.

The Group has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Group against a liability incurred as such as an officer or auditor.

**Indemnification of auditors**
No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an auditor of the Company.

**Auditor's independence declaration**
The auditor's independence declaration as required under section 307C of the Corporations Act 2001 can be found on page 39.

**Non-Audit Services**
Details of the non-audit services provided to the Group from entities related to the Company's external auditor BDO Audit (WA) Pty Ltd during the year ended 30 June 2020 are outlined in the following table. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and the scope of each type of non-audit service provided means that auditor independence was not compromised.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

Amounts received or due and receivable by BDO (WA) Pty Ltd for Other services in relation to the entity and any other entity in the consolidated group

| | **2020** | 2019 |
|---|---|---|
| | $ | $ |
| (i) Taxation Services | 2,981 | 6,840 |
| (ii) Corporate Finance Services | 3,700 | - |
| | **6,681** | **6,840** |

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

**Gino D'Anna**
**Director**
**30 September 2020**

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Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF METALSTECH LIMITED

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

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

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

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2020

**METALSTECH LIMITED**
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 30 JUNE 2020**

| | Notes | 30-June-20 AUD $ | 30-June-19 AUD $ |
|---|---|---|---|
| **Revenue** | | | |
| Other revenue | | 8,728 | 5,181 |
| | | **8,728** | **5,181** |
| **Expenses** | | | |
| Administration Expenses | | 314,921 | 268,537 |
| Advertising and Marketing | | 403,560 | 13,272 |
| Audit Fees | | 51,148 | 37,211 |
| Consulting Fees | | 9,359 | 80,275 |
| Corporate Compliance | | 42,471 | 40,549 |
| Depreciation | | 7,923 | 8,139 |
| Directors and Consulting Fees | | 758,300 | 386,600 |
| Directors benefit expense | 21 | 63,990 | - |
| Employment benefits | | 223,288 | 174,207 |
| Impairment – exploration and evaluation expenditure | 12 | 2,391,869 | 2,885,301 |
| Finance cost | | 78,751 | - |
| Legal Fees | | 77,496 | 94,980 |
| Occupancy Costs | | 49,743 | 42,464 |
| Share Based Payments | 21 | 179,331 | 42,173 |
| Travelling Expenses | | 60,601 | 47,305 |
| **Loss from continuing operations before income tax** | | **(4,704,023)** | **(4,115,832)** |
| Income tax expense | 7 | - | - |
| **Loss from continuing operations after income tax** | | **(4,704,023)** | **(4,115,832)** |
| | | | |
| **Other comprehensive income, net of tax** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation | | (84,936) | 431,756 |
| **Total other comprehensive loss for the period** | | **(4,788,959)** | **(3,684,076)** |
| | | | |
| | | Cents | Cents |
| Loss per share from continuing operations attributable to the ordinary equity holders of the Company: | | | |
| Basic and diluted loss per share | 20 | (4.0) | (3.5) |

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

| | Notes | 30-June-20 | 30-June-19 |
|---|---|---|---|
| | | AUD $ | AUD $ |
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 9 | 1,030,660 | 74,418 |
| Trade and other receivables | 10 | 76,680 | 1,952,031 |
| **Total Current Assets** | | **1,107,340** | **2,026,449** |
| | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 11 | 12,610 | 18,625 |
| Exploration and evaluation expenditure | 12 | 5,540,381 | 6,500,164 |
| **Total Non-Current Assets** | | **5,552,991** | **6,518,789** |
| | | | |
| **TOTAL ASSETS** | | **6,660,331** | **8,545,238** |
| | | | |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 13 | 1,271,059 | 880,021 |
| Provisions | 15 | 19,423 | 10,385 |
| **Total Current Liabilities** | | **1,290,482** | **890,406** |
| | | | |
| **Non-current liabilities** | | | |
| Borrowings | 14 | 650,000 | - |
| **Total non-current liabilities** | | **650,000** | **-** |
| | | | |
| **TOTAL LIABILITIES** | | **1,940,482** | **890,406** |
| | | | |
| **NET ASSETS** | | **4,719,849** | **7,654,830** |
| | | | |
| **EQUITY** | | | |
| Share capital | 16 | 15,207,322 | 14,115,782 |
| Reserves | 17 | 2,642,083 | 1,964,581 |
| Accumulated losses | 18 | (13,129,556) | (8,425,533) |
| **TOTAL EQUITY** | | **4,719,849** | **7,654,830** |

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

**METALSTECH LIMITED**
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 30 JUNE 2020**

| | Share Capital<br>AUD $ | Share Based Payments Reserve<br>AUD $ | Options Premium Reserve<br>AUD $ | Foreign Currency Translation Reserve<br>AUD $ | Accumulated Losses<br>AUD $ | Total Equity<br>AUD $ |
|---|---|---|---|---|---|---|
| **Balance at 1 July 2019** | **14,115,782** | **643,715** | **889,110** | **431,756** | **(8,425,533)** | **7,654,830** |
| Loss for year | - | - | - | - | (4,704,023) | (4,704,023) |
| Foreign currency translation | - | - | - | (84,936) | - | (84,936) |
| Total comprehensive loss for the year | - | - | - | (84,936) | (4,704,023) | (4,788,959) |
| **Transactions with owners in their capacity as owners:** | | | | | | |
| Issue of share capital | 1,007,540 | - | - | - | - | 1,007,540 |
| Transfer on conversion of Performance Rights | 84,000 | (84,000) | - | - | - | - |
| Option issue expense | - | - | 247,424 | - | - | 247,424 |
| Share based payment expense | - | 599,014 | - | - | - | 599,014 |
| **At 30 June 2020** | **15,207,322** | **1,158,729** | **1,136,534** | **346,820** | **(13,129,556)** | **4,719,849** |

| | Share Capital<br>AUD $ | Share Based Payments Reserve<br>AUD $ | Options Premium Reserve<br>AUD $ | Foreign Currency Translation Reserve<br>AUD $ | Accumulated Losses<br>AUD $ | Total Equity<br>AUD $ |
|---|---|---|---|---|---|---|
| **Balance at 1 July 2018** | **14,010,415** | **596,668** | **889,110** | **-** | **(4,309,701)** | **11,186,492** |
| Loss for year | - | - | - | - | (4,115,832) | (4,115,832) |
| Foreign currency translation | | | | 431,756 | - | 431,756 |
| Total comprehensive loss for the year | - | - | - | 431,756 | (4,115,832) | (3,684,076) |
| **Transactions with owners in their capacity as owners:** | | | | | | |
| Issue of share capital | 105,367 | | - | - | - | 105,367 |
| Share based payment expense | - | 47,047 | - | - | - | 47,047 |
| **At 30 June 2019** | **14,115,782** | **643,715** | **889,110** | **431,756** | **(8,425,533)** | **7,654,830** |

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

**METALSTECH LIMITED**
**CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED 30 JUNE 2020**

| | Notes | 30-June-20 | 30-June-19 |
|---|---|---|---|
| | | AUD $ | AUD $ |
| **Cash flows from operating activities** | | | |
| Interest received | | 8,728 | 5,181 |
| Interest paid | | (50,000) | - |
| Payment to suppliers and employees (include GST) | | (1,955,537) | (691,945) |
| **Net cash flows from operating activities** | 9(b) | **(1,996,809)** | **(686,764)** |
| | | | |
| **Cash flows from investing activities** | | | |
| Payments for exploration and evaluation expenditure | | (264,745) | (778,530) |
| Taxation refunds for exploration credits | | 2,065,304 | - |
| Payments for property, plant and equipment | | (1,908) | - |
| Payments for acquisition of subsidiary | 23 | (576,027) | - |
| **Net cash flows from investing activities** | | **1,222,624** | **(778,530)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | | 1,129,800 | - |
| Payment for capital raising costs | | (61,500) | - |
| Proceeds from issue of options | | 605 | - |
| Proceeds from redeemable notes | | 1,050,000 | - |
| Repayment of redeemable notes | | (400,000) | - |
| **Net cash inflows from financing activities** | | **1,718,905** | **-** |
| | | | |
| **Net increase in cash and cash equivalents** | | **944,721** | **(1,465,294)** |
| Cash and cash equivalents at beginning of period | | 74,418 | 1,526,761 |
| Exchange rate adjustments | | 11,522 | 12,951 |
| **Cash and cash equivalents at the end of the period** | 9(a) | **1,030,660** | **74,418** |

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

## NOTE 1: REPORTING ENTITY

MetalsTech Limited (the "Company" or "MetalsTech") is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange Limited ("ASX"). The addresses of its registered office and principal place of business are disclosed in the Corporate Directory at the beginning of the Annual Report.

The consolidated financial statements of the Company and its subsidiaries are for the year ended 30 June 2020.

