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# PATHFINDER RESOURCES LTD

## FINANCIAL REPORT

For the half-year ended 31  
December 2020

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

# PATHFINDER RESOURCES LTD

CORPORATE INFORMATION

## DIRECTORS

|                  |                        |
|------------------|------------------------|
| Mr Sufian Ahmad  | Non-executive Chairman |
| Mr Shannon Green | Managing Director      |
| Mr James Myers   | Non-executive Director |

## COMPANY SECRETARY

Ms Shannon Coates

## REGISTERED OFFICE

Suite 5, 62 Ord Street  
West Perth WA 6005

Telephone (08) 9322 1587  
Website [www.pathfinderresources.com.au](http://www.pathfinderresources.com.au)

## POSTAL ADDRESS

Suite 5, 62 Ord Street  
West Perth WA 6005

## AUDITORS

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008

## SHARE REGISTRY

Boardroom Pty Limited  
Level 12,  
225 George Street  
Sydney, NSW, 2000  
Telephone: 1300 737 760  
Facsimile: (02) 9279 0664

**ASX Code** PF1

**ACN** 085 905 997

**ABN** 80 085 905 997

In this report, the following definitions apply:

"**Board**" means the Board of Directors of Pathfinder Resources Ltd

"**Pathfinder**" or the "Company" means Pathfinder Resources Ltd ABN 80 085 905 997

*Cover Photo: La Rioja Province, Argentina*

# PATHFINDER RESOURCES LTD

## DIRECTORS' REPORT

For the half-year ended 31 December 2020

Your Directors submit the financial report of the Company for the half-year ended 31 December 2020. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows.

### Directors

The names and particulars of the Directors of the Company in office during or since the end of the half year to the date of this report are:

| Director      | Position   | Appointed                        | Resigned        |
|---------------|--|----------------------------------|-----------------|
| Shannon Green | Managing Director<br>Executive Chairman          | 1 December 2020<br>30 March 2020 | 1 December 2020 |
| Sufian Ahmad  | Non-Executive Chairman<br>Non-Executive Director | 1 December 2020<br>17 March 2020 | 1 December 2020 |
| James Myers   | Non-Executive Director                           | 30 April 2020                    |                 |

### REVIEW OF OPERATIONS

During the half-year ended 31 December 2020 the Company's primary focus was to complete the acquisition of the King Tut Project in Argentina and achieve re-admission to the Official List of the ASX. Following successful re-admission to the ASX, the Company turned its attention to advancing development of the newly acquired King Tut Project in Argentina.

#### King Tut Project

##### Project Acquisition

During the half year ended 31 December 2020, the Company finalised an agreement to acquire 100% of the King Tut Project, a historic gold and cobalt mining operation located in the La Rioja province on the western boundary of Argentina (**King Tut Project Acquisition Agreement**).

Pursuant to the King Tut Project Acquisition Agreement, as set out in section 9.1.1 of the Prospectus dated 31 August 2020, (to be read together with the supplementary prospectus lodged with ASIC on 16 September 2020) the Company acquired 100% of the issued capital of Blue Gold Mining Pty Ltd and Sandrino Gold Pty Ltd who, through their respective Argentine subsidiaries, Tres Elementos SA (**BGM**) and Tecno Minera SA (**SG**), collectively own the tenements comprising of the King Tut Project.

##### Exploration Activities

On 3 December 2020, the Company announced the appointment of Condor Prospecting (Condor) to undertake an initial on-ground geological and exploration program at the King Tut Project. The Condor team is based in Mendoza, Argentina, and comprises highly experienced local geologists and support staff.

The first stage of the exploration program is focussed on accurately geologically mapping the surface extent of the mineralisation and surrounding geological units at the King Tut Project.

There is known outcropping Au-Co veins to the south of the underground workings, however the full extent has not yet been mapped and their relationship with the surrounding basement rocks, hypabyssal dykes, breccias and structural features is still to be determined.

The key objectives of the geological mapping include:

- Identify the outcropping mineralisation of the King Tut mine and map all associated geological units aimed at gaining a greater understanding of the form and nature of the mineralisation present;
- Undertake a further rock chip sampling program over the area; and

# PATHFINDER RESOURCES LTD

## DIRECTORS' REPORT

For the half-year ended 31 December 2020

- Provide a solid base for the planning of the maiden exploration drilling program at the King Tut Project, currently scheduled to commence in late Q1 CY2021, provided the recent easing of COVID-19 travel restrictions within Argentina remain in place and exploration activities are able to proceed.

Subsequent to the half year ended 31 December 2020, on 25 January 2021, the Company announced high-grade gold and cobalt assays had been returned from the Company's maiden geological mapping and rock chip sampling program at King Tut, with best results including:

Sample 113 37.0g/t Au 1.40% Co  
Sample 161 27.8g/t Au 0.89% Co  
Sample 036 23.4g/t Au 0.57% Co  
Sample 043 9.5g/t Au 2.57% Co  
Sample 042 9.0g/t Au 2.41% Co

The sampling has extended the known area of mineralisation to a stack of quartz veins ~120m wide and currently 200m in length. Mineralisation remains open along strike. The results have significantly improved the understanding of the King Tut geology and confirmed extensions to the known mineralisation, providing a solid base for the planned drilling program which is expected to commence in the first quarter of 2021.

During the half year ended 31 December 2020, representatives of Condor completed a site visit at the King Tut Project and met with the leaders of the local town, Casa Pintada, to commence the process of community liaison and provide an overview of the Company's current exploration work programs. During the trip, local suppliers were also identified, and an additional local field assistant was hired for the initial exploration program. Initial environmental baseline sampling was also undertaken through the collection of water samples which will be submitted for analysis in Q1, CY2021.

### Memorandum of Understanding – Western Australia and Argentina

On 17 May 2018, the Western Australian Minister for Mines and Petroleum, Mr Bill Johnston, signed a Memorandum of Understanding (**MoU**) to build a stronger mining and resources relationship between Western Australia and Argentina.

The MoU is intended to help develop a mutually rewarding partnership by sharing specialist knowledge, technical skills and regulatory know-how and to facilitate collaboration in a range of areas including geoscience systems, information technology, mining rehabilitation, occupational health and safety, royalties and taxation.

During the half year ended 31 December 2020, the Company engaged with representatives from the Western Australian Government Department of Mines, Industry Regulation and Safety and a representative of the Argentine Chamber of Commerce in Australia, Mr Diego Berazategu, to identify how Pathfinder can assist in the facilitation collaboration and sharing of information with La Rioja Province in which the King Tut Project is located.

### Hamersley Iron Ore Project

The Hamersley Iron Ore Project comprises Mining Lease M47/1450 (**Tenement**) and is located approximately 50 km north-east of Tom Price in the Pilbara region of Western Australia, immediately south of the Solomon project held by Fortescue Metals Group Ltd (ASX: FMG) and north of Rio Tinto's Rail network.

The Hamersley Iron Ore Project is a Joint Venture (**JV**) between Pathfinder Resources (70%) and Lockett Fe Pty Ltd a subsidiary of Cazaly Resources (30%) (**Cazaly**). The JV was formed in October 2010 following Cazaly's discovery of the Winmar Deposit in late 2008.

# PATHFINDER RESOURCES LTD

## DIRECTORS' REPORT

For the half-year ended 31 December 2020

The Project currently has a total Mineral Resource estimate of 343.2 Mt at 54.5% Fe, see detailed Table 1 below.

On 8 October 2020, the Company, together with Cazaly executed a Deed of Settlement with Cape Lambert Resources Limited (**Cape Lambert**) over forfeiture claim against the Tenement.

