



**High
Grade Metals**

Interim Financial Report

**For the Half-Year Ended
30 June 2021**

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**High
Grade Metals**

CORPORATE INFORMATION

Board of Directors

Mr Anthony Hall – Executive Chairman
Mr Bradley Drabsch – Executive Director
Mr Adrien Wing – Non-Executive Director
Mr Steven Formica – Non-Executive Director
Mr Dennis Morton – Non-Executive Director

Registered Office

Level 2
480 Collins Street
MELBOURNE VIC 3000
Phone: +61 3 9614 0600
Fax: + 61 3 9614 0550

Auditors

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

Australian Solicitors

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

Company Secretary

Mr Adrien M Wing

Company website

www.highgrademetals.com.au

Australian Securities Exchange Listing

Code: HGM (previously: QNL)

Share Registry

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

Austrian Solicitors

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

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DIRECTORS' REPORT

Your directors submit their report for High Grade Metals Limited (“the Company” or “HGM”) and its controlled entities (“the Group”) for the six-month period ended 30 June 2021 (prior period comparatives 30 June 2020).

DIRECTORS

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

Director	Position	Appointed	Last elected or re-elected	Resigned
Mr A Hall	Executive Chairman ⁽ⁱⁱⁱ⁾	11 February 2019	29 May 2019	-
Mr B Drabsch	Executive Director ^(iv)	3 April 2019	29 May 2019	-
Mr A Wing	Non-Executive Director ⁽ⁱ⁾	8 October 2018	30 June 2021	-
Mr S Formica	Non-Executive Director ⁽ⁱⁱ⁾	3 January 2017	30 July 2020	-
Mr D Morton	Non-Executive Director ^(v)	7 July 2020 30 July 2020	30 June 2021	30 July 2020

- (i) Appointed Company Secretary on 8 October 2018.
- (ii) Retired as Chairman on 8 October 2018.
- (iii) Appointed Executive Chairman on 11 February 2019.
- (iv) Appointed Executive Director on 3 April 2019
- (v) Appointed 7 July 2020. Retired as was not put up for election at the AGM on 30 July 2020. Re-appointed as Non-Executive Director post AGM on same day and was elected on 30 June 2021.

COMPANY SECRETARY

Mr Adrien Wing was appointed company secretary on 8 October 2018.

Mr Wing is a Certified Practising Accountant. He worked in audit and corporate advisory at a chartered accounting firm before working with a number of public companies listed on the ASX as a corporate and accounting consultant and company secretary.

COMPANY REVIEW

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

The Group (through its wholly-owned subsidiary Austrian Projects Corporation Pty Ltd and its wholly-owned Austrian subsidiaries) is the sole holder of a 100% legal and beneficial interest in the Austrian Gold & Cobalt Projects.

REVIEW OF OPERATIONS

The Company is currently looking to transition from seeking to explore and develop gold and cobalt projects in Austria to seeking to become a coal seam gas producer in Mongolia (refer ASX announcement dated 7 July 2020).

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DIRECTORS' REPORT

Mongolian Coal Seam Gas Projects

As noted in the ASX release, the Company is proposing to acquire 100% of the shares of Jade Gas Pty Ltd (Jade).

About Jade Gas Pty Ltd

Jade is an Australian company which has been established as the holding entity for various current and proposed coal seam gas projects in Mongolia.