The financial statements were authorised for issue by the Board of Directors on 30 September 2020.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

## NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

### *a) Basis of preparation of the financial report*

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

The consolidated financial statements were approved by the Board of Directors on the date the directors' report and declaration was signed. MetalsTech Limited is a for-profit entity for the purpose of preparing the financial statements.

*Historical Cost Convention*
The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

*Critical accounting estimates*
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

*Comparative information*
This report presents the financial information for the year ended 30 June 2020 and for the prior year ended 30 June 2019.

*Functional and presentation currency*
The functional currency of the Company is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars, which is the entity's functional currency.

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

***b) Going concern***

For the year ended 30 June 2020 the Group has incurred a net loss of AUD$4,704,023 (2019: AUD$4,115,832), experienced net cash outflows from operations of AUD$1,996,809 (2019: AUD$686,764) and net cash inflows from investing activities of AUD$1,222,624 (2019: outflow AUD$778,530). As at 30 June 2020 the cash balance is $1,030,660 (2019: $74,418).

The Directors have reviewed the cash flow requirements in the next 12 months and recognise that the ability of the Group to continue as a going concern is dependent on securing additional funding through equity to continue to fund its exploration activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe there are sufficient funds to meet the Group's working capital requirements as at the date of this report.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Group has a history of successfully raising capital;
- The Company's share price has improved significantly during the year increasing its ability to raise equity;
- In August 2019, the Company issued short-term redeemable notes to unrelated investors to raise a total of AUD$400,000;
- In March 2020, the Company issued short-term redeemable notes to unrelated investors to raise a total of AUD$650,000;
- On 6 May 2020 the Company issued 6,093,500 shares at $0.16 each to raise $975,000;
- On 21 September 2020 the Company announced a capital raising 20,000,000 shares at $0.165 each to raise $3.3m from professional and sophisticated investors. The capital raising was completed on 25 September 2020.
- The Directors believe that there is sufficient cash available for the Group to continue operating and it has the ability to raise further capital to fund its ongoing activities;

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Company not continue as a going concern.

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

***c) Revenue recognition***

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expected to be entitled. If the consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

Interest income is recognised on a time proportion basis using the effective interest method.

***d) Financial Instruments***

Trade and other receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Trade and other receivables are recognised at amortised cost using the effective interest rate method, less any allowance for expected credit losses.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9 to determine any allowances for expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience. The amounts held in trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these trade and other receivables, it is expected that the amounts will be received when due.

The Group's financial risk management objectives and policies are set out in Note 5.

Due to the short-term nature of these receivables their carrying value is assumed to approximate their fair value.

Financial assets are recognised and derecognised on settlement date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time-frame established by the market concerned. They are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The Group classifies its financial assets as either financial assets at fair value though profit or loss ("FVPL"), fair value though other comprehensive income ("FVOCI") or at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For investments in equity instruments, the classification depends on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVPL or FVOCI.

### *Financial assets at FVPL*

For assets measured at FVPL, gains and losses will be recorded in profit or loss. The Group's derivative financial instruments are recognised at FVPL. Assets in this category are subsequently measured at fair value. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Financial assets at OCI***

For assets measured at FVOCI, gains and losses will be recorded in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. The Group has elected to measure its listed equities at FVOCI.

Assets in this category are subsequently measured at fair value. The fair values of quoted investments are based on current bid prices in an active market. Refer to Note 5 for additional details.

***e) Income tax***

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary difference can be utilised. The amount of benefits brought to account or which may be released in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

***f) Exploration and evaluation expenditure***

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest.

These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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

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

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

Costs incurred on identifiable areas of interest where the Company has not been granted rights to tenure as at reporting date are capitalised when the Company are confident that it is probable the Company will be granted rights in the near future. If the Company is subsequently not granted rights to tenure, costs capitalised to affected areas of interest are written off in the Statement of Profit or Loss and Other

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Comprehensive Income in the year in which this decision is known.

Exploration and evaluation expenditure is assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation expenditure is tested for impairment when any of the following facts and circumstances exist:

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;

- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;

- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or

- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

***g) Principles of consolidation***

*Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of MetalsTech Limited (the “Company” or “Parent Entity”) as at 30 June 2020 and the results of its subsidiaries for the year. MetalsTech Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when 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.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

*Transactions eliminated on consolidation*

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

***h) Segment reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***i) Cash and cash equivalents***

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

***j) Trade and other payables***

Trade and other payables represent the liabilities at the end of the reporting period for goods and services received by the Company that remain unpaid.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms.

***k) Issued Capital***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

***l) Share-based payments***

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The fair value is determined using an appropriate 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 volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of shares of MetalsTech Limited ('market conditions'). (Refer Note 21 for further details)

***m) Current and non-current classification***

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

***n) Foreign currency translation***

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Profit or Loss and Other Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

***o) Plant and equipment***

Plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not shown in the accounts at a value in excess of the recoverable amount of the asset.

Depreciation on assets is calculated using the diminishing value method to allocate their cost, net of their residual values, as follows:

| | |
|---|---|
| Office equipment | 10-40% |

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Gains and losses on disposals are determined by comparing the proceeds from disposal with the net carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

***p) Earnings per share***

*(i) Basic earnings per share*

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

*(ii) Diluted earnings per share*

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.

***q) Goods and Services Tax***

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability 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, or payable to, the ATO are classified as operating cash flows.

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***r) Fair value measurement***
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

***s) Canadian tax rebates***
Canadian tax rebates relating to costs incurred on exploration assets are recognised as a reduction to the exploration asset when the conditions relating to the rebates have been met and it is probable the rebates will be received.

***t) Significant accounting judgements and estimates***
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial period are discussed below.

**NOTE 3: NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

a) AASB 16 Leases

*Adoption of AASB 16*
he consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the

**NOTE 3: NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED (continued)**

recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117.

However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

*Impact of adoption*
The Group has examined all the leases where the Company is a lessor and have determined that all fall under the exemptions for short term or low-value leases and the Group has relied on these exemptions.

b) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

c) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## NOTE 4: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

*Coronavirus (Covid-19) pandemic*
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

*Share-based payments*
The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using valuation methods including the Black Scholes valuation model and the Binomial – barrier up and in model taking into account the terms and conditions upon which the instruments were granted.

The Group measures the cost of equity settled transactions with directors by reference to the fair value of equity instruments at the date at which they are granted. Management have assessed that the achievement of the non-market performance conditions attached to the Performance Rights are 'more likely than not' for class 1 and 'less than likely' for class 4 and 5. The calculated fair value of the Performance Rights is expensed in the statement of profit or loss and other comprehensive income over the vesting period.

*Recoverability of deferred exploration and evaluation expenditure*
Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at reporting date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. The Board and Management have assessed the carrying value of the Exploration and Evaluation Expenditure to be impaired. Refer to the accounting policy stated in note 2(f) and to note 12 for movements in the exploration and evaluation expenditure balance.

*Asset acquisition not constituting a business*
When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

In determining when an acquisition is determined to be an asset acquisition and not a business, significant judgement is required to assess whether the assets acquired constitute a business in accordance with AASB 3. Under AASB 3 a business is an integrated set of activities and assets that is capable of being conducted or managed for the purpose of providing a return, and consists of inputs and processes, which when applied to those inputs has the ability to create outputs.

*Fair value measurement hierarchy*
The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective. The fair value of assets and liabilities classified as

level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

*Performance rights*
The Company has used its judgement in booking a Share Based Payment for the value of the 9 million Performance Rights (even though they require ASX and shareholder approval) to be issued in connection with the acquisition of the Sturec Gold Project – see Note 23.

**NOTE 5: FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. The Board of Directors co-ordinate domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group holds the following financial instruments:

| | 30-June-20<br>$ | 30-June-19<br>$ |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | 1,030,660 | 74,418 |
| Trade and other receivables | 76,680 | 1,952,031 |
| | 1,107,340 | 2,026,449 |
| **Financial liabilities** | | |
| Trade and other payables | 1,271,059 | 880,021 |
| Borrowings | 650,000 | - |
| | 1,921,059 | 880,021 |

**(a) Market risk**

*(i) Foreign currency risk*
The Group operates in Canada, England and Slovakia. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity’s functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The Group manages foreign exchange risk by monitoring forecast cash flows in currencies other than the Australian dollar.

In Canada it pays Canadian dollars for all its exploration expenditure on an ongoing basis. At the end of the year exploration foreign currency trade creditors were CAD$485,178 and sundry debtors were CAD$69.

**NOTE 5: FINANCIAL RISK MANAGEMENT** (continued)

In Slovakia it pays Euro dollars for all its exploration expenditure on an ongoing basis. At the end of the year exploration foreign currency trade creditors were Eur$15,583 and sundry debtors were Eur$27.

In England the subsidiary is basically a dormant holding Company and it has only minor outgoings. At the end of the year foreign currency trade creditors were GBP1,842 and sundry debtors were GBP Nil.