Under the terms of the Deed of Settlement, the forfeiture claim was dismissed in exchange for a cash settlement from the Company to Cape Lambert of \$24,500 (with Cazaly to pay an additional \$10,500 to Cape Lambert for its proportionate share in the Tenement).

### Exploration Activities

On 23 December 2020, the Company announced its planned activities in relation to its Hamersley Iron Ore Project, which included a 7-hole RC in-fill drilling program. Further, on 2 February 2021, the Company announced the appointment of a drilling contractor to complete the planned drilling program, at an estimated cost of approximately \$200,000.

ASX has determined that the Company:

- (a) requires shareholder approval under ASX Listing Rule 11.1.2;
- (b) must release an independent solicitor's report on the Company's tenure to the Hamersley Iron Project; and
- (c) must release an independent geologist's report in relation to the Hamersley Iron Project,

prior to commencing these works.

Pending shareholder approval of the works, the Company's shares would remain suspended from trading.

In the circumstances, the Company on the 23 February 2021 announced it will no longer be proceeding with the drilling program and is carefully considering options in relation to the disposal of the Hamersley Iron Ore Project in a manner consistent with its IPO prospectus dated 31 August 2020 (to be read together with the supplementary prospectus lodged with ASIC on 16 September 2020). The options presently being considered are a sale or spin out. The Company would only proceed with these options if it was believed to be in the best interests of shareholders.

The Company separately made a release in relation to the Hamersley Iron Ore Project resource which addresses the requirements of ASX Listing Rule 5.8.

**Table 1:** JORC Code 2012 Mineral Resource Estimate for the Hamersley Iron Ore Project

| INDICATED MINERAL RESOURCE (JORC 2012) |             |             |                  |                                |             |            |                   |
|--|-------------|-------------|------------------|--------------------------------|-------------|------------|-------------------|
| Mineralisation Type                    | Tonnes      | Fe          | SiO <sub>2</sub> | Al <sub>2</sub> O <sub>3</sub> | P           | LOI        | CaFe <sup>4</sup> |
|  | Mt          | %           | %                | %                              | %           | %          | %                 |
| Channel (CID) <sup>2</sup>             | 42.6        | 55.2        | 10.9             | 5.5                            | 0.04        | 3.6        | 57.3              |
| <b>Total</b>                           | <b>42.6</b> | <b>55.2</b> | <b>10.9</b>      | <b>5.5</b>                     | <b>0.04</b> | <b>3.6</b> | <b>57.3</b>       |

# PATHFINDER RESOURCES LTD

## DIRECTORS' REPORT

For the half-year ended 31 December 2020

### INFERRED MINERAL RESOURCE (JORC 2012)

| Mineralisation Type         | Tonnes       | Fe          | SiO <sub>2</sub> | Al <sub>2</sub> O <sub>3</sub> | P           | LOI        | CaFe <sup>1</sup> |
|-----------------------------|--------------|-------------|------------------|--------------------------------|-------------|------------|-------------------|
|                             | Mt           | %           | %                | %                              | %           | %          | %                 |
| Detrital (DID) <sup>3</sup> | 24.3         | 46.4        | 24.8             | 5.2                            | 0.03        | 2.5        | 47.6              |
| Channel (CID) <sup>2</sup>  | 276.3        | 55.2        | 9.7              | 4.4                            | 0.04        | 6.3        | 58.9              |
| <b>Total</b>                | <b>300.6</b> | <b>54.5</b> | <b>10.9</b>      | <b>4.4</b>                     | <b>0.04</b> | <b>6.0</b> | <b>58.0</b>       |

### TOTAL MINERAL RESOURCE (JORC 2012)

| Mineralisation Type | Tonnes       | Fe          | SiO <sub>2</sub> | Al <sub>2</sub> O <sub>3</sub> | P           | LOI        | CaFe <sup>1</sup> |
|---------------------|--------------|-------------|------------------|--------------------------------|-------------|------------|-------------------|
|                     | Mt           | %           | %                | %                              | %           | %          | %                 |
| Detrital (DID)      | 24.3         | 46.4        | 24.8             | 5.2                            | 0.04        | 2.5        | 47.6              |
| Channel (CID)       | 318.9        | 55.2        | 9.8              | 4.5                            | 0.04        | 5.9        | 58.7              |
| <b>Total</b>        | <b>343.2</b> | <b>54.5</b> | <b>10.9</b>      | <b>4.6</b>                     | <b>0.04</b> | <b>5.7</b> | <b>57.9</b>       |

**Notes:** 1: Calcined Fe (CaFe) calculated by the formula  $CaFe \% = [(Fe\%)/100 - LOI 1000] * 100$   
2: Channel Iron Deposit mineralisation reported at a 52% Fe cut-off grade.  
3: Detrital Iron Deposit Mineralisation reported at a 40% Fe cut-off grade.

### Bloom Lake Project

In December 2017, the Company secured, through an agreement with CBLT Inc. (TSXV: CLBT), the Bloom Lake Project consisting of 51 patented claims considered prospective for cobalt mineralisation within the historic high-grade silver-cobalt mining district of Cobalt-Gowganda in north-eastern Ontario, Canada.

The Bloom Lake Project is located peripheral to a cluster of former high-grade silver-cobalt mines which operated from 1910 to 1989 and where historic production from this region in the period up to 1969 is reported as having been 60.2 million ounces of silver and 1.3 million pounds of cobalt.

The claims that comprise the Bloom Lake Project are valid to 23 March 2021. A list of the current claims is shown at page 49 of the 2020 Annual Report.

The Bloom Lake Project is categorised as an early-stage exploration project and contains no reportable resource at this stage.

The Company's initial Phase 1 Cobalt Exploration Program was undertaken in 2018 and consisted of mapping and sampling historical trenches, adits and shafts located in the Bloom Lake Project.

A total of 33 samples were collected from both bedrock and loose material proximal to historical trenches, adits and shafts.

No exploration activities were undertaken during the half year ended December 2020 as the Company's focus was on achieving re-admission to the Official List of the ASX and initial exploration activities for the King Tut Project. However, the Company commenced collating existing information into a data room to enable planning for a forward works program.

# PATHFINDER RESOURCES LTD

## DIRECTORS' REPORT

For the half-year ended 31 December 2020

### Competent Persons Statements

The information in this report which relates to Exploration Results at the King Tut Project was based on information compiled by Mr Mark Gifford who is a fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and an independent consulting geologist to the Company. Mr Gifford has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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' (the JORC Code). The Company is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

The information in this report which relates to Exploration Results and Mineral Resources at the Hamersley Iron Project was based on information compiled by Mr Alan Maynard, who is a member of the Australian Institute of Geosciences (AIG), a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and an independent consultant to the Company. Mr Maynard is the Director and Principal Geologist of Al Maynard & Associates Pty Ltd and has over 40 years' experience in exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person under the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves (JORC Code). The Company is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

### FINANCIAL POSITION

The Company made a loss for the period of \$571,245 (31 December 2019: loss \$455,788). At balance date, capitalised exploration costs totalled \$1,396,154 (30 June 2020: \$116,524). Cash reserves were \$4,330,009 (30 June 2020: \$936) an increase of \$4,329,073.

### CORPORATE ACTIVITIES

On 25 August 2020, the Company completed a Pre-IPO fundraising to sophisticated and professional investors.

On 27 August 2020, an amendment to Convertible Note Deed with SixtyTwo Capital Pty Ltd and Markovic Family Pty Ltd each for \$125,000, was executed to allow for conversion of the Notes at a 10% discount to the price on admission to the ASX. Post admission to the ASX conversion is at a price per Share equal to 85% of the VWAP of Shares on ASX calculated over the ten (10) trading days immediately preceding the date of issue of the Conversion Notice by the Noteholder.