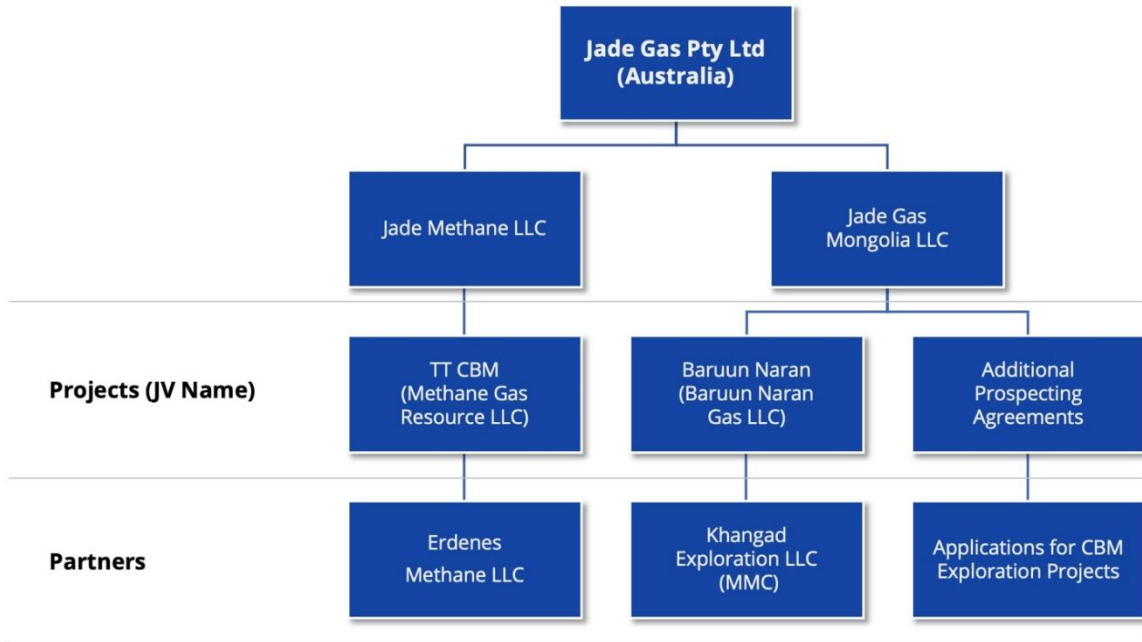


Figure 1: Jade Gas Corporate and Project Structure

Jade Gas Projects & Partners

Overview

Jade is focused on the coal seam gas (CSG) potential of Mongolia. Mongolia is located between Russia to the north and Peoples Republic of China to the south. Jade's current activities are in the South Gobi region, approximately 200 km from the border with China.



Figure 2: Mongolia location map

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DIRECTORS' REPORT

Executives of Jade have been involved in Mongolian natural resource projects dating back to 2009. In 2018, the team commenced an investigation of the CSG potential in and around the abundant coal resources of the South Gobi region of Mongolia. In May 2019, Jade entered into an Investment Agreement with Erdenes Methane covering the Tavan Tolgoi CBM Project (**TT CBM**).

Joint Venture with Erdenes Methane LLC (EM)

Jade, through its subsidiary Jade Methane FILLC, holds a 60% interest in Methane Gas Resource LLC (MGR), the joint venture operating company formed to explore, develop and produce gas from the TT CBM Project. The remaining 40% interest in the joint venture entity is held by Erdenes Methane LLC (EM), a Mongolian Government entity. In May 2019, Jade and EM entered into a Shareholders Agreement and an Investment Agreement with EM.

Jade's joint venture partner, EM, was awarded a Production Sharing Agreement over the TT CBM Project licence area in April 2020, after completion of the requirements of a Prospecting Agreement it held at that time over the licence area. In accordance with the joint venture agreements, Jade managed, fully funded and operated the fulfillment of the PSA requirements during 2019. Following approval of the Cabinet of Mongolia on 14 October 2020, the PSA was transferred from EM to the joint venture company MGR. The TT CBM Project is focussed on the coal resource of the Tavan Tolgoi coal field.