*(ii) Price risk*

The Group does not hold investments and therefore is not exposed to equity securities price risk.

*(iii) Interest rate risk*

The Group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is set out below:

| | 30-June-20 | | 30-June-19 | |
|---|---|---|---|---|
| | **Weighted average interest rate** | **$** | **Weighted average interest rate** | **$** |
| **Financial assets** | | | | |
| Cash & cash equivalents | 0.01% | 1,030,660 | 0.057% | 74,418 |
| **Financial liabilities** | | | | |
| Redeemable notes | 20% | 650,000 | - | - |

The Group does not have significant interest-bearing assets or liabilities and percentage changes in interest rates would not have a material impact on the results. Group sensitivity to movement is not material.

**(b) Credit risk**

The Group has no significant concentration of credit risk. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings. The Group does not hold any collateral.

**(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Group has no long term or short term debt and its risk with regard to liquidity relates to its ability to maintain its current operations.

| Cash at bank | 30-June-20<br>$ | 30-June-19<br>$ |
|---|---|---|
| Commonwealth Bank | A$991,025 | A$62,081 |
| Canada | CAD$9,389 | CAD$11,334 |
| Slovakia | Eur$9,417 | - |
| United Kingdom | GBP2,268 | - |

The Group's ability to raise equity funding in the market is paramount in this regard. The Group manages liquidity by monitoring forecast and actual cash flows. The tables below analyses the Group's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

**NOTE 5: FINANCIAL RISK MANAGEMENT** (continued)

| 2020 | <6 months<br>$ | 6-12 months<br>$ | >12 months<br>$ | Total Contractual Cash Flows<br>$ | Carrying Amount<br>$ |
|---|---|---|---|---|---|
| **Financial liabilities** | | | | | |
| Trade and other payables | 1,271,059 | - | - | 1,271,059 | 1,271,059 |
| Borrowings | 65,178 | 64,110 | 675,644 | 804,932 | 650,000 |

| 2019 | <6 months $ | 6-12 months $ | >12 months $ | Total Contractual Cash Flows $ | Carrying Amount $ |
|---|---|---|---|---|---|
| **Financial liabilities** | | | | | |
| Trade and other payables | 880,021 | - | - | 880,021 | 880,021 |
| Borrowings | - | - | - | - | - |

**NOTE 6: SEGMENT INFORMATION**

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

**Revenue by geographical region**

The Company has not generated revenue from operations, other than interest income derived from deposits held at call with banks in Australia.

**Assets by geographical region**

The Company owns tenements in the geographical locations of Canada and Slovakia. Other than this the group's assets comprise cash and minor receivables or prepayments. The breakdown of assets by geographical location is as follows:

| | 30-June-20 $ | 30-June-19 $ |
|---|---|---|
| **Current Assets** | | |
| United Kingdom | 4,531 | - |
| Slovakia | 29,950 | - |
| Canada | 10,076 | 763,239 |
| Australia | 1,062,783 | 1,263,210 |
| | 1,107,340 | 2,026,449 |
| **Non-Current Assets** | | |
| United Kingdom | - | - |
| Slovakia | 1,568,549 | - |
| Canada | 2,411,165 | 4,881,707 |
| Australia | 1,573,277 | 1,637,082 |
| | 5,552,991 | 6,518,789 |

**NOTE 7: INCOME TAX EXPENSES**

| | 30-June-20 $ | 30-June-19 $ |
|---|---|---|
| **(a) Income tax expense:** | | |
| Current income tax | - | - |
| Deferred income tax | - | - |
| Current income tax benefit | - | - |
| | - | - |

**(b) Reconciliation of Income tax expense to prima facie tax payable:**

| | | |
|---|---|---|
| Loss before income tax | (4,704,023) | (4,115,832) |
| Prima facie income tax at 30% (2019: 30%) | (1,411,207) | (1,234,750) |
| Non-deductible expenditure | 1,135,658 | 302,107 |
| Effect of tax rates in foreign jurisdictions | 15,149 | 89,869 |
| Timing differences not recognized | 260,400 | 842,774 |
| Income tax expense/(benefit) | - | - |

**(c) Unrecognised deferred tax assets arising on timing differences and losses**

| | | |
|---|---|---|
| Losses - revenue | 688,020 | 479,561 |
| Foreign losses - revenue | 1,277,746 | |
| Deductible temporary differences | 843,488 | 829,187 |
| **Unrecognised deferred tax assets** | 2,809,254 | 1,308,748 |

**(d) Deferred tax liabilities**

| | | |
|---|---|---|
| Business combination – intangible | - | - |
| Property, plant and equipment | - | - |
| | - | - |

The tax benefits of the above deferred tax assets will only be obtained if:

a. The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
b. The consolidated entity continues to comply with the conditions for deductibility imposed by law; and
c. No changes in income tax legislation adversely affect the consolidated entity from utilising the benefits.

**NOTE 8: DIVIDENDS**

There are no dividends declared or paid during the year (2019: Nil)

## NOTE 9: CASH AND CASH EQUIVALENTS

### (a) Reconciliation to cash at the end of the period

| | 30-June-20 | 30-June-19 |
|---|---|---|
| | $ | $ |
| Cash at bank and in hand | 1,030,660 | 74,418 |
| | **1,030,660** | **74,418** |

### (b) Reconciliation of net loss after income tax to net cash flows used in operating activities

| | | |
|---|---|---|
| **Net loss after income tax** | (4,704,023) | (4,115,832) |
| | | |
| **Adjustments for:** | | |
| Directors benefits expense (Share based payment) | 63,990 | 45,278 |
| Share based payments | 22,023 | 6,169 |
| Share option expense | 186,059 | - |
| Impairment expense | 2,391,869 | 2,885,301 |
| Depreciation expense | 7,923 | 8,139 |
| Costs transferred to exploration | - | 32,708 |
| | | |
| **Changes in assets and liabilities:** | | |
| (Increase)/decrease in trade and other receivables | (65,279) | 268,038 |
| Increase/(decrease) in trade and other payables | 91,590 | 179,690 |
| Increase in staff leave provisions | 9,038 | 3,745 |
| **Net cash flows used in operating activities** | **(1,996,809)** | **(686,764)** |
| | | |
| **Non-cash investing and financing activities** | | |
| Issue of ordinary shares as consideration for asset acquisition | - | 72,750 |
| Performance shares to be issued as a facilitation fee | 513,000 | - |
| Issue of unlisted options in connection with debt raising | 186,059 | - |
| Issue of options to broker for capital raising | 60,760 | |
| Issue of shares for geological consulting fees | - | 32,617 |
| | **759,819** | **105,367** |

### d) Changes in liabilities arising from financing activities

| | Redeemable Notes |
|---|---|
| **Consolidated** | |
| Balance at 30 June 2019 | - |
| Net cash from/(used in) financing activities | 650,000 |
| Other changes | - |
| Balance at 30 June 2020 | 650,000 |

There were no financial liabilities in the prior year.

**NOTE 10: TRADE AND OTHER RECEIVABLES**

| | 30-June-20 $ | 30-June-19 $ |
|---|---|---|
| GST and Provincial Sales Tax receivable | 54,784 | 9,037 |
| Prepaid expenses | 20,896 | 5,757 |
| Sundry receivables | 1,000 | - |
| Canadian exploration rebates | - | 1,937,237 |
| | **76,680** | **1,952,031** |

**(a) Trade receivables past due but not impaired**

There were no trade receivables past due but not impaired.

**(b) Fair value and credit risk**

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 5 for more information on the risk management policy of the group and the credit quality of the Group's trade receivables.

**NOTE 11: PROPERTY, PLANT AND EQUIPMENT**

| | 30-June-20 $ | 30-June-19 $ |
|---|---|---|
| Plant and equipment | 12,610 | 18,625 |
| | **12,610** | **18,625** |
| Balance at the beginning of the year | 18,625 | 26,764 |
| Additions | 1,908 | - |
| Depreciation expense | (7,923) | (8,139) |
| Balance at the end of the year | **12,610** | **18,625** |

**NOTE 12: EXPLORATION AND EVALUATION EXPENDITURE**

| | 30-June-20 $ | 30-June-19 $ |
|---|---|---|
| Exploration and evaluation expenditure | 5,540,381 | 6,500,164 |
| | **5,540,381** | **6,500,164** |
| Reconciliation: | | |
| Balance at the beginning of the year | 6,500,164 | 9,644,796 |
| Impairment of exploration expenditure | (2,391,869) | (2,885,301) |
| Canadian tax rebates for remote exploration expenditure | (109,252) | (1,970,159) |
| Acquisition costs and exploration expenditure for exploration assets | 192,893 | 1,333,282 |
| Acquired with acquisition of subsidiary – see Note 23 | 1,452,455 | - |
| Net exchange differences on translation | (104,010) | 377,546 |
| Balance at the end of the year | **5,540,381** | **6,500,164** |

**NOTE 12: EXPLORATION AND EVALUATION EXPENDITURE (continued)**

The group impaired all the acquisition and exploration costs on the Terre des Montagnes, Wells Lacourciere and Project Generation lithium projects based on a fair value of nil. The parent Company has ceased funding those projects other than minor administration costs and anticipates commencing action to wind up the Canadian entities that hold these projects.