On 28 August 2020, the Company announced that it had entered into a Binding Share Sale agreement with Australian private companies Blue Gold Mining Pty Ltd (BGM), Sandrino Gold Pty Ltd (SG) and the vendor shareholders of BGM and SG (together, the Vendors) pursuant to

# PATHFINDER RESOURCES LTD

## DIRECTORS' REPORT

For the half-year ended 31 December 2020

which the Company has been granted a conditional right to acquire 100% of the issued capital of BGM and SG (Acquisition). BGM and SG, via Argentinian subsidiaries, are the holders of the King Tut Project in Argentina, which is prospective for gold and cobalt (Project).

On 31 August 2020, the Company lodged its Prospectus with the ASIC for an offer of 25,000,000 Shares (on a post consolidation basis) at an issue price of \$0.20 per Share to raise \$5,000,000 (before costs), with the ability to accept oversubscriptions of up to 5,000,000 Shares (on a post consolidation basis) at an issue price of \$0.20 per Share in order to raise up to an additional \$1,000,000 (for a total of up to \$6,000,000) (**Public Offer**).

On 3 September 2020, following shareholder approval, the Company consolidated its share capital on the basis of 200:1.

On 16 September 2020, a Supplementary Prospectus was issued to provide investors with a revised statement of financial position for the Winmar Resources Group required to correct a typographical error, and a revised Independent Geologist's Report.

On 8 October 2020, the Company, together with Cazaly executed a Deed of Settlement with Cape Lambert Resources Limited (Cape Lambert) over forfeiture claim against the Tenement, the mining lease the subject of the Hamersley Iron Ore Project.

On 30 October 2020, Pathfinder Resources Limited was admitted to the Official List of ASX Limited (ASX). Official quotation of ordinary fully paid shares commenced 4 November 2020.

On 16 November 2020, the Company announced that it had received a letter from Airguide's solicitors in Singapore demanding payment of the allegedly outstanding fees to Airguide, amounting to approximately USD\$693,000 in total, and asserting that payment of such fees was owing as a result of the completion of the Company's IPO capital raising.

On 18 December 2020, the Company was served with a Notice of Arbitration by Airguide's solicitors in Singapore, referring the dispute to arbitration by the Singapore International Arbitration Centre (SIAC). The Company intends to defend the claim by filing a Response to the Notice of Arbitration with SAIC.

### Key Management Appointment and Board Changes

On 5 November 2020, the Company announced the appointment of Ms Ailsa Osborne to the position of Chief Financial Officer. Ms Osborne has had more than 17 years' of professional experience in the mineral resources industry with expertise in finance, operations and development. Ms Osborne has held senior finance roles in a number of listed companies operating in both Australia and internationally, including, South America, Indonesia and Africa. Ms Osborne's qualifications include, CPA, BComm. Accounting and Business Law and she is currently completing a Graduate Diploma of Applied Corporate Governance and Risk Management.

On 1 December 2020, the Company also announced that Mr Shannon Green had transitioned from his role as Executive Chairman was appointed as Managing Director of the Company and Non-Executive Director, Mr Sufian Ahmad had been appointed as Non-Executive Chairman, effective immediately.

### Annual General Meetings

During the half year ended 31 December 2020, the Company held its 2019 and 2020 Annual General Meetings.

On 3 September 2020, the Company held its Annual General Meeting for the year ended 30 June 2019 with the following approved by the Company's shareholders:



# PATHFINDER RESOURCES LTD

## DIRECTORS' REPORT

For the half-year ended 31 December 2020

- The Company name change from Winmar Resources Limited to Pathfinder Resources Ltd.
- A 200:1 share consolidation.
- Increased aggregate Non-Executive Directors remuneration to \$300,000 per annum in total.
- Adoption of a new Constitution.
- Election of Shannon Green, Sufian Ahmad and James Myers as Directors of the Company.

On 24 November 2020, the Company held its Annual General Meeting for the year ended 30 June 2020. With the following approved by the Company's shareholders:

- Non-Binding Resolution to adopt Remuneration Report; and
- Re-election of Sufian Ahmad as Director of the Company.

### Issue of Securities

During the half year ended 31 December 2020, the Company issued 20 million shares (on a pre-consolidation basis) on conversion of performance rights, 375 million shares (on a pre-consolidation basis) to sophisticated investors as part of a Pre-IPO capital raising of \$300,000 (before costs) and 100 million shares (on a pre-consolidation basis) as initial consideration to the vendor of the King Tut Project.

Post consolidation, the Company raised \$6.0 million (before costs), pursuant to the offer under its Prospectus, through the issue of 30,000,000 shares at an issue price of \$0.20 per share. Pursuant to the Prospectus and the King Tut Project Acquisition Agreement, the Company issued an additional 12,277,474 shares and 7,000,000 performance rights through various secondary and other offers.

### COVID 19

The Company has undertaken a review of the risk assessment in respect of COVID 19 and has determined that since 30 June 2020 the restrictions imposed have minimal or no impact to business operations. The Company is continuing to monitor the situation and will update as required.

### EVENTS SUBSEQUENT TO REPORTING DATE

On 15 January 2021, the Company filed its Response to Notice of Arbitration with SIAC in relation to the claim by Airguide, as noted above.

On 2 February 2021, the Company was placed in a trading halt and on 4 February 2021, the Company was suspended from Official Quotation pending the release of an announcement regarding a response to an ASX Aware Query in relation to the Company's Hamersley Iron Ore Project.

On 8 February 2021, the Company lodged the response to the ASX Aware Query, the Company remained suspended until 23 February 2021.

On 23 February 2021, the suspension was lifted post announcement of an update to the Hamersley Iron Ore Project work program and release in relation to the Hamersley Iron Ore Project resource which addressed the requirements of ASX Listing Rule 5.8

There have been no other transactions or events of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

# PATHFINDER RESOURCES LTD

DIRECTORS' REPORT

For the half-year ended 31 December 2020

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 forms part of the Directors' Report and is included on page 11.

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



Shannon Green | **Managing Director**

16 March 2021

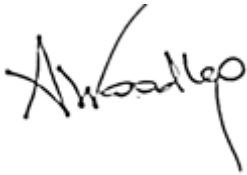
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**DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF PATHFINDER RESOURCES LIMITED**

As lead auditor for the review of Pathfinder Resources Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



**Ashleigh Woodley**  
Director

**BDO Audit (WA) Pty Ltd**  
Perth, 16 March 2021

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# PATHFINDER RESOURCES LTD

## FINANCIAL STATEMENTS

For the half-year ended 31 December 2020

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

|  | 31 Dec 2020      | 31 Dec 2019      |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Continuing Operations</b>                                       |                  |                  |
| Compliance and regulatory expenses                                 | (153,361)        | (34,132)         |
| Consulting and professional fees                                   | (235,848)        | (41,883)         |
| Employee benefits expense  | (183,967)        | (78,000)         |
| Exploration expense  | (91,094)         | -                |
| Impairment of exploration assets                                   | -                | (78,221)         |
| Impairment of investments  | -                | (31,127)         |
| Other gains  | 237,957          | -                |
| Other expenses   | (103,587)        | (104,360)        |
| <b>Results from operating activities</b>                           | <b>(529,900)</b> | <b>(367,723)</b> |
| Finance income   | 2,063            | 49               |
| Finance expense  | (33,086)         | (88,114)         |
| <b>Net finance expense</b>   | <b>(31,023)</b>  | <b>(88,065)</b>  |
| <b>Loss for the year before income tax</b>                         | <b>(560,923)</b> | <b>(455,788)</b> |
| Income tax expense   | -                | -                |
| <b>Loss for the year from continuing operations for the period</b> | <b>(560,923)</b> | <b>(455,788)</b> |
| <i>Items that may be reclassified to profit or loss</i>            |                  |                  |
| Exchange differences on translation of foreign operation           | (10,322)         | -                |
| <b>Total comprehensive loss for the period</b>                     | <b>(571,245)</b> | <b>(455,788)</b> |
| <b>Loss attributable to:</b>                                       |                  |                  |
| Owners of Pathfinder Resources Ltd                                 | (560,822)        | (455,788)        |
| Non-controlling interests  | (101)            | -                |
|  | <b>(560,923)</b> | <b>(455,788)</b> |
| <b>Total comprehensive loss attributable to:</b>                   |                  |                  |
| Owners of Pathfinder Resources Ltd                                 | (570,627)        | (455,788)        |
| Non-controlling interests  | (618)            | -                |
|  | <b>(571,245)</b> | <b>(455,788)</b> |
| <b>Basic and diluted loss (cents per share)</b>                    |                  |                  |
| Loss for the period from continuing operations                     | (1.87)           | (3.43)           |
| Comprehensive loss for the period                                  | (1.87)           | (3.43)           |