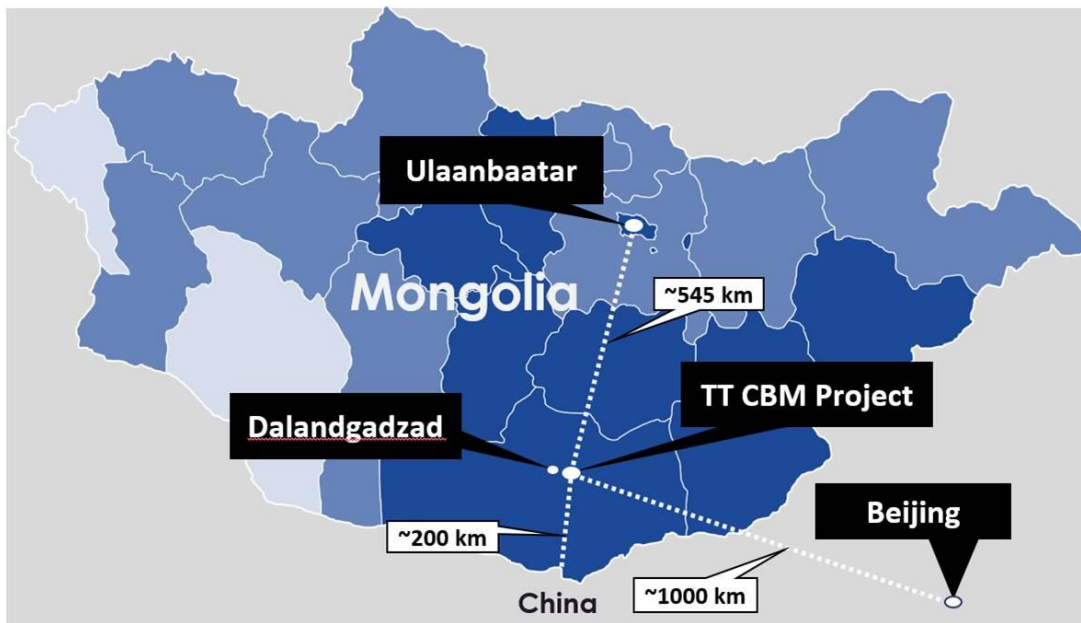


Figure 3: Map showing the location of the Projects within Mongolia

The PSA allows for up to 10 years of exploration and a further 30 years of CSG exploitation.

Under Jade's Investment Agreement with Erdenes Methane, Jade must sole fund the project to the completion of a Definitive Feasibility Study, at which time both parties must continue to fund the project on a pro rata basis, subject to certain conditions.

Joint Venture with Khangad Exploration LLC (KE)

Jade, through its subsidiary Jade Gas Mongolia FILLC, holds a 66% interest in Baruun Naran Gas LLC (BNG), the joint venture operating company formed to explore, develop and produce gas from within

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DIRECTORS' REPORT

a coal mining licence held by joint venture partner Khangad Exploration LLC, a wholly owned subsidiary of Mongolian Mining Corporation, a company listed on the Hong Kong Stock Exchange. Khangad Exploration LLC holds the remaining 34% equity in BNG. Jade is nominated as the joint venture Operator of BNG.. As at the date of this Financial Report, BNG has not yet applied to MRPAM for a PSA to the Baruun Naran Project.

The project is also located in South Gobi, approximately 10km further west from the license area of the TT CBM Project. The project will be conducted within an area covered by mining license MV-014493 granted to Khangad Exploration LLC.

Limited work has been undertaken on the CSG potential of this coal licence.

Other Proposed Projects

Although Jade does not currently have any other project opportunities, it may in the future seek to pursue additional joint venture arrangements for CBM opportunities and, should such opportunities arise, it is currently anticipated that they would be pursued on a similar structure and model to that which applies to the TT CBM Project and the Baruun Narun Project.

Austrian Gold and Cobalt Projects

The Company continues to retain a 100% interest in nine gold and cobalt projects located in Austria, covering an area of around 200km² per Figure 4 below.