In the prior year the group impaired all the Cobalt projects exploration and acquisition expenditure. The parent Company has ceased funding those projects and has commenced action to wind up the Canadian entities that hold these projects.

The group has retained the core lithium projects, namely, Adina, Cancet, Sirmac and Kapiwak and will continue exploration on these projects.

Exploration costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

## NOTE 13: TRADE AND OTHER PAYABLES

| | 30-June-20 | 30-June-19 |
|---|---|---|
| | **$** | **$** |
| Trade and other payables | 897,464 | 804,423 |
| Deferred acquisition payment – Note 23 | 300,000 | - |
| Accrued expenses | 73,595 | 75,598 |
| | **1,271,059** | **880,021** |

## NOTE 14: BOROWINGS

| | 30-June-20 | 30-June-19 |
|---|---|---|
| **Non-current** | **$** | **$** |
| Redeemable Notes | | |
| Opening balance | - | - |
| Additional borrowings | 1,050,000 | - |
| Repayment of borrowing | (400,000) | - |
| Closing balance | **650,000** | **-** |

The Company entered into four redeemable note agreements dated 11 March 2020. The notes attract an interest rate of 20% per annum payable quarterly in arrears. The agreements are each for a term of 18 months from the respective drawdown dates.

## NOTE 15: PROVISIONS

| | 30-June-20 | 30-June-19 |
|---|---|---|
| | **$** | **$** |
| Staff leave provisions | 19,423 | 10,385 |
| | **19,423** | **10,385** |

## NOTE 16: ISSUED CAPITAL

| | 30-June-20 | | 30-June-19 | |
|---|---|---|---|---|
| | $ | No. | $ | No. |
| Issued Capital | 16,921,132 | | 15,707,332 | |
| Cost of shares issued | (1,713,810) | | (1,591,550) | |
| Fully paid ordinary shares | 15,207,322 | 126,327,638 | 14,115,782 | 116,953,887 |

### (a) Movements in Ordinary Shares

**Year ended 30 June 2020**

| Date | Details | $ | Number of shares | Issue price per ordinary share |
|---|---|---|---|---|
| 01/07/19 | Opening balance | 14,115,782 | 116,953,888 | |
| 15/04/20 | Conversion of Performance Rights ** | 84,000 | 700,000 | 0.12 |
| 15/04/20 | Conversion of options | 16,800 | 280,000 | 0.06 |
| 22/04/20 | Conversion of options | 138,000 | 2,300,000 | 0.06 |
| 06/05/20 | Placement of shares | 975,000 | 6,093,750 | 0.16 |
| | Costs of shares issued | (122,260) | | |
| 30/06/20 | Balance at end of year | 15,207,322 | 126,327,638 | |

** The price used for these shares was based on the initial share price when the PRs were granted

**Year ended 30 June 2019**

| Date | Details | $ | Number of shares | Issue price per ordinary share |
|---|---|---|---|---|
| 01/07/18 | Opening balance | 14,010,415 | 115,503,888 | |
| 24/08/18 | Issue of shares – Project Acquisition (i) | 72,750 | 750,000 | $ 0.097 |
| 16/11/18 | Issue of shares – Consulting fees (ii) | 4,400 | 100,000 | $ 0.044 |
| 16/11/18 | Issue of shares – Consulting fees (iii) | 28,217 | 600,000 | $ 0.047 |
| | Costs of shares issued | - | | - |
| 30/06/19 | Balance at end of year | 14,115,782 | 116,953,888 | |

(i) 750,000 shares issued to acquire Bay Lake North Cobalt tenements

(ii) 100,000 shares paid for introduction fees

(iii) 600,000 shares paid for geological services

**NOTE 16: ISSUED CAPITAL (continued)**

**(b) Capital management**

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

**NOTE 17: RESERVES**

| | 30-June-20 | 30-June-19 |
|---|---|---|
| | $ | $ |
| **Reserves** | | |
| Share-based payments reserve | 1,158,729 | 643,715 |
| Options premium reserve | 1,136,534 | 889,110 |
| Foreign Currency Translation Reserve | 346,820 | 431,756 |
| | **2,642,083** | **1,964,581** |
| **(i) Share-based payments reserve** | | |
| **Balance at beginning of year** | 643,715 | 596,668 |
| Share based payment | 86,014 | 47,047 |
| Issue of Performance Rights as payment for Facilitation Fee | 513,000 | - |
| Value of Performance Rights transferred to issued capital | (84,000) | - |
| **Balance at the end of the period** | **1,158,729** | **643,715** |
| **(ii) Options reserve** | | |
| **Balance at beginning of year** | 889,110 | **889,110** |
| Issue of options as fees in connection with debt raised | 186,059 | - |
| Issue of options in connection with capital raising | 60,760 | - |
| Issue of options for cash | 605 | - |
| **Balance at the end of the year** | **1,136,534** | **889,110** |

The share-based payments reserve arises on the grant of performance rights and share options to directors. Amounts are transferred out of the reserve and into issued capital when rights and options are exercised.

The options premium reserve arises on the grant of share options to consultants, for facilitation fees and for options issued for cash. Amounts are transferred out of the reserve and into issued capital when options are exercised.

**(iii) Foreign Currency Translation reserve**

| | | |
|---|---|---|
| **Balance at beginning of year** | 431,756 | **-** |
| Movement for year | (84,936) | 431,756 |
| **Balance at the end of the year** | **346,820** | **431,756** |

The reserve represents the exchange movement on long term loans made to the wholly owned subsidiaries.

## NOTE 18: ACCUMULATED LOSSES

| | 30-June-20 | 30-June-19 |
|---|---|---|
| | $ | $ |
| **Balance at beginning of the year** | 8,425,533 | 4,309,701 |
| Loss after income tax expense for the period | 4,704,023 | 4,115,832 |
| **Balance at the end of the year** | **13,129,556** | **8,425,533** |

## NOTE 19: REMUNERATION OF AUDITORS

During the financial period the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, the auditor of the Company:

| | 30-June-20 | 30-June-19 |
|---|---|---|
| | $ | $ |
| *Audit services - BDO Audit (WA) Pty Ltd* | | |
| Audit of the financial statements | 41,636 | 37,211 |
| | **41,636** | **37,211** |
| Amounts received or due and receivable by BDO (WA) Pty Ltd for: | | |
| i) Taxation services | 2,981 | 6,840 |
| ii) Corporate finance services | 3,700 | - |
| | **6,681** | **6,840** |

## NOTE 20: EARNINGS PER SHARE

### Basic loss per share

The calculation of basic loss per share at 30 June 2020 was based on the loss attributable to ordinary shareholders of $4,704,023 and a weighted average number of ordinary shares outstanding during the year ended 30 June 2020 was calculated as follows:

| | 30-June-20 | 30-June-19 |
|---|---|---|
| Loss attributable to ordinary shareholders ($) | (4,704,023) | (4,115,832) |
| Weighted average number of ordinary shares (number) | 118,506,719 | 116,574,298 |
| Basic loss per share (cents per share) | (4.0) | (3.5) |

### Diluted loss per share

Potential ordinary shares are not considered dilutive, thus diluted loss per share is the same as basic loss per share.