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

# PATHFINDER RESOURCES LTD

## FINANCIAL STATEMENTS

For the half-year ended 31 December 2020

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|                                   |       | 31 Dec 2020      | 30 Jun 2020        |
|-----------------------------------|-------|------------------|--------------------|
|                                   | Notes | \$               | \$                 |
| <b>Assets</b>                     |       |                  |                    |
| <b>Current assets</b>             |       |                  |                    |
| Cash and cash equivalents         | 3     | 4,330,009        | 936                |
| Trade and other receivables       | 4     | 125,782          | 68,157             |
| Prepayments                       | 5     | 33,381           | 12,433             |
| Other current assets              |       | 29,978           | -                  |
| <b>Total current assets</b>       |       | <b>4,519,150</b> | <b>81,526</b>      |
| <b>Non-current assets</b>         |       |                  |                    |
| Exploration and evaluation        | 6     | 1,396,154        | 116,524            |
| Property, plant and equipment     |       | 10,292           | -                  |
| <b>Total non-current assets</b>   |       | <b>1,406,446</b> | <b>116,524</b>     |
| <b>Total assets</b>               |       | <b>5,925,596</b> | <b>198,050</b>     |
| <b>Liabilities</b>                |       |                  |                    |
| <b>Current liabilities</b>        |       |                  |                    |
| Trade and other payables          | 7     | 148,466          | 736,901            |
| Provisions                        |       | 17,574           | -                  |
| Borrowings                        | 8     | 1,623            | 1,131,633          |
| <b>Total current liabilities</b>  |       | <b>167,663</b>   | <b>1,868,534</b>   |
| <b>Net assets / liabilities</b>   |       | <b>5,757,933</b> | <b>(1,670,484)</b> |
| <b>Equity</b>                     |       |                  |                    |
| Issued capital                    | 9     | 54,246,482       | 45,772,527         |
| Reserves                          |       | (9,805)          | 564,000            |
| Accumulated losses                |       | (48,483,833)     | (48,007,011)       |
| <b>Total surplus / deficiency</b> |       | <b>5,752,844</b> | <b>(1,670,484)</b> |
| Non-controlling interests         |       | 5,089            | -                  |
|                                   |       | <b>5,757,933</b> | <b>(1,670,484)</b> |

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

# PATHFINDER RESOURCES LTD

## FINANCIAL STATEMENTS

For the half-year ended 31 December 2020

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

|   |       | 31 Dec 2020        | 31 Dec 2019     |
|---|-------|--------------------|-----------------|
|   | Notes | \$                 | \$              |
| <b>Cash flows from operating activities</b>                 |       |                    |                 |
| Payments to suppliers and employees                         |       | (1,084,334)        | (44,625)        |
| Payments for exploration activities                         |       | (91,094)           | -               |
| GST received  |       | 38,515             | 23,108          |
| Interest received   |       | 2,063              | 49              |
| Interest paid   |       | (33,086)           | -               |
| <b>Net cash flows used in operating activities</b>          |       | <b>(1,167,936)</b> | <b>(21,468)</b> |
| <b>Cash flows from investing activities</b>                 |       |                    |                 |
| Payment for exploration and evaluation                      | 6     | (36,739)           | (20,632)        |
| Payment for property, plant and equipment                   |       | (11,453)           | -               |
| Costs attributable to the acquisition of subsidiaries       | 12    | (90,645)           | -               |
| Net cash acquired   | 12    | 5,621              | -               |
| <b>Net cash flows used in investing activities</b>          |       | <b>(133,216)</b>   | <b>(20,632)</b> |
| <b>Cash flows from financing activities</b>                 |       |                    |                 |
| Proceeds from issue of shares                               |       | 6,300,000          | -               |
| Share issue costs   |       | (660,036)          | -               |
| Proceeds from borrowings                                    |       | -                  | -               |
| Repayment of borrowings                                     |       | (9,739)            | -               |
| <b>Net cash flows from financing activities</b>             |       | <b>5,630,225</b>   | <b>-</b>        |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |       | <b>4,329,073</b>   | <b>(42,100)</b> |
| Cash and cash equivalents at beginning of period            |       | 936                | 100,586         |
| <b>Cash and cash equivalents at end of period</b>           |       | <b>4,330,009</b>   | <b>58,486</b>   |

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

# PATHFINDER RESOURCES LTD

## FINANCIAL STATEMENTS

For the half-year ended 31 December 2020

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|   | Issued<br>Capital | Reserves  | Accumulated<br>losses | Non-<br>controlling<br>interests | Total<br>equity |
|---|-------------------|-----------|-----------------------|----------------------------------|-----------------|
|   | \$                | \$        | \$                    |                                  | \$              |
| Balance at 1 July 2020                                      | 45,772,527        | 564,000   | (48,007,011)          | -                                | (1,670,484)     |
| Loss for the period   | -                 | -         | (560,822)             | (101)                            | (560,923)       |
| Other comprehensive loss                                    | -                 | (9,805)   | -                     | (517)                            | (10,322)        |
| Total comprehensive loss for the period                     | -                 | (9,805)   | (560,822)             | (618)                            | (571,245)       |
| <i>Transactions with owners in their capacity as owners</i> |                   |           |                       |                                  |                 |
| Shares issued   | 8,731,020         | -         | -                     | -                                | 8,731,020       |
| Performance rights  | 480,000           | (480,000) | -                     | -                                | -               |
| Performance rights expired during the period                | -                 | (84,000)  | 84,000                | -                                | -               |
| Non-controlling interest acquired                           | -                 | -         | -                     | 5,707                            | 5,707           |
| Capital raising costs                                       | (737,065)         | -         | -                     | -                                | (737,065)       |
| Balance at 31 December 2020                                 | 54,246,482        | (9,805)   | (48,483,833)          | 5,089                            | 5,757,933       |
| Balance at 1 July 2019                                      | 45,899,027        | 267,193   | (47,038,962)          | -                                | (872,742)       |
| Comprehensive loss for the year                             | -                 | -         | (455,788)             | -                                | (455,788)       |
| Total comprehensive loss for the year                       | -                 | -         | (455,788)             | -                                | (455,788)       |
| <i>Transactions with owners in their capacity as owners</i> |                   |           |                       |                                  |                 |
| Share options   | -                 | 63,125    | -                     | -                                | 63,125          |
| Capital raising costs                                       | (63,125)          | -         | -                     | -                                | (63,125)        |
| Balance at 31 December 2019                                 | 45,835,902        | 330,318   | (47,494,750)          | -                                | (1,328,530)     |

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

# PATHFINDER RESOURCES LTD

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2020

## 1. CORPORATE INFORMATION

Pathfinder Resources Ltd ("Pathfinder" or the "Company") is a company domiciled in Australia. The address of the Company's registered office is Suite 5,62 Ord Street, West Perth WA 6005.