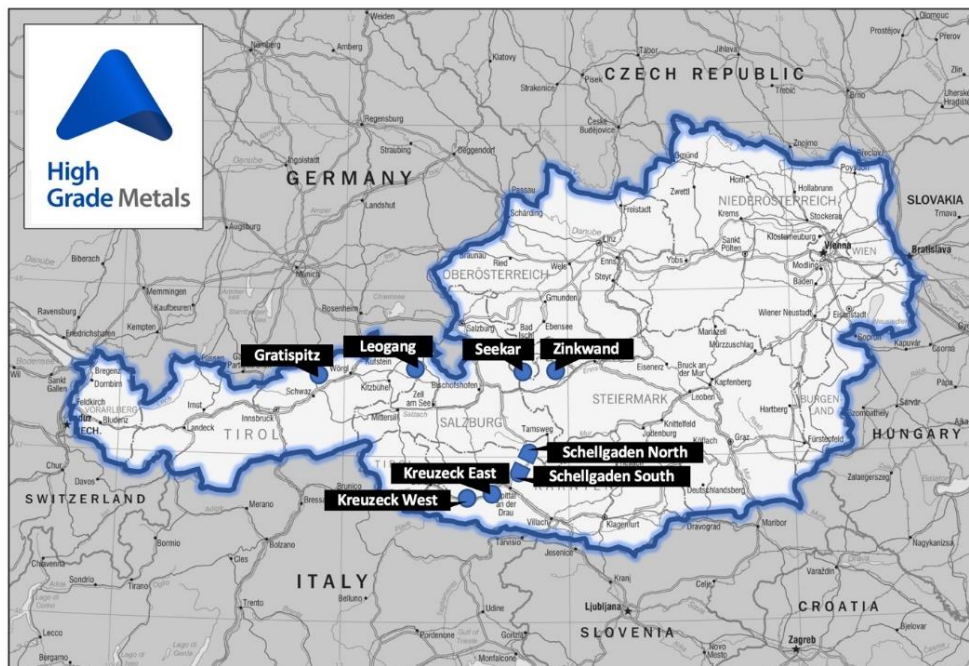


Figure 4: Location map of all projects that the Company has within Austria

On 26 July 2019 the Company announced it had completed a strategic review into the Austrian projects and concluded:

1. The Projects remain prospective for gold and cobalt mineralization, with the Leogang Cobalt Project and Kreuzeck Gold Projects considered key to the suite of Projects, whilst Schellgaden has been downgraded as a result of poor drilling results; and

DIRECTORS' REPORT

2. The Board has determined that the best strategy for the advancement of the Projects is to introduce a partner. The current market conditions preclude HGM from raising sufficient funds to advance the Projects effectively.

Consistent with the above, the Company continues to seek a partner to progress the projects.

Corporate

Material Acquisition

On 7 July 2020 the Company announced it had signed a binding agreement to acquire 100% of the issued capital of Jade Gas Pty Ltd. Key highlights were noted as follows:

- Binding agreement to acquire 100% of the issued capital of Jade Gas Pty Ltd (Jade);
- Jade is focused on the emerging coal seam gas (CSG) sector in Mongolia;
- The key asset of Jade is:
 - A 60% interest in a joint venture with Mongolian Government-owned enterprise, Erdenes Methane LLC (EM), which holds a Production Sharing Agreement with the Mineral Resources and Petroleum Authority of Mongolia (MRPAM) to explore and exploit coal seam gas
- HGM to consolidate existing shares, performance shares and options on issue on a 1 for 5 basis, and then issue a prospectus to raise up to A\$7.5 million at 3c per share;
- HGM to issue the Jade shareholders, 826,166,667 fully paid ordinary shares and 68,000,000 options (refer Table below);
- Jade to appoint two additional directors to the Board of HGM; and
- The Transaction is subject to conditions, including completion of satisfactory due diligence, shareholder approval, ASX approval and the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules. The Company's shares will remain voluntarily suspended until such time as the Transaction completes or is terminated.

Important Note:

- HGM must comply with ASX's admission and quotation requirements and therefore the Transaction may not proceed if those requirements are not met; and
- ASX has absolute discretion in deciding whether to re-admit HGM and to quote its securities.

Key acquisition terms are as follows:

Consideration	<p>Subject to the satisfaction of the relevant conditions, and on the assumption that the Company conducts and completes a consolidation on 5:1 basis (i.e. that every five existing shares are consolidated to one share), the Company intends to acquire 100% of the issued capital in Jade in consideration of the issue of the following to the shareholders of Jade:</p> <ul style="list-style-type: none"> - 826,166,667 fully paid Ordinary Shares at Completion; and - 68,000,000 Options with a term of four years from 30 June 2019 and a strike price of 4.5c.
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DIRECTORS' REPORT