## NOTE 21: SHARE-BASED PAYMENTS

**(a)** Performance rights on issue

All performance rights on issue relate to share based payments to directors or employees, brokers and consultants for services provided.

| Class | Grant date | Balance at start of the year | Issued during the year | Exercised during the year | Cancelled or Expired during the year | Balance at end of the year |
|---|---|---|---|---|---|---|
| | | Number | Number | Number | Number | Number |
| Class 1 | 29 June 2018 | 700,000 | - | (700,000) | - | - |
| Class 2 | 29 June 2018 | 825,000 | - | - | (700,000) | 125,000 |
| Class 3 | 29 June 2018 | 825,000 | - | - | (700,000) | 125,000 |
| Class 4 | 29 June 2018 | 700,000 | - | - | (700,000) | - |
| Class 5 | 29 June 2018 | 700,000 | - | - | (700,000) | - |
| Total | | 3,750,000 | - | (700,000) | (2,800,000) | 250,000 |

| Class | Grant date | 2020 Expense | 2019 Expense |
|---|---|---|---|
| Class 1 | 29 June 2018 | 55,847 | 28,000 |
| Class 2 | 29 June 2018 | 20,294 | 10,175 |
| Class 3 | 29 June 2018 | 9,873 | 4,950 |
| Class 4 | 29 June 2018 | - | - |
| Class 5 | 29 June 2018 | - | - |
| Total | | 86,014 | 43,125 |

Performance Milestones:

- **Class 1 Performance Rights**: the Performance Rights convert to Shares upon the Company achieving a JORC Compliant Inferred Resource at any of its current or future projects within the next 3 years;
- **Class 2 Performance Rights**: the Performance Rights convert to Shares upon the achievement of a 20-day VWAP share price >AUD$0.40 within the next 3 years;
- **Class 3 Performance Rights**: the Performance Rights convert to Shares upon the achievement of a 20-day VWAP share price >AUD$0.60 within the next 3 years;
- **Class 4 Performance Rights**: the Performance Rights convert to Shares upon the Company achieving delivery of a commercial Pre-Feasibility Study on any of its current or future projects within the next 5 years;
- **Class 5 Performance Rights**: the Performance Rights convert to Shares upon completion of first material binding offtake agreement, major project financing (>A$20 million) or major farm-out for any of the Company's current or future projects within the next 5 years,

**NOTE 21: SHARE-BASED PAYMENTS (continued)**

During the year 700,000 Class 1 Performance Rights vested upon achievement of milestones and were converted to shares upon the acceptance of the holders. A further 2,800,000 Performance Rights were cancelled by mutual agreement with the respective holders.

**(b)** Valuation of Performance Rights Issued

The total expense arising from share-based payment transactions recognised during the period in relation to the performance rights issued was $86,014 (2019: $43,125).

**(c) Options on issue**

All options on issue relate to share based payments to directors or employees, brokers and consultants for services provided. All options have fully vested. The following options are on issue at 30 June 2020:

| Grant Date | Expiry Date | Exercise Price | Balance at start of the year Number | Issued during the year Number | Exercised during the year Number | Cancelled or Expired during the year Number | Balance at end of the year Number |
|---|---|---|---|---|---|---|---|
| 21 Feb 2017 | 24 Feb 2020 | $0.25 | 5,800,000 | - | - | (5,800,000) | - |
| 7 July 2017 | 8 July 2021 | $0.25 | 9,600,000 | - | - | - | 9,600,000 |
| 24 July 2017 | 1 Aug 2020 | $0.25 | 500,000 | - | - | - | 500,000 |
| 10 Aug 2017 | 10 Aug 2020 | $0.25 | 500,000 | - | - | - | 500,000 |
| 19 April 2018 | 1 Nov 2020 | $0.30 | 100,000 | - | - | - | 100,000 |
| 29 June 2018 | 1 Nov 2020 | $0.25 | 1,600,000 | - | - | - | 1,600,000 |
| 29 June 2018 | 1 Nov 2021 | $0.25 | 100,000 | - | - | - | 100,000 |
| 16 Aug 2019 | 31 Dec 2023 | $0.06 | - | 2,740,000 | (2,580,000) | - | 160,000 |
| 20 Nov 2019 | 31 Dec 2023 | $0.06 | - | 240,000 | - | - | 240,000 |
| 6 May 2020 | 6 May 2023 | $0.25 | - | 604,600 | - | - | 604,600 |
| | | | 18,200,000 | 3,584,600 | (2,580,000) | (5,800,000) | 13,404,600 |
| Vested | | | 18,200,000 | 3,584,600 | (2,580,600) | (5,800,000) | 13,404,600 |
| Exercisable | | | 18,200,000 | 3,584,600 | (2,580,600) | (5,800,000) | 13,404,600 |

| | |
|---|---|
| Weighted average remaining contracted life of options (Years) | 1.03 Years |
| Weighted average exercise price | $0.24 |

**NOTE 21: SHARE-BASED PAYMENTS (continued)**

**Valuations of unlisted options issued during the prior year**

There were 2,604,600 options issued during the current year ended 30 June 2020. Of these options 604,600 were issued at a price of $0.01 per option for total proceeds of $604.60. The remainder were issued at no cost and the fair value at grant date were 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 fair value of the unlisted options (where no issue price was paid) issued during the prior year were based on the following:

| **Type of Options:** | **Options to be issued for consulting services *** | **Options issued to broker in connection with capital raising** |
|---|---|---|
| Number of options issued | 2,000,000 | 604,600 |
| Exercise price $ | 0.06 | 0.25 |
| Share price at date granted/contract date | 0.12 | 0.15 |
| Risk free rate | 0.25% | 0.25% |
| Volatility factor | 130% | 130% |
| Number of years to expiry | 1 | 3 |
| Fair value per option | 0.0787 | 0.1005 |
| Valuation | 157,308 | 60,760 |

*Subject to shareholder approval and have not been issued

**(d) Summary of share-based payment transactions**

Total share-based payment transactions granted during the year:

| **Shared based payments** | **2020 $** | **2019 $** |
|---|---|---|
| Performance Rights (included in Profit or Loss) | 86,014 | - |
| Options to be issued for consulting services in connection with redeemable note raising (included in Profit or Loss) | 157,308 | |
| Options issued to broker in connection with capital raising | 60,760 | |
| Performance Rights to be issued as payment for Facilitation Fee on acquisition of gold project | 513,000 | |
| Shares issued for exploration expenses / acquisitions (capitalised E&E) | - | 105,367 |
| | **817,082** | **105,367** |

## NOTE 22: RELATED PARTY TRANSACTIONS

### (a) Parent entities

The parent entity within the Group is MetalsTech Limited.

### (b) Subsidiaries

| Group structure | Country of incorporation | Date of Incorporation | Class of shares | Ownership interest 2020 | Ownership interest 2019 |
|---|---|---|---|---|---|
| **Parent Entity** | | | | | |
| MetalsTech Limited | Australia | 25/05/2016 | Ordinary | | |
| **Subsidiaries** | | | | | |
| LiGeneration Limited | Australia | 02/06/2016 | Ordinary | 100% | 100% |
| iCobalt Limited | Australia | 12/09/2017 | Ordinary | 100% | 100% |
| MetalsTech Adina Lithium Inc | Canada | 17/11/2017 | Ordinary | 100% | 100% |
| MetalsTech Cancet Lithium Inc | Canada | 17/11/2017 | Ordinary | 100% | 100% |
| MetalsTech Sirmac Lithium Inc | Canada | 17/11/2017 | Ordinary | 100% | 100% |
| MetalsTech Kapiwak Lithium Inc | Canada | 17/11/2017 | Ordinary | 100% | 100% |
| MetalsTech Wells-Lacourciere Lithium Inc | Canada | 17/11/2017 | Ordinary | 100% | 100% |
| MetalsTech Project Generation Lithium Inc | Canada | 17/11/2017 | Ordinary | 100% | 100% |
| MetalsTech Terres des Montagnes Lithium Inc | Canada | 17/11/2017 | Ordinary | 100% | 100% |
| iCobalt Rusty Lake Cobalt Inc | Canada | 05/02/2018 | Ordinary | 100% | 100% |
| MetalsTech Bay Lake Cobalt Inc | Canada | 21/11/2017 | Ordinary | 100% | 100% |
| iLithium Pty Ltd | Australia | 28/03/2018 | Ordinary | 100% | 100% |
| Ortac Resources (UK) Ltd | UK | 06/11/2007 | Ordinary | 100% | - |
| Ortac s.r.o. | Slovakia | 01/01/2009 | Ordinary | 100% | - |
| St Stephans Gold s.r.o. | Slovakia | 03/08/2004 | Ordinary | 100% | - |

On 17th February 2020 the Company acquired all the issued capital of Ortac Resources (UK) Ltd which in turn owns all the issued capital of Ortac s.r.o. and St Stephans Gold s.r.o.

## NOTE 22: RELATED PARTY TRANSACTIONS (continued)

### (b) Key management personnel compensation

The key management personnel compensation is as follows:

| | 30-June-20 | 30-June-19 |
|---|---|---|
| | $ | $ |
| Short-term benefits | 590,050 | 392,000 |
| Share-based payments | 63,990 | 25,691 |
| | **654,040** | **417,691** |

### (c) Other transactions with key management personnel

During the year, the Group was charged $235,200 (2019: $153,600) by Internatzionale Consulting Pty Ltd. Internatzionale Consulting Pty Ltd provided consultancy and management services to the Group on normal commercial terms. Gino D'Anna is a director of Internatzionale Consulting Pty Ltd. The balance owing at year end is $29,920 (2019: $46,200).

During the year, the Group was charged $382,500 by Natres Services Pty Ltd. Under the agreement with Natres Services Pty Ltd there are two nominated persons including Mr Moran and only a portion of the invoices from Natres Services Pty Ltd are for Mr Moran's services. Of the invoiced total of $382,500 for the year a total of $214,250 relates to the services provided by Mr Moran. A further $168,250 was invoiced by Natres for the services provided by Ms F Paterson who is a related party, being the spouse of Mr Moran. The balance owing at year end is $69,080.