The company is a for-profit entity and is primarily involved in identifying and investing in mineral exploration assets and conducting exploration activities on those assets.

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### *Statement of Compliance*

The financial statements are general-purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB").

The financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

### 2.1. Basis of Preparation

These general-purpose financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard 134: Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with IAS 34 Interim Financial Reporting.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2020 and any public announcements made by Pathfinder Resources Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

The half-year report has been prepared on an accruals basis and is based on historical costs. Cost is based on the fair value of the consideration given in exchange for assets.

For the purpose to preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial statements. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### *Standards and Interpretations applicable to 31 December 2020*

In the half-year ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2020.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Company accounting policies.

### *Standards and Interpretations in issue not yet adopted*

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



# PATHFINDER RESOURCES LTD

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2020

## *Significant accounting judgments and key estimates*

The preparation of half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial report for the year ended 30 June 2020.

## 2.2. Going Concern Basis

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

## 3. CASH AND CASH EQUIVALENTS

|                           | 31 Dec 2020 | 30 Jun 2020 |
|---------------------------|-------------|-------------|
|                           | \$          | \$          |
| Cash at bank and in hand  | 4,330,009   | 936         |
| Cash and cash equivalents | 4,330,009   | 936         |

### Reconciliation to cash flow statement

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

|  |           |     |
|--|-----------|-----|
| Cash at bank and in hand                       | 4,330,009 | 936 |
| Cash for reconciliation of cash flow statement | 4,330,009 | 936 |

## 4. TRADE AND OTHER RECEIVABLES

|  | 31 Dec 2020 | 30 Jun 2020 |
|--|-------------|-------------|
|  | \$          | \$          |
| Current  |             |             |
| Other receivables  | 1,467,836   | 1,462,765   |
| GST receivables  | 49,517      | -           |
| Impairment of trade and other receivables <sup>(1)</sup> | (1,391,571) | (1,394,608) |
| Total current trade and other receivables                | 125,782     | 68,157      |

# PATHFINDER RESOURCES LTD

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2020

|                               | 31 Dec 2020 | 30 Jun 2020 |
|-------------------------------|-------------|-------------|
|                               | \$          | \$          |
| Allowance for impairment loss |             |             |
| Balance at 1 July             | 1,394,608   | 1,394,608   |
| Charge during the period      | -           | -           |
| Utilised during the period    | (3,037)     | -           |
| Closing Balance               | 1,391,571   | 1,394,608   |

1. In 2018, an amount of USD\$500,000 (equivalent AUD\$677,425) was transferred to the Company's DRC lawyer - Pelesa & Associates Law Firm, to be held in trust for the future acquisition of mining licenses located in the DRC Copperbelt. In addition, the company transferred \$USD505,660 (equivalent AUD\$714,146) to its Pathfinder Resources Congo SAU bank account in October of 2018.

On 22 January 2020 the Company announced that the Company will not be proceeding with the Heads of Agreement to establish a joint venture to manage and operate the Luapula Processing Facility.

While the Company seeks to have the advanced funds repaid there is uncertainty around the recoverability of the advance, as such the company has impaired the total amounts advanced to the DRC of USD\$1,005,660 (AUD\$1,391,571) representing the bulk of the impairment expense for the year ended 30 June 2019.

## 5. PREPAYMENTS

|  | 31 Dec 2020 | 30 Jun 2020 |
|--|-------------|-------------|
|  | \$          | \$          |
| Cobalt Project DRC - acquisition costs               | 725,642     | 725,642     |
| Impairment of Cobalt Project DRC - acquisition costs | (725,642)   | (725,642)   |
| Insurance  | 4,973       | 12,433      |
| Other  | 28,408      | -           |
| Total prepayments                                    | 33,381      | 12,433      |

### *Cobalt Project DRC*

Pursuant to a Heads of Agreement with African Holding Investment Company Limited (AHIC), to establish a new 50/50 joint venture to operate the existing Luapula Processing Facility located near the town of Likasi in the Democratic Republic of Congo (DRC), Pathfinder paid an initial amount of US\$500,000 (AUD\$661,054) pursuant to the terms of acquisition (Luapula Acquisition) and an additional AUD\$ 31,127 was paid during the year.

On 22 January 2020 the company announced that the Company will not be proceeding with the Heads of Agreement to establish a joint venture to manage and operate the Luapula Processing Facility.

## PATHFINDER RESOURCES LTD

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2020

While the Company seeks to have any advanced payments repaid there is uncertainty around the recoverability of these payments. The costs incurred by the Company that were recognised as a prepayment were fully impaired in the financial year ended 30 June 2019.

### 6. EXPLORATION AND EVALUATION

|   | 31 Dec 2020 | 30 Jun 2020 |
|---|-------------|-------------|
|   | \$          | \$          |
| <i>King Tut Project</i>                                   |             |             |
| Exploration and evaluation phases - at cost               | 1,279,630   | -           |
| Provision for impairment                                  | -           | -           |
| Net carrying amount King Tut Project                      | 1,279,630   | -           |
| <i>Bloom Lake Copper-Cobalt Project</i>                   |             |             |
| Exploration and evaluation phases - at cost               | 116,254     | 116,524     |
| Provision for impairment                                  | -           | -           |
| Net carrying amount Bloom Lake Copper-Cobalt Project      | 116,524     | 116,524     |
| Net carrying amount exploration and evaluation phases     | 1,396,154   | 116,524     |
| <i>Reconciliation of carrying amounts</i>                 |             |             |
| Balance at 1 July   | 116,524     | 116,524     |
| Exploration expenditure capitalised during the period     | 36,739      | 102,026     |
| Unrealised FX movement on assets held in foreign currency | (10,320)    | -           |
| Exploration and evaluation expenditure acquired           | 1,253,211   | -           |
| Provision for impairment during the period                | -           | (102,026)   |
| Balance at end of period                                  | 1,396,154   | 116,524     |

The recoupment of cost carried forward in relation to areas of interest in the explanation and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

#### *Hamersley Iron Ore Project*

On 23 February 2021, the Company announced its intent to divest of the Hamersley Iron Ore Project, in line with this strategy the Company has reviewed the accounting treatment of expenditure on the Hamersley Iron Ore Project and determined that expenditure incurred on the asset is to be recorded as an expense in the profit or loss.

# PATHFINDER RESOURCES LTD

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2020

## 7. TRADE AND OTHER PAYABLES

|  | 31 Dec 2020    | 30 Jun 2020    |
|--|----------------|----------------|
|  | \$             | \$             |
| Trade creditors and accruals             | 148,466        | 681,770        |
| Restricted cash – future capital raising | -              | 49,985         |
| Other creditors                          | -              | 5,146          |
| <b>Total trade and other payables</b>    | <b>148,466</b> | <b>736,901</b> |

## 8. BORROWINGS

|                                  | 31 Dec 2020  | 30 Jun 2020      |
|----------------------------------|--------------|------------------|
|                                  | \$           | \$               |
| <i>Shareholder loans</i>         |              |                  |
| Opening balance at 1 July        | 1,038,481    | 871,546          |
| New funding                      | -            | -                |
| Capitalised interest             | 29,662       | 84,435           |
| Borrowing costs expensed         | -            | 82,500           |
| Repayment of borrowings          | (1,068,143)  | -                |
| <b>Closing balance</b>           | <b>-</b>     | <b>1,038,481</b> |
| <i>Working capital</i>           |              |                  |
| Opening balance at 1 July        | 81,790       | -                |
| New funding                      | -            | 78,562           |
| Capitalised interest             | 2,801        | 3,228            |
| Repayment of borrowings          | (84,591)     | -                |
| <b>Closing balance</b>           | <b>-</b>     | <b>81,790</b>    |
| <i>Insurance premium funding</i> |              |                  |
| Opening balance at 1 July        | 11,362       | -                |
| New funding                      | -            | 31,765           |
| Borrowing costs expensed         | 623          | -                |
| Repayments                       | (10,362)     | (20,403)         |
| <b>Closing balance</b>           | <b>1,623</b> | <b>11,362</b>    |
| <b>Total current borrowings</b>  | <b>1,623</b> | <b>1,131,633</b> |