<p>Conditions</p>	<p>The Transaction is subject to, and conditional upon, the satisfaction of certain conditions precedent including:</p> <ul style="list-style-type: none"> - Both parties obtaining all regulatory and shareholder approvals - Completion of the Capital Raising (described below) - Completion of detailed due diligence by the Company - Execution of definitive legal documentation - The Company obtaining confirmation from ASX that the Transaction and the post-completion structure and operations of the Company are suitable for listing and thereafter the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules - Various other conditions related to pre-completion actions of Jade including conditions relating to maximum net liabilities, the absence of material adverse events and the status and progression of the proposed projects discussed above. <p>The Terms Sheet provides that additional conditions may be included in the definitive documentation arising from the outcome of due diligence.</p>
<p>Proposed Board and Management</p>	<p>On completion of the Transaction, the Company proposes to appoint two Jade directors to the Board of HGM, being Mr Joseph Burke and Mr Daniel Eddington. Messrs Dennis Morton, Brad Drabsch and Anthony Hall will remain on the Board.</p> <p>Mr Burke has spent 30 years working in Asia and has lived in China, Korea, Japan and Thailand, and has been involved in Mongolian mining enterprises since 2009. He was instrumental in the 2011 US\$500m takeover by Thai energy focused conglomerate Banpu plc of ASX listed Hunnu Coal Limited (ASX:HUN). Mr Burke was a Director and founding partner of Starboard Global, CEO of ASX listed Voyager Resources Limited (ASX: VOR), and a Director of ASX listed Avenue Resources Limited (ASX:AVY) (now Harvest Minerals Limited). He has also undertaken advisory roles with other ASX listed entities including American Pacific Borates Ltd (ASX:ABR), and Black Rock Mining Limited (ASX:BKT).</p> <p>Mr Burke holds an MBA from the Australian Graduate School of Management (AGSM).</p> <p>Mr Eddington has over 20 years' experience in the financial markets with experience across multiple sectors including the resource, energy and industrial sectors. He specialises in equity capital markets and has been responsible for IPO's, placements, reverse takeovers, underwritings, corporate negotiations and corporate advisory for companies predominantly in the resource sector.</p> <p>Mr Eddington has a Bachelor of Commerce Degree from The University of South Australia and a Graduate Diploma in Applied Finance & Investment from the Securities Institute of Australia.</p>

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DIRECTORS' REPORT

Other Terms	The Terms Sheet otherwise contains terms which are typical for an agreement of a similar nature, including warranties and representations, requirements on Jade to maintain (or procure the maintenance of) licences, pre-completion activities of the parties, confidentiality and dispute resolution.
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The Company notes the fundraise of A\$7.5m referred to above has been substantially completed and is expected to be formally closed post receipt of feedback from ASX. The Company is expecting to receive this feedback by mid September 2021.

RESULTS

The operating result for the half-year ended 30 June 2021 was a loss after income tax of \$454,472 (30 June 2020 \$369,913).

COVID-19 DISCLOSURES

The Board does not believe the COVID-19 pandemic will have any impact on the Group's ability to continue as a going concern nor in its current ability to work in Australia or Mongolia and to continue pursuing new ventures.

SUBSEQUENT MATTERS

The Company has held an Annual General Meeting of shareholders on 30 June 2021, at which approval of the following was obtained for:

- the acquisition Jade Gas Pty Ltd acquisition;
- a security consolidation on the basis of 1 share for every 5 held;
- appointment of two new directors, Joseph Burke and Daniel Eddington;
- issue 250,000,000 fully paid shares at \$0.03 to raise \$7.5m;
- change in the Company name from High Grade Metals Limited to Jade Das Holdings Limited;
- approval for related parties, Anthony Hall, Steven Formica, Brad Drabsch, Adrien Wing and Dennis Morton to partake in the \$7.5m, capital raising;
- options to be issued to related parties Steven Formica, Brad Drabsch and Dennis Morton;
- an increase in the non-executive remuneration pool from \$300,000 per annum to \$400,000 per annum;
- adoption of the remuneration report;
- re-election of Adrien Wing as a director; and
- election of Dennis Morton as a director.

On 7 July 2021, the Company announced that, following Shareholders' approval at the 2021 AGM, it had consolidated the following securities on a basis of 1 security for every 5 held:

Security	ASX code	Number of securities	
		Prior to consolidation	Post consolidation
Fully paid ordinary shares	HGM	566,172,490	113,234,498
Unlisted Options	HGMAS	35,000,000	7,000,000
Performance Shares	HGMAQ	240,000,000	48,000,000

The Company is currently working with the ASX to satisfy its requirements with respect to the material acquisition and subsequent release to the market.