On or around 15 November 2019, Natres Services Pty Ltd (of which Mr Moran is a director and his spouse Ms F Paterson is the sole shareholder) and Courchevel 1850 Pty Ltd (of which Mr Moran's spouse is a director and sole shareholder) entered into a Facilitation Agreement whereby Courchevel 1850 Pty Ltd will receive 9 million Performance Rights and a 2% Net Smelter Royalty over the Sturec Gold Mine on certain terms and conditions (and subject to shareholder approval), in connection with MetalsTech's acquisition of the Sturec Gold Mine. The Performance Rights have been valued at $513,000 using a Trinomial option pricing model (up and in) model.

During the year, the Group was charged $89,100 (2019: $Nil) by Geosmart Consulting Pty Ltd. This entity provided consultancy and management services to the Group on normal commercial terms. Non-Executive Director Dr Qingtao Zeng is a director of Geosmart Consulting Pty Ltd. During the year Dr Zeng provided consulting services beyond his normal non-executive director duties and was paid for these additional duties at a commercial day rate. The balance owing at year end is $3,300 (2019: $Nil).

Director Dr Zeng is to be granted (subject to shareholder approval) 2 million unlisted options exercisable at 6 cents with a 12 month term. The options are to be granted for services provided by Dr Zeng in connection with the redeemable note debt raising. The options have been valued at $157,308 using a Black Scholes financial model.

During the year, the Group was charged $51,500 (2019: $Nil) by Trinol Pty Ltd. This entity provided consultancy and management services to the Group on normal commercial terms. Former Non-Executive Director Noel O'Brien is a director of Trinol Pty Ltd. During the year Mr O'Brien provided consulting services beyond his normal non-executive director duties and was paid for these additional duties at a commercial day rate. The balance owing at year end is $9,020 (2019: $Nil).

## NOTE 23: ASSET ACQUISITION

On 17th February 2020 MetalsTech acquired all the issued capital of Ortac Resources (UK) Ltd, a company incorporated in the United Kingdom and its wholly owned Slovakian subsidiaries Ortac s.r.o. and St Stephan Gold s.r.o.

Ortac s.r.o. owns the Sturec Gold Mine and this is the primary asset of these companies. Ortac Resources (UK) Ltd is basically a holding company and St Stephan Gold s.r.o. is basically a dormant exploration company with no tenements.

To acquire all the issued capital of Ortac Resources (UK) Ltd MetalsTech paid an option fee of $30,000, a further instalment of $420,000 and subsequent to year end a further $300,000. There were substantial transaction costs also as MetalsTech conducted significant due diligence before settling on the acquisition. A royalty is also payable as follows:

(a) If within the period that is two (2) years after the Execution Date and five (5) years after the Execution Date, the open cut JORC (2012) Indicated and Measured Resources at the Project exceeds one and half (1.5) million ounces gold at a grade of greater than 2.5 g/t Au (inclusive of recoverable Ag equivalent) (Target Resource), MetalsTech will pay Arc consideration equal to a further A$2 per ounce of gold above the Target Resource (Resource Upgrade Royalty);

(b) Any consideration due (if any) under the Resource Upgrade Royalty will be capped at that amount that would be due if the open cut JORC (2012) Indicated and Measured Resources of the Project was seven (7) million ounces gold at a grade of greater than 2.5 g/t Au (inclusive of recoverable Ag equivalent), inclusive of the Target Resource;

(c) Any consideration due under the Resource Upgrade Royalty may be satisfied in such form of consideration or instrument acceptable to MetalsTech to its sole satisfaction (including, but not limited to cash), subject to any regulatory and/or MetalsTech shareholder approval, if required; and

(d) For the purpose of calculating payments (if any) due under the Resource Upgrade Royalty, resources may also include underground resources that are in the JORC (2012) Measured and Indicated category subject to a minimum grade of 6 g/t Au.

The transaction is not a business combination as the assets acquired did not meet the definition of a business as defined in the Australian Accounting Standards as at the date of acquisition. The acquisition of the net assets meets the definition of, and has been accounted for, as an asset acquisition.

| | 2020 |
|---|---|
| **Consideration** | |
| Cash consideration (paid and payable at year end) | 750,000 |
| Transaction costs | 153,509 |
| Value of Performance Rights to be issued as payment for Facilitation Fee ** | 513,000 |
| Total consideration | **1,416,509** |
| **Fair value of net assets acquired** | |
| Exploration and evaluation expenditure | 1,452,455 |
| Financial assets | 34,481 |
| Financial liabilities | (70,427) |
| | **1,416,509** |

**NOTE 23: ASSET ACQUISITION (continued)**

The carrying value of the net assets acquired has been limited to the above Total consideration. No value was ascribed to the Resource Upgrade Royalty because of the uncertainty in attaining the threshold for triggering the royalty.

** The Company entered into a Facilitation Agreement (with a related party – see Note 22c) to issue 9 million Performance Rights as a facilitation fee in respect of the acquisition of the Sturec Gold Project. The Performance Rights had two performance hurdles being the payment of the $420,000 referred to above and the Company achieving a share price of $0.06 on ASX for 20 days. The Performance Rights have been valued at the acquisition date of 17th February 2020 being the date the acquisition was settled. The valuation used a Trinomial option pricing model (up and in) model with basic assumptions as follows:

| | |
|---|---|
| Underlying share price: | $0.057 |
| Risk Free Interest Rate: | 1.06% |
| Volatility Factor: | 130% |

These Performance Rights require shareholder approval which has not been granted at the date of this report.

Part of the Facilitation Agreement also requires the Company to grant a 2% net smelter royalty. This will also require shareholder approval. It is not possible to value the net smelter royalty at this point in time because it is contingent on a large number of factors. It remains a contingent liability on the assumption that shareholders approve the grant of the royalty.

If shareholder approval is not granted for the Performance Rights and/or the Net Smelter Royalty, the Company will have to review its contractual obligations and seek alternative means to satisfy them.

| | 2020 |
|---|---|
| **Purchase consideration – cash outflow** | |
| Outflow of cash to acquire Ortac Resources (UK) Ltd | |
| Cash consideration (1st instalment) | 400,000 |
| Transaction costs (cash component) | 126,027 |
| Net outflow of cash – investing activities | **526,027** |

## NOTE 24: PARENT ENTITY FINANCIAL INFORMATION

| | 30-June-20 | 30-June-19 |
|---|---|---|
| | $ | $ |
| Current Assets | 1,061,783 | 1,262,210 |
| Non-Current Assets | 12,610 | 18,625 |
| **Total Assets** | **1,074,393** | 1,280,835 |
| | | |
| Current Liabilities | 683,770 | 326,093 |
| Non-Current Liabilities | 669,423 | 10,385 |
| **Total liabilities** | **1,353,193** | **336,478** |
| | | |
| Contributed equity | 15,207,321 | 14,115,781 |
| Reserves | 2,598,509 | 1,984,767 |
| Accumulated losses | (18,084,632) | (15,156,191) |
| **Total equity** | **(278,801)** | **944,357** |
| | | |
| Loss for the year | 2,928,441 | 11,205,429 |
| Other comprehensive loss for the year | - | - |
| **Total comprehensive loss for the year** | **2,928,441** | **11,205,429** |

**a. Guarantees and Contingent Liabilities**

Refer to note 25 for details of guarantees and contingent liabilities.

**b. Contractual Commitments**

Refer to note 26 for details of contractual commitments.

## NOTE 25: Contingent Liabilities

***Contingent Cash Consideration***

Canadian Lithium Projects

Pursuant to the various licence acquisition agreements, MetalsTech is required to undertake deferred cash consideration payments which, at the discretion of MetalsTech, may be paid in Shares at the 10-day VWAP, with such Shares then subject to 12 months' escrow. These payments range in value from CAD$400,000 to CAD$920,000 per project for four projects and are contingent upon discovering JORC reserves of the relevant areas of interest.

***Other contingencies***

Canadian Lithium Projects

Pursuant to licence acquisition agreements, the Company has agreed to net smelter royalties ('NSR') to the vendors which will only be payable from future production. Given the early stage of exploration regarding these relevant areas of interest, the Directors consider these contingent payments to be remote and accordingly have not disclosed further details.

Slovakian Gold Project

Pursuant to an acquisition agreement, the Company has agreed to a Resource Upgrade Royalty – see note 23. Given the early stage of exploration regarding the Gold Project and the significant threshold required for payment of the royalty the Directors do not consider it necessary to record a liability in the accounts at this stage.

The Company also has an obligation to pay a 2% Net Smelter Royalty as part of a Facilitation Fee in connection with the acquisition of the Sturec Gold Project – see Note 23.