# PATHFINDER RESOURCES LTD

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2020

## Reconciliation of changes in liabilities from financing activities:

|   | 31 Dec 2020 | 30 Jun 2020 |
|---|-------------|-------------|
|   | \$          | \$          |
| Opening balance at 1 July                               | 1,131,633   | 871,546     |
| Interest and borrowing costs expensed                   | -           | 170,163     |
| Non-cash repayment                                      | (1,120,271) | -           |
| <i>Changes in liabilities from financing activities</i> |             |             |
| Proceeds from borrowings                                | -           | 110,327     |
| Repayment of borrowings                                 | (9,739)     | (20,403)    |
| Closing balance   | 1,623       | 1,131,633   |

### *Shareholder loans*

On 18 October 2018, Pathfinder entered into loan facility agreements arranged by SixtyTwo Capital Pty Ltd with four investors for an aggregate amount of \$750,000. The loans bear interest at a rate of 10% p.a. and a facility fee of 20% from the total loan payable directly to the investors. The loan is repayable in full within 10 days following re-instatement to trading of the Company on the ASX and may be repaid in shares equal to a 10% discount to the price that shares resume trading on the ASX, at the discretion of the Company.

Funds advances under the loans were to be applied to meet due diligence costs associated with the acquisition of the Luapula Processing Facility and costs associated with obtaining permits, authorisations and approvals for the Company to operate and to secure contractual ore feed supply agreements.

On 28 October 2020, the Company converted the 30 June 2020 payable to equity by issue of 5,769,340 post consolidation shares at 0.18 a 10% discount to the share price. The interest accrued during the period 1 July 2020 to conversion totalling \$29,662 was paid from cashflow.

### *Working capital*

On 31 January 2020 the Company entered into a Convertible Note Deed with SixtyTwo Capital Pty Ltd and Markovic Family Pty Ltd each for \$125,000, the purpose of which is to drawdown on the loan to pay existing creditors and general working capital requirements. The principal sum is repayable in 12 months plus accrued interest at the rate of 10% per annum, the notes may be converted into shares in whole or in part at the discretion of the Company, at a price per Share equal to 85% of the VWAP of Shares on ASX calculated over the ten (10) trading days immediately preceding the date of issue of the Conversion Notice by the Noteholder.

On 27 August 2020, an amendment to the agreement was executed to allow for conversion of the Notes at a 10% discount to the price on admission to the ASX. Post admission to the ASX conversion is at a price per Share equal to 85% of the VWAP of Shares on ASX calculated over the ten (10) trading days immediately preceding the date of issue of the Conversion Notice by the Noteholder.

On 28 October 2020, the Company converted the 30 June 2020 payable to equity by issue of 454,384 post consolidation shares at 0.18cents a 10% discount to the share price. The interest accrued during the period 1 July 2020 to conversion totalling \$2,801 was paid from cashflow.

# PATHFINDER RESOURCES LTD

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2020

## 9. ISSUED CAPITAL

|  | 31 Dec 2020     | 30 Jun 2020   | 31 Dec 2020 | 30 Jun 2020 |
|--|-----------------|---------------|-------------|-------------|
|  | No. shares      | No. shares    | \$          | \$          |
| Share capital  |                 |               |             |             |
| Ordinary shares fully paid   |                 | 2,642,951,276 |             | 45,772,527  |
| Opening balance at 1 July  | 2,642,951,276   | 2,642,951,276 | 45,772,527  | 45,899,027  |
| <i>Shares movements during the period:</i>                           |                 |               |             |             |
| Airguide performance rights  | 20,000,000      | -             | 480,000     | -           |
| Pre IPO capital raise  | 375,000,000     | -             | 300,000     | -           |
| Initial shares issued under the Acquisitions                         | 100,000,000     | -             | 100,000     | -           |
| Share consolidation  | (3,122,260,587) | -             | -           | -           |
| Share issued under the Public Offer                                  | 30,000,000      | -             | 6,000,000   | -           |
| Shares issued to the Previous Officer                                | 478,750         | -             | 95,750      | -           |
| Shares issued on conversion of the Convertible Notes                 | 6,223,724       | -             | 1,120,270   | -           |
| Shares issued under the Consulting Agreement (share issue costs)     | 500,000         | -             | 100,000     | -           |
| Shares issued under Investor Relations Agreement (Share issue costs) | 75,000          | -             | 15,000      | -           |
| Consideration shares issued under the Acquisition                    | 5,000,000       | -             | 1,000,000   | -           |
| Share issue costs  | -               | -             | (737,065)   | (126,500)   |
| Closing balance  | 57,968,163      | 2,642,951,276 | 54,246,482  | 45,772,527  |

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

No dividends were paid or declared by the Company to members since the end of the previous financial year and the Directors do not recommend the payment of a dividend at this time.

At shareholders' meetings each ordinary share is entitled to one vote in proportion to the paid-up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

## 10. SHARE BASED PAYMENTS

### *Fair Value of Performance Rights Issued*

On 13 August 2018, 100,000,000 Performance Rights were issued to Airguide International Pte Ltd (Airguide) pursuant to an agreement for Airguide to act as Pathfinder's strategic adviser to facilitate and support Pathfinder with entering into commercial agreements, including resource agreements and capital raising. The arrangement was approved at the Company's General Meeting held on 20 June 2018.

# PATHFINDER RESOURCES LTD

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2020

The Performance Rights were issued at nil cost and are subject to a vesting condition, as follows:

- (1) (Tranche 1) 20,000,000 Performance Rights to be issued in the event that the Fully Diluted Market Capitalisation (defined in the glossary below) of the Company is equal or higher than AUD\$30,000,000 for a minimum of 10 consecutive trading days;
- (2) (Tranche 2) 30,000,000 Performance Rights to be issued in the event that the Fully Diluted Market Capitalisation (defined in the glossary below) of the Company is equal or higher than AUD\$60,000,000 for a minimum of 10 consecutive trading days;
- (3) (Tranche 3) 50,000,000 Performance Rights to be issued in the event that the Fully Diluted Market Capitalisation (defined in the glossary below) of the Company is equal or higher than AUD\$100,000,000 for a minimum of 10 consecutive trading days;

The assessed fair value of the Performance Rights was determined based on the probability of each of the vesting conditions being met, as follows:

| Performance Rights | Tranche 1  | Tranche 2  | Tranche 3  | Total       |
|--------------------|------------|------------|------------|-------------|
| Number             | 20,000,000 | 30,000,000 | 50,000,000 | 100,000,000 |
| Probability (%)    | 100%       | 10%        | 1%         |             |
| Value per Right    | 2.4 cents  | 2.4 cents  | 2.4 cents  |             |
| Total Value        | \$480,000  | \$72,000   | \$12,000   | \$564,000   |

During the period the Company issued shares on vesting of the Tranche 1 Performance Rights. On 13 August 2020, the Tranche 2 and Tranche 3 Performance Rights expired.

## 11. SEGMENT INFORMATION

The entity has three operating segments; Australia (Hamersley Iron Project), Canada (Bloom Lake Project) and Argentina (King Tut Project). The entities are managed primarily on the basis of geographical area of interest. Each geographical area has different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis. The Board of Directors (the chief operating decision maker) reviews internal reports of each operating segment at least quarterly.