The Company has also substantially completed an associated fundraise for A\$7.5m. The fundraise is expected to be formally closed post receipt of feedback from ASX. The Company is expecting to receive this feedback by mid September 2021.

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DIRECTORS' REPORT

AUDITOR INDEPENDENCE

The auditor's independence declaration for the period ending 30 June 2021 has been given and is set out on the following page.

SIGNED in accordance with a resolution of the directors,



Anthony Hall
Executive Chairman
Signed on 10 September 2021

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

As lead auditor for the review of High Grade Metals Limited for the half-year ended 30 June 2021, 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 High Grade Metals Limited and the entities it controlled during the period.



G K Edwards
Director

BDO Audit (SA) Pty Ltd

Adelaide, 10 September 2021

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2021**

	Note	30 Jun 2021	30 Jun 2020
		\$	\$
Other income			
Financial income		126	293
Sale of Asset		-	24,893
Total other income	3	<u>126</u>	<u>25,186</u>
Expenses			
Corporate expenses	4	(368,906)	(331,685)
Administrative expenses		(51,311)	(58,876)
Project Cost Expensed		(34,381)	(78,329)
Total Expenses		<u>(454,598)</u>	<u>(468,890)</u>
Loss before income tax expense		(454,472)	(443,704)
Income tax expense	5	-	73,791
Loss for the period		<u>(454,472)</u>	<u>(369,913)</u>
Item that will not be reclassified subsequently to profit or loss net of tax			
Other comprehensive income			
Foreign exchange on the translation of subsidiaries		(3,992)	(3,506)
Total other comprehensive loss, net of tax		(3,992)	(3,506)
Total comprehensive loss for the period		<u>(458,464)</u>	<u>(373,419)</u>
Basic and diluted loss per share			
Loss per share (cents per share)	6	(0.08)	(0.08)

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

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Note	30 Jun 2021	31 Dec 2020
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		43,803	82,637
Trade and other receivables		37,048	29,022
Other assets		27,538	95,167
Total current assets		<u>108,389</u>	<u>206,826</u>
Non-current assets			
Exploration and evaluation expenditure		4,647,099	4,689,565
Accumulated Impairment Losses		(4,647,099)	(4,689,565)
Total non-current assets		<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>108,389</u>	<u>206,826</u>
LIABILITIES			
Current liabilities			
Trade and other payables		442,887	190,659
Unsecured Loan from Directors		100,000	-
Total current liabilities		<u>542,887</u>	<u>190,659</u>
TOTAL LIABILITIES		<u>542,887</u>	<u>190,659</u>
NET ASSETS		<u>(434,498)</u>	<u>16,167</u>
EQUITY			
Contributed equity	10	10,740,921	10,740,921
Reserves	8	122,405	118,598
Accumulated losses		(11,297,824)	(10,843,352)
TOTAL EQUITY		<u>(434,498)</u>	<u>16,167</u>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2021**

	Contributed Equity	Accumulated Losses	Other Reserves	Total Equity/ (Deficiency)
	\$	\$	\$	\$
Balance at 1 January 2020	10,184,747	(10,163,522)	109,043	130,268
Loss after income tax expense for the period	-	(369,913)	-	(369,913)
Other comprehensive income for the period, net of tax	-	-	(3,506)	(3,506)
Total comprehensive loss for the period	-	(369,913)	(3,506)	(373,419)
Securities issued during the period	-	-	7,842	7,842
Share issue costs	-	-	-	-
Transactions with owners	-	-	7,842	7,842
Balance at 30 June 2020	10,184,747	(10,533,435)	113,379	(235,309)
Balance at 1 January 2021	10,740,921	(10,843,352)	118,598	16,167
Loss after income tax expense for the period	-	(454,472)	-	(454,472)
Other comprehensive income for the period, net of tax	-	-	(3,992)	(3,992)
Total comprehensive loss for the period	-	(454,472)	(3,992)	(458,464)
Securities issued during the period	-	-	7,799	7,799
Share issue costs	-	-	-	-
Transactions with owners	-	-	7,799	7,799
Balance at 30 June 2021	10,740,921	(11,297,824)	122,405	(434,498)

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

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2021**

Note	30 Jun 2021	30 Jun 2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	126	293
Payments to suppliers and employees	(139,132)	(311,093)
Net cash used in operating activities	(139,006)	(310,800)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for Exploration assets	-	-
Sale of Exploration assets	-	-
Sale of SRN Shares	-	198,500
Net cash provided by investing activities	-	198,500
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares and options	-	-
Unsecured loan from Directors	100,000	-
Net cash used by financing activities	100,000	-
Net decrease in cash held	(39,006)	(112,300)
Cash and cash equivalents at beginning of financial period	82,637	231,832
Effect of Exchange rate changes	172	1,721
Cash and cash equivalents at end of financial period	43,803	121,253

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 30 JUNE 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 30 June 2021 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX:HGM).