**NOTE 26: COMMITMENTS**

*Exploration expenditure commitments*
*Canada*
As part of the acquisition of licences over the last 3 years, MetalsTech has committed to use all reasonable endeavours to spend minimum expenditure requirements over periods of 3 to 5 years. The expenditure is required to be met unless contracts can be renegotiated, otherwise the Company risks losing tenure over those projects. The contracts over projects currently in place and where the group is continuing exploration with committed expenditure include;

- Kapiwak Lithium Project
- Sirmac-Clapier Lithium Project
- Adina Lithium Project
- Cancet Lithium Project

*Slovakia*
There are no expenditure commitments as such on the Sturec Gold Project in Slovakia. There is an obligation to conduct a minimum level of mining (1,000t pa) to keep the underground mining permit in good standing.

*Rental lease commitments*

| | 30-June-20 | 30-June-19 |
|---|---|---|
| | $ | $ |
| Within one year | 24,761 | 24,761 |
| After one year but not more than five years | - | - |
| More than five years | - | - |
| Total | 24,761 | 24,761 |

**NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE**

Other than below, there have been no matters or circumstances which have arisen since 30 June 2020 that have significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2020, of the Company, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2020, of the Company.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 6 July 2020 the Company issued 500,000 unlisted options to newly appointed Technical Advisor, Mark Calderwood. The unlisted options are exercisable at 20 cents and expire 6 July 2022.

On 6 July 2020 Mr Noel O’Brien resigned from the Board.

On 21 July 2020 the Company announced that major shareholder Wuxi Baichuan Chemical Industrial Co Ltd had sold its remaining holding in the Company.

## NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE (continued)

On 21 September 2020 the Company announced that it had received firm commitments pursuant to a Placement to Sophisticated and Professional Investors to raise $3,300,000 (before costs) via the issue of 20,000,000 fully paid ordinary shares at 16.5 cents per share. Sanlam Private Wealth Pty Ltd acted as Lead Manager to the Placement. The placement was completed on 25 September 2020.

## NOTE 28: COMPANY DETAILS

The registered office and principal place of business of the Company is:
Unit 1, 44 Dennis Street
Subiaco WA 6008

In the opinion of the Directors of MetalsTech Limited (the "Company"):

1. The attached consolidated financial statements, notes thereto and the additional disclosures included in the Directors' Report designated as audited are in accordance with the Corporations Act 2001, including:

   (a) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

   (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

   (c) the financial statements also comply with International Financial Reporting Standards as disclosed in note 2(a) to the financial statements.

2. There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 30 June 2020.

**Gino D'Anna**
**Director**
**30 September 2020**

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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia



INDEPENDENT AUDITOR'S REPORT

To the members of MetalsTech Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of MetalsTech Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

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

### Basis for opinion

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

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

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

### Material uncertainty related to going concern

We draw attention to Note 2(b) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

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

## Carrying Value of Exploration and Evaluation Assets

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| As the carrying value of the Exploration and Evaluation Asset represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.<br><br>Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular:<br><br>• Whether the conditions for capitalisation are satisfied;<br><br>• Which elements of exploration and evaluation expenditures qualify for recognition; and<br><br>• Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment. | Our procedures included, but were not limited to:<br><br>• Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date;<br><br>• Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes;<br><br>• Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;<br><br>• Verifying, on a sample basis, evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6;<br><br>• Reviewing the basis of impairment recorded by management and the methodology used to determine the fair value for compliance with the relevant accounting standards;<br><br>• Considering whether any facts or circumstances existed to suggest impairment testing was required; and<br><br>• Assessing the adequacy of the related disclosures in Note 2(f), Note 4 and Note 12 of the financial report. |

### Acquisition of Ortac Resources (UK) Ltd

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| On 17 February 2020 the Group acquired ownership of the Ortac Resources (UK) Ltd consolidated group as disclosed in note 23 to the financial report.<br><br>The Group treated the transaction as an asset acquisition, rather than a business combination.<br><br>Accounting for this transaction is complex and requires management to exercise judgement to determine the appropriate accounting treatment including whether the acquisition should be classed as an asset acquisition or business combination, estimating the fair value of net assets acquired and estimating the fair value of the purchase consideration. As a result, this is considered a key audit matter. | Our work included but was not limited to the following procedures:<br><br>• Obtaining an understanding of the transaction, including an assessment of whether the transaction constituted an asset acquisition or business combination;<br><br>• Reviewing the Binding Terms Sheet agreement to understand the key terms and conditions;<br><br>• Assessing management's determination of the fair value of consideration paid and agreeing the consideration to supporting documentation;<br><br>• Evaluating management's assessment of the fair value of the net assets acquired; and<br><br>• Assessing the adequacy of the related disclosures in Note 4 and Note 23 of the financial report. |

### Other information

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

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

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

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

### Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

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

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 30 to 37 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of MetalsTech Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 30 September 2020

**ASX ADDITIONAL INFORMATION**

**DESCRIPTION OF THE MINING RIGHTS**

## *Slovakian Gold Project*

***Sturec Gold Mine***

| Tenement ID° | Status | Registration Date | Expiry Date | Area |
|---|---|---|---|---|
| Sturec Gold Mine – Mining License 1830-3359/2008 | Active | | Indefinite | 9.47 sq km |

## *Canadian Lithium Projects*

***Sirmac-Clapier Lithium Project Claims***

| CDC N° | Status | Registration Date | Expiry Date | Area (ha) |
|---|---|---|---|---|
| 2445273 to 2445275 | Active | 2016/05/24 | 2021/05/23 | 163.9 |
| 2445345 to 2445346 | Active | 2016/05/24 | 2021/05/23 | 109.2 |
| 2448807 to 2448813 | Active | 2016/06/15 | 2021/06/14 | 289.4 |
| 2449174 to 2449176 | Active | 2016/06/16 | 2021/06/15 | 103.6 |
| 2449450 to 2449467 | Active | 2016/06/17 | 2021/06/16 | 983.33 |
| 2450532 | Active | 2016/06/21 | 2021/06/20 | 52.3 |

***Kapiwak South Lithium Project Claims***

| CDC N° | Status | Registration Date | Expiry Date | Area (ha) |
|---|---|---|---|---|
| 2441779 to 2441781 | Active | 2016/04/18 | 2021/04/17 | 158.4 |
| 2449608 to 2449612 | Active | 2016/06/17 | 2021/06/16 | 264.0 |
| 2450058 to 2450060 | Active | 2016/06/20 | 2021/06/19 | 158.4 |
| 2450063 to 2450065 | Active | 2016/06/20 | 2021/06/19 | 158.4 |
| 2451106 to 2451111 | Active | 2016/07/11 | 2021/07/10 | 316.7 |
| 2451113 to 2451132 | Active | 2016/07/11 | 2021/07/10 | 1056.1 |

***Kapiwak North Lithium Project Claims***

| CDC N° | Status | Registration Date | Expiry Date | Area (ha) |
|---|---|---|---|---|
| 2455536 to 2455616 | Active | 2016/07/28 | 2021/07/27 | 4,270.1 |

*Adina Lithium Project Claims*

| CDC N° | Status | Registration Date | Expiry Date | Area (ha) |
|---|---|---|---|---|
| 2458191 to 2458210 | Active | 2016/08/17 | 2021/08/16 | 1,030.5 |
| 2461127 to 2461140 | Active | 2016/09/06 | 2021/09/05 | 721.3 |
| 2465572 to 2465591 | Active | 2016/10/11 | 2021/10/10 | 1031.9 |

*Cancet Lithium Project Claims*

| CDC N° | Status | Registration Date | Expiry Date | Area (ha) |
|---|---|---|---|---|
| 2446315 to 2446328 | Active | 2016/06/01 | 2021/05/31 | 717.5 |
| 2461250 to 2461418 | Active | 2016/09/07 | 2021/09/06 | 10,097.2 |
| 2469649 to 2469652 | Active | 2016/11/17 | 2021/11/16 | 178.05 |
| 2486936 to 2486997 | Active | 2017/03/23 | 2022/03/22 | 3,082.7 |
| 2522495 to 2522638 | Active | 2018/09/07 | 2021/09/06 | 7,298.3 |
| 2523208 to 2523209 | Active | 2018/09/27 | 2021/09/26 | 22.6 |

*Terre des Montagnes Lithium Project Claims*

| CDC N° | Status | Registration Date | Expiry Date | Area (ha) |
|---|---|---|---|---|
| 2445330 to 244344 | Active | 2016/05/24 | 2021/05/23 | 800.7 |
| 2445353 to 244365 | Active | 2016/05/24 | 2021/05/23 | 693.8 |
| 2445378 to 244404 | Active | 2016/05/24 | 2021/05/23 | 1441.0 |
| 2446336 to 2446368 | Active | 2016/06/01 | 2021/05/31 | 1760.7 |
| 2446747 to 246793 | Active | 2016/06/02 | 2021/06/01 | 2507.0 |