Information related to each operating segment for the period ended 31 December 2020 is set out below.

|  | Australia | Canada | Argentina | Total     |
|--|-----------|--------|-----------|-----------|
|  | \$        | \$     | \$        | \$        |
| Results  |           |        |           |           |
| Exploration expense                            | (91,094)  | -      | -         | (91,094)  |
| Segment results before tax                     | (91,094)  | -      | -         | (91,094)  |
| <i>Amounts not included in segment result:</i> |           |        |           |           |
| Compliance and regulatory expenses             |           |        |           | (153,361) |
| Consulting and professional fees               |           |        |           | (235,848) |
| Employee benefits expense                      |           |        |           | (183,967) |
| Other gains                                    |           |        |           | 237,957   |
| Other expenses                                 |           |        |           | (103,587) |
| Finance income                                 |           |        |           | 2,063     |
| Finance expense                                |           |        |           | (33,086)  |
| Segment results before tax                     |           |        |           | (560,923) |

# PATHFINDER RESOURCES LTD

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2020

|                            | Australia | Canada  | Argentina | Total     |
|----------------------------|-----------|---------|-----------|-----------|
|                            | \$        | \$      | \$        | \$        |
| Total assets               | 4,523,826 | 116,524 | 1,285,246 | 5,925,596 |
| Total liabilities          | 166,672   | -       | 991       | 167,663   |
| Other disclosures          |           |         |           |           |
| Exploration and evaluation | -         | 116,524 | 1,279,630 | 1,396,154 |

Information related to each operating segment include results for the period ended 31 December 2019 and assets and liabilities as at 30 June 2020 is set out below.

|  | Australia | Canada  | DRC      | Total     |
|--|-----------|---------|----------|-----------|
|  | \$        | \$      | \$       | \$        |
| 31 December 2019   |           |         |          |           |
| Results  |           |         |          |           |
| Impairment   | (78,221)  | -       | (31,127) | (109,348) |
| Segment results before tax   | (78,221)  | -       | (31,127) | (109,348) |
| Reconciliation of segment results before tax to net loss after tax |           |         |          |           |
| <i>Amounts not included in segment result:</i>                     |           |         |          |           |
| Compliance and regulatory expenses                                 |           |         |          | (34,132)  |
| Consulting and professional fees                                   |           |         |          | (41,883)  |
| Employee benefits expense  |           |         |          | (78,000)  |
| Other expenses   |           |         |          | (104,360) |
| Finance income   |           |         |          | 49        |
| Finance expense  |           |         |          | (88,114)  |
| Segment results before tax   |           |         |          | (455,788) |
| 30 June 2020   |           |         |          |           |
| Total assets   | 81,526    | 116,524 | -        | 198,050   |
| Total liabilities  | 1,868,534 | -       | -        | 1,868,534 |
| Other disclosures  |           |         |          |           |
| Exploration and evaluation   | -         | 116,524 | -        | 116,524   |

## 12. ASSET ACQUISITION

On 30 October 2020 the Company finalised the Acquisition Agreement as set out in section 9.1.1 of the Prospectus.

The Company acquired 100% of the issued capital of Blue Gold Mining Pty Ltd (BGM) and Sandrino Gold Pty Ltd (SG) who, through their respective Argentine subsidiaries Tres Elementos SA (TESA) and Tecno Minera SA (TMSA), collectively own the Tenements the subject of the King Tut Project.

Non-controlling interest of 5% in the Argentine subsidiaries TESA and TMSA has not been fair-valued at the date of acquisition as the interest is held beneficially for BGM and SG respectively.



# PATHFINDER RESOURCES LTD

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2020

28 Oct 2020

\$

|                                       |           |
|---------------------------------------|-----------|
| Consideration                         |           |
| Consideration shares                  | 1,100,000 |
| Transaction costs                     | 90,645    |
| Contingent consideration <sup>1</sup> | -         |
|                                       | 1,190,645 |

|                             |       |
|-----------------------------|-------|
| Current assets              |       |
| Cash and Cash equivalents   | 5,621 |
| Trade and other receivables | 11    |
| Total current assets        | 5,632 |

|                            |         |
|----------------------------|---------|
| Non-current assets         |         |
| Exploration and evaluation | 104,494 |
| Total non-current assets   | 104,494 |
| Total assets               | 110,126 |

|                                |         |
|--------------------------------|---------|
| Current Liabilities            |         |
| Trade and other payables       | 62,491  |
| Total current liabilities      | 62,491  |
| Total liabilities              | 62,491  |
| Net assets                     | 47,635  |
| Less: non-controlling interest | (5,707) |
| Net assets acquired            | 41,928  |

|   |           |
|---|-----------|
| Exploration and evaluation                    |           |
| Excess consideration over net assets acquired | 1,148,717 |
| Exploration and evaluation                    | 104,494   |
| Total exploration and evaluation acquired     | 1,253,211 |

1. Refer to note 13 for more details.

The acquisitions of BGM and SG are not deemed to be business combinations as neither entity is considered to be a business under AASB 3 Business Combinations. Therefore, these transactions are asset acquisitions and the fair value of the underlying exploration assets held by BMG and SG is equal to the fair value of consideration paid.

### *Asset acquisition accounting policy*

The transaction is not deemed a business combination as the assets acquired did not meet the definition of 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

# PATHFINDER RESOURCES LTD

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2020

assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill arose on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset. The non-controlling interest is recognised at fair value.

## 13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### Airguide

In late May 2020, a request for payment arising under a historical consulting contract was submitted by Airguide Corporate Advice and Consulting a company based in Singapore.

On 16 November 2020, the Company announced that it had received a letter from Airguide's solicitors in Singapore demanding payment of the allegedly outstanding fees to Airguide, amounting to approximately USD\$693,000 in total, and asserting that payment of such fees was owing as a result of the completion of the Company's IPO capital raising.

On 18 December 2020, the Company was served with a Notice of Arbitration by Airguide's solicitors in Singapore, referring the dispute to arbitration by the Singapore International Arbitration Centre (SIAC). The Company intends to defend the claim by filing a Response to the Notice of Arbitration with SAIC.

On 15 January 2021, the Company filed its Response to Notice of Arbitration with SIAC in relation to the claim by Airguide, as noted above.

The Company maintains and is defending its position that no liability exists in respect of the performance of the contract and that it is not practical to estimate the potential effect of this claim, legal advice obtained indicates that it is not probable that a significant liability will arise, it is anticipated that any liability will be significantly less than the request for payment of USD\$693,000.

### Contingent Consideration – King Tut Project Argentina

Pursuant to the King Tut Project Acquisition Agreement, as set out in section 9.1.1 of the Prospectus dated 31 August 2020, (to be read together with the supplementary prospectus lodged with ASIC on 16 September 2020), on completion of the Acquisition the Company issued 7,000,000 Performance Shares to the Vendors pro rata, each to convert into one (1) Share upon the satisfaction of the following milestones:

- a) (Class A Performance Shares): 3,500,000 Performance Shares will each convert upon the Company announcing no less than five (5) drill holes each intersecting at least two (2) continuous metres of gold at no less than 5g/tonne on the Tenements, of which no less than two (2) drill holes are located on the following Tenements:
  - (i) Guille Exploration Permit; and/or
  - (ii) Diana II Exploitation Concession, (Milestone 1); and
- b) (Class B Performance Shares): 3,500,000 Performance Shares will each convert upon the Company announcing a JORC compliant Inferred gold Resource of at least 500,000 Oz at no less than 5g/tonne on one or more of the Tenements (Milestone 2); and

Granted the Vendors a total 2% net smelter return royalty on total saleable minerals (including gold and cobalt) from the Tenements (Royalty), with a call option granted to the Company to acquire 50% of the Royalty from the Vendors (resulting in the Vendors being then entitled to a 1% Royalty) for USD\$2,000,000 and a maximum cap applicable to the Royalty of 500,000 ounces, both of which are set out in the Royalty Deed.