This interim financial report does not include all notes of the type normally included within the annual financial report, it is intended to provide users with an update on the latest annual financial statements of High Grade Metals Limited and its controlled entities (referred to as the “Consolidated Group” or “the Group”). It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2020, together with any public announcements made during the following half-year.

These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. The Group has not elected to early adopt any other Standards or amendments that are issued but not yet effective. The adoption of all new and revised Standards and Interpretations has not resulted in any changes to the Group’s accounting policies and has no effect on the amounts reported for the current or prior periods.

These interim financial statements were authorised for issue on 10 September 2021.

Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New and revised standards

There are no issued but not yet effective accounting standards or interpretations that are expected to significantly impact the Group in future financial years

Impact of COVID-19 pandemic

Judgment has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the operations of the Group and its financial position and results. The Board does not believe the COVID-19 pandemic will have any impact on the Group’s ability to continue as a going concern nor to continue working in Australia. As at 30 June 2021 and the date of this report, there has been no significant impact upon the financial results and position of the Group reported on in these consolidated financial statements as a result of the COVID-19 pandemic. The Board and management will continue to monitor the impact of the pandemic on the Group’s operations and state of affairs.

Going concern

For the period ended 30 June 2021 the Group recorded an operating loss of \$454,472 and a cash outflow from operating activities of \$139,006 for the period ended 30 June 2021. As at 30 June 2021 the group recorded net liabilities of \$434,498 and cash and cash equivalents of \$43,803.

These matters indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The Group’s ability to continue as a going concern is contingent on the completion of the fundraising of \$7.5 million and re-listing. The

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 30 JUNE 2021**

Board has implemented these measures and as such the financial statements are prepared on the going concern basis. The financial statements do not include any adjustments that may be necessary if the Group is unable to continue as a going concern.

In addition to the above, the World Health Organisation announced that the Coronavirus (COVID-19) had become a pandemic on 11 March 2020. The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst it has had no financial impact for the Group up to 30 June 2021, 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. The full impact of COVID-19 and timing of easing of restrictions continues to evolve. At the date of this report, it is uncertain what the effect will be on the group and potentially it will have a post balance date impact.

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

NOTE 2: DIVIDENDS

No dividends were paid or proposed during the half year ended 30 June 2021.

NOTE 3: OTHER INCOME

	30 Jun 2021	30 Jun 2020
	\$	\$
Interest income	126	293
Profit on sale of financial assets	-	24,893
Total other income	<u>126</u>	<u>25,186</u>

NOTE 4: EXPENSES

	30 Jun 2021	30 Jun 2020
	\$	\$
Corporate expenses		
ASX & ASIC	18,788	24,301
Accounting and company secretarial fees	26,912	10,340
Audit fees	25,640	30,100
Consulting fees	103,591	16,521
Director fees	127,798	208,842
Legal fees	60,587	35,223
Marketing and travel expenses	371	-
Share registry fees	5,219	6,358
	<u>368,906</u>	<u>331,685</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 30 JUNE 2021**
NOTE 5: INCOME TAX

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

	30 Jun 2021	30 Jun 2020
	\$	\$
Accounting loss before tax from continuing operations	(454,472)	(443,704)
At the parent entity's statutory income tax rate of 26% (2019: 27.5%)	(118,163)	(122,019)
- Non-deductible expenses	-	-
- Unused tax losses and temporary differences not recognised as deferred tax assets	118,163	122,019
- Reverse prior year income tax liability	-	73,791
Income tax attributable to entity	-	73,791

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

	30 Jun 2021	30 Jun 2020
	\$	\$
Losses available for offset against future tax liabilities 26% (2020: 27.5%)	4,920,151	7,029,601
Deductible temporary differences	-	(80,571)
	4,920,151	6,949,030

The Group has based its workings on the current 26% (2020: 27.5%) tax rate, on the basis that if the Group has future taxable profits, it is likely that the Group will not be a Small Business Entity (SBE) and therefore the tax rate applicable will be 27.5%.