*Terre des Montagnes Southeast Lithium Project Claims*

| CDC N° | Status | Registration Date | Expiry Date | Area (ha) |
|---|---|---|---|---|
| 2446794 to 244825 | Active | 2016/06/02 | 2021/06/01 | 1706.0 |
| 2446833 | Active | 2016/06/02 | 2021/06/01 | 53.4 |
| 2446956 to 2446965 | Active | 2016/06/06 | 2021/06/05 | 534.3 |
| 2447726 | Active | 2016/06/13 | 2021/06/12 | 53.4 |
| 2447727 | Active | 2016/06/13 | 2021/06/12 | 53.4 |

| CDC N° | Status | Registration Date | Expiry Date | Area (ha) |
|---|---|---|---|---|
| 2447990 to 2447991 | Active | 2016/06/13 | 2021/06/12 | 107.0 |

***Terre des Montagnes Southeast Extension Lithium Project Claims***

| CDC N° | Status | Registration Date | Expiry Date | Area (ha) |
|---|---|---|---|---|
| 2456106 | Active | 2016/07/29 | 2021/07/28 | 53.5 |
| 2456107 | Active | 2016/07/29 | 2021/07/28 | 53.5 |
| 2456111 | Active | 2016/07/29 | 2021/07/28 | 53.5 |
| 2456112 | Active | 2016/07/29 | 2021/07/28 | 53.5 |
| 2456113 | Active | 2016/07/29 | 2021/07/28 | 53.5 |
| 2456124 to 245133 | Active | 2016/07/29 | 2021/07/28 | 534.8 |
| 2456147 to 245166 | Active | 2016/07/29 | 2021/07/28 | 1037.0 |
| 2456235 to 2461253 | Active | 2016/07/29 | 2021/07/28 | 1012.2 |
| 2461524 to 2461527 | Active | 2016/09/08 | 2021/09/07 | 85.0 |

***Wells-Lacourciere Lithium Project Claims***

| CDC N° | Status | Registration Date | Expiry Date | Area (ha) |
|---|---|---|---|---|
| 2454733 to 2454736 | Active | 2016/07/25 | 2021/07/24 | 230.1 |
| 2454742 to 2454749 | Active | 2016/07/25 | 2021/07/24 | 460.3 |
| 2454979 to 2454989 | Active | 2016/07/27 | 2021/07/26 | 633.5 |
| 2455113 to 2455115 | Active | 2016/07/27 | 2021/07/26 | 172.7 |
| 2455124 to 2455126 | Active | 2016/07/27 | 2021/07/26 | 172.7 |
| 2455135 to 2455152 | Active | 2016/07/27 | 2021/07/26 | 1036.0 |
| 2455154 to 2455197 | Active | 2016/07/27 | 2021/07/26 | 2532.0 |
| 2457586 | Active | 2016/08/15 | 2021/08/14 | 57.6 |
| 2465257 to 2465266 | Active | 2016/10/05 | 2021/10/04 | 575.2 |
| 2465987 to 2465989 | Active | 2016/10/17 | 2021/10/16 | 96.0 |
| 2466113 | Active | 18/10/2016 | 2021/10/17 | 43.0 |
| 2469618 | Active | 2016/11/17 | 2021/11/16 | 15.7 |

## STATEMENT OF QUOTED SECURITIES AS AT 25 SEPTEMBER 2020

a) Distribution of Shareholders

| Size of Holding | | Number of Shareholders |
|---|---|---|
| 1 – 1,000 | | 32 |
| 1,001 – 5,000 | | 318 |
| 5,001 – 10,000 | | 257 |
| 10,001 – 100,000 | | 516 |
| 100,001 and over | | 142 |
| | **Total** | **1,265** |

b) Number of holders of less than marketable parcels: 193

c) There are two substantial shareholders listed in the Company's register being:

NatRes Services Pty Ltd – 18,639,182 fully paid ordinary shares (12.72%)

Rachel D'Anna and Internatzionale Trust (combined – related entities of Mr Gino D'Anna) – 14,010,940 fully paid ordinary shares (9.55%)

d) Twenty largest shareholders:

| | Holder Name | Holding | % |
|---|---|---|---|
| 1 | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 37,348,599 | 25.48% |
| 2 | NATRES SERVICES PTY LTD | 18,639,182 | 12.72% |
| 3 | MRS RACHEL D'ANNA | 11,991,000 | 8.18% |
| 4 | CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C> | 6,060,606 | 4.14% |
| 5 | CITICORP NOMINEES PTY LIMITED | 4,475,440 | 3.05% |
| 6 | SHIPBARK PTY LTD | 2,450,000 | 1.67% |
| 7 | MR GINO D'ANNA <THE INTERNATZIONALE A/C> | 2,010,940 | 1.37% |
| 8 | CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C> | 2,000,000 | 1.36% |
| 9 | GIOKIR PTY LTD | 1,448,334 | 0.99% |
| 10 | SUNSET CAPITAL MANAGEMENT PTY LTD<SUNSET SUPERFUND A/C> | 1,403,030 | 0.96% |
| 11 | MR SHANE PETER MATTERSON & MRS SHARYN ALISON MATTERSON <SHANE MATTERSON S/F A/C> | 1,349,962 | 0.92% |
| 12 | GURON PTY LTD<MORAN SUPER FUND A/C> | 1,333,333 | 0.91% |
| 13 | MR JOHN COLIN LOOSEMORE & MRS SUSAN MARJORY LOOSEMORE <LOOSEMORE SUPER FUND A/C> | 1,161,137 | 0.79% |
| 14 | SPICEME CAPITAL PTY LTD | 787,878 | 0.54% |
| 15 | MR GRANT WILLIAM PETER REYNOLDS | 700,000 | 0.48% |
| 16 | MR GLENN GRIESBACH | 675,000 | 0.46% |
| 17 | B MITCHELL SUPER PTY LTD <MITCHELL SUPER FUND A/C> | 625,000 | 0.43% |
| 18 | WEBINVEST PTY LTD <OLSB UNIT A/C> | 606,060 | 0.41% |
| 19 | JAIN SYSTEMS CONSULTANTS PTY LTD <JAIN SYSTEMS SUPER FUND A/C> | 600,000 | 0.41% |
| 20 | OLIVET INVESTMENTS PTY LTD | 591,000 | 0.40% |
| | **Total** | **96,256,501** | **65.67%** |
| | **Total issued capital** | **146,567,638** | **100.00%** |

e) Voting Rights
Registered holders of ordinary shares in the capital of the Company may attend and vote at general meetings of the Company in person or by proxy and may exercise one vote for each share held. Every person present at a general meeting as an ordinary shareholder shall have one vote on a show of hands.

f) The name of the Company Secretary is Paul Fromson.

g) The address of the registered office is: Unit 1, Ground Floor, 44 Denis Street Subiaco WA 6008.

h) Registers of securities are held at Automic Group, Level 2, 267 St Georges Terrace Perth WA 6000.

i) Quotation has been granted for all the ordinary shares of the Company on the Australian Securities Exchange Ltd.

k) Unquoted Options over Unissued Shares

| Expiry Date | Exercise Price | Number |
|---|---|---|
| 8 July 2021 | $0.25 | 9,600,000 |
| 1 Nov 2020 | $0.30 | 100,000 |
| 1 Nov 2020 | $0.25 | 1,600,000 |
| 1 Nov 2021 | $0.25 | 100,000 |
| 31 Dec 2023 | $0.06 | 160,000 |
| 6 May 2023 | $0.25 | 604,600 |
| 6 July 2022 | $0.20 | 500,000 |
| | | 12,664,600 |

**l) Unquoted Performance Rights**

| Class 1 | Class 2 | Class 3 | Class 4 | Class 5 | Total |
|---|---|---|---|---|---|
| Nil | 125,000 | 125,000 | Nil | Nil | 250,000 |

The Performance Rights were issued on 29 June 2018 and have the following milestones attached to them:

(i) **Class 1 Performance Rights**: the Performance Rights convert to Shares upon the Company achieving a JORC Compliant Inferred Resource at any of its current or future projects within the next 3 years;

(ii) **Class 2 Performance Rights**: the Performance Rights convert to Shares upon the achievement of a 20-day VWAP share price >AUD$0.40 within the next 3 years;

(iii) **Class 3 Performance Rights**: the Performance Rights convert to Shares upon the achievement of a 20-day VWAP share price >AUD$0.60 within the next 3 years;

(iv) **Class 4 Performance Rights**: the Performance Rights convert to Shares upon the Company achieving delivery of a commercial Pre-Feasibility Study on any of its current or future projects within the next 5 years;

(v) **Class 5 Performance Rights**: the Performance Rights convert to Shares upon completion of first material binding offtake agreement, major project financing (>A$20 million) or major farm-out for any of the Company's current or future projects within the next 5 years,