There are no contingent assets at the reporting date.

# PATHFINDER RESOURCES LTD

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2020

## 14. COMMITMENTS

### *Capital expenditure commitments*

At the date of this report there are no changes to commitments for capital expenditure since 30 June 2020.

## 15. INTEREST IN SUBSIDIARIES

The consolidated financial statements include the financial statements of Pathfinder Resources Ltd. and its subsidiaries listed in the following table.

| Subsidiary                              | Country of Incorporation | % of interest |      |
|---|--------------------------|---------------|------|
|   |                          | 2020          | 2019 |
| Ontario Inc                             | Canada                   | 100           | 100  |
| Blue Gold Mining Pty Ltd                | Australia                | 100           | -    |
| Sandrino Gold Pty Ltd                   | Australia                | 100           | -    |
| Techno Minera SA                        | Argentina                | 95            | -    |
| Tres Elementos SA                       | Argentina                | 95            | -    |
| Winmar Mining Exploration Joint Venture | Australia                | 70            | 70   |

On 30 October 2020 the Company finalised the Acquisition Agreement as set out in section 9.1.1 of the Prospectus.

The Company acquired 100% of the issued capital of Blue Gold Mining Pty Ltd (BGM) and Sandrino Gold Pty Ltd (SG) who, through their respective Argentine subsidiaries Tres Elementos SA (TESA) and Tecno Minera SA (TMSA), collectively own the Tenements the subject of the King Tut Project.

## 16. RELATED PARTIES

### *Transactions with Key Management Personnel*

#### *Managing Director*

On 1 December 2020, the Company announced that Mr Shannon Green had transitioned from his role as Executive Chairman was appointed as to Managing Director of the Company, the material terms of Mr Green's Executive Services Agreement, including remuneration, are set out below:

#### **Remuneration Package**

Mr Green will receive a base salary of \$250,000 per annum plus superannuation, which will increase to \$300,000 per annum plus superannuation from 1 March 2021.

In addition, the Company may pay Mr Green a performance-based bonus over and above the base salary. In determining the extent of any performance-based bonus, the Company shall take into consideration the key performance indicators of the Managing Director and the Company, as the Company may set from time to time, and any other matter that it deems appropriate.

Mr Green will also be eligible to participate in the Company's performance rights and options plan adopted on 5 August 2020, subject to applicable laws and regulations, including the ASX Listing Rules. A summary of the performance rights and options plan is contained in the Company's prospectus lodged with ASIC on 31 August 2020.

# PATHFINDER RESOURCES LTD

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2020

## Salary Review Date

Annually during continuance of the Agreement.

## Term

Mr Green's appointment as Managing Director commences on 1 December 2020 (notwithstanding his existing employment with the Company commenced on 30 March 2020).

## Termination

Either party may terminate Mr Green's appointment without reason on 3 months' notice, on 1 months' notice in certain circumstances of breach of contract or misconduct or immediately without notice if Mr Green is convicted of any major criminal offence which brings the Company or any of its related bodies corporate into lasting disrepute. The Company may terminate immediately on payment in lieu of required notice.

### *Chief Financial Officer*

On 5 November 2020, the Company announced the appointment of Ms Ailsa Osborne to the position of Chief Financial Officer. The material terms of Ms Osborne's Executive Services Agreement, including remuneration, are set out below:

## Remuneration Package

Ms Osborne will receive a base salary of \$180,000 per annum plus superannuation.

In addition, the Company may pay Ms Osborne a performance-based bonus over and above the base salary. In determining the extent of any performance-based bonus, the Company shall take into consideration the key performance indicators of the Chief Financial Officer and the Company, as the Company may set from time to time, and any other matter that it deems appropriate.

Ms Osborne will also be eligible to participate in the Company's performance rights and options plan adopted on 5 August 2020, subject to applicable laws and regulations, including the ASX Listing Rules. A summary of the performance rights and options plan is contained in the Company's prospectus lodged with ASIC on 31 August 2020.

## Salary Review Date

Annually during continuance of the Agreement.

## Term

Ms Osborne's appointment as Chief Financial Officer commenced on 4 November 2020.

## Termination

Either party may terminate Ms Osborne's employment without reason on 3 months' notice, on 1 months' notice in certain circumstances of breach of contract or misconduct or immediately without notice if Ms Osborne is convicted of any major criminal offence which brings the Company or any of its related bodies corporate into lasting disrepute. The Company may terminate immediately on payment in lieu of required notice.

### *Other transactions with Key Management Personnel*

The terms and conditions of any transactions with Directors and their related parties were no more favourable than those available, or might reasonably be expected to be available, on similar transactions to non-related parties on an arms-length basis.

On 18 October 2018, Pathfinder entered into loan facility agreements arranged by SixtyTwo Capital Pty Ltd with four investors for an aggregate amount of \$750,000 of which Mr Sufian Ahmad contributed \$50,000. The loans bear interest at a rate of 10% p.a. and a facility fee of 20% from the total loan payable directly to the investors. The loan was repaid in shares equal to

## PATHFINDER RESOURCES LTD

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2020

a 10% discount to the price that shares resume trading on the ASX. Total owing at 30 June 2020 was \$69,232, which includes capitalised interest and fees of \$19,232 was repaid by issue of 384,623 post consolidation shares.

Interest of \$1,977.43 was paid at 10% for the period 1 June 2020 to 28 October 2020.

On 31 January 2020, the Company entered into a Convertible Note Deed with SixtyTwo Capital Pty Ltd a company controlled by Mr Sufian Ahmad for \$125,000, the purpose of which is to drawdown on the loan to pay existing creditors and general working capital requirements. The principal sum is repayable in 12 months plus accrued interest at the rate of 10% per annum. The loan was repaid in shares equal to a 10% discount to the price that shares resume trading on the ASX. Total owing at 30 June 2020 was \$43,267 and was repaid by issue of 240,372 post consolidation shares.

Interest of \$1,507.71 was paid at 10% for the period 1 June 2020 to 28 October 2020.

### 17. EVENTS SUBSEQUENT TO REPORTING DATE

On 15 January 2021, the Company filed its Response to Notice of Arbitration with SIAC in relation to the claim by Airguide, as noted above.

On 2 February 2021, the Company was placed in a trading halt and on 4 February 2021, the Company was suspended from Official Quotation pending the release of an announcement regarding a response to an ASX Aware Query in relation to the Company's Hamersley Iron Ore Project.

On 8 February 2021, the Company lodged the response to the ASX Aware Query, the Company remained suspended until 23 February 2021.

On 23 February 2021, the suspension was lifted post announcement of an update to the Hamersley Iron Ore Project work program and release in relation to the Hamersley Iron Ore Project resource which addressed the requirements of ASX Listing Rule 5.8.

There have been no other transactions or events of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

# PATHFINDER RESOURCES LTD

## DIRECTORS' DECLARATION

For the half-year ended 31 December 2020

In accordance with a resolution of the Directors of Pathfinder Resources Ltd., I state that:

- (1) In the opinion of the Directors:
  - (a) the financial statements and notes set out on pages 12 to 29 and the Directors' Report are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
    - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (2) The directors draw attention to Note 2.1 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.
- (3) The directors have been given the declarations by the chief executive officer and chief financial officer for the half-year ended 31 December 2020 required by section 295A of the Corporations Act 2001.

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



**Shannon Green | Managing Director**

16 March 2021

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pathfinder Resources Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Pathfinder Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

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

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### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

**BDO Audit (WA) Pty Ltd**



**Ashleigh Woodley**

**Director**

**Perth, 16 March 2021**