The Continuity of Ownership Test (COT), or failing that, the Same Business Test, has not been considered to determine whether tax losses can be carried forward as at 30 June 2021. The recovery of the losses is subject to satisfaction of the tax loss recoupment rules.

NOTE 6: EARNINGS PER SHARE

	30 Jun 2021	30 Jun 2020
	\$	\$
Earnings used in the calculation of EPS		
Loss for the period	(454,472)	(369,913)
Weighted average number of ordinary shares used as the denominator in calculating basic EPS	Number 566,172,490	Number 452,937,867

The Company's 35,000,000 (2020: 135,000,000) options on issue are not considered dilutive and accordingly basic loss per share is the same as diluted loss per share.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 30 JUNE 2021**
NOTE 7: ISSUED CAPITAL

	30 Jun 2021	31 Dec 2020
	\$	\$
Issued share capital		
566,172,490 fully paid ordinary shares (2020: 566,172,490)	10,740,921	10,740,921
	<u>10,740,921</u>	<u>10,740,921</u>

On the 7 July 2021, the Company announced that, following Shareholders' approval at the 2021 AGM, it had consolidated the ordinary shares on a basis of 1 security for every 5 held, refer to Note 10 for further details.

NOTE 8 RESERVES

	30 Jun 2021	31 Dec 2020
	\$	\$
Option reserve (Note a)	118,049	110,250
Foreign exchange reserve on the conversion of subsidiary undertakings	4,356	8,348
Total	<u>122,405</u>	<u>118,598</u>

a. Share Option Reserve

	30 June 2021	31 Dec 2020
	\$	\$
Opening balance	110,250	94,480
Issue of options on 20 May 2019 ⁽¹⁾	7,799	15,770
Total	<u>118,049</u>	<u>110,250</u>

At 30 June 2021, there were 35,000,000 (31 December 2020: 35,000,000) options on issue. On 7 July 2021 the Options were consolidated refer to Note 10 for further details.

(1) On 20 May 2019, 35,000,000 options were granted to Directors at a fair value of \$0.001 per option. The issue of options was approved by shareholders at the Company's Annual General Meeting held on 20 May 2019. The Company has calculated the fair value using the Black-Scholes option pricing model. The fair value at 30 June 2021 of the options granted is \$48,603.

The option value in the period were calculated using the Black-Scholes option pricing model applying the following inputs:

Options issued	35,000,000
Share price on date granted	\$0.005
Grant date	20 May 2019
Exercise price	\$0.03
Expected volatility	100%
Risk-free interest rate	1.21%
Annualised time to expiry	3.09

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 30 JUNE 2021**

Expense as per Black-Sholes calculations as follows:

	12 months 30 June 2020 \$	6 months 31 Dec 2020 \$	6 months 30 June 2021 \$	12 months 30 June 2022 \$	Total \$
35,000,000 options	15,770	7,928	7,799	15,727	48,603
Total Year	15,770	7,928	7,799	15,727	48,603
Cumulative	17,149	25,077	32,876	48,603	

NOTE 9: COMMITMENTS

Since the last annual reporting date, there has not been a material change to commitments or contingencies.

NOTE 10: EVENTS SUBSEQUENT TO REPORTING PERIOD

The Company held an AGM of shareholders on 30 June 2021, at which approval of the following was obtained:

- the Jade Gas Pty Ltd acquisition;
- a security consolidation on the basis of 1 share for every 5 held;
- appointment of two new directors, Joseph Burke and Daniel Eddington;
- issue of 250,000,000 fully paid shares at \$0.03 to raise \$7.5m;
- change of the Company name from High Grade Metals Limited to Jade Gas Holdings Limited;
- approval for related parties, Anthony Hall, Steven Formica, Brad Drabsch, Adrien Wing and Dennis Morton to partake in the \$7.5m, capital raising;
- options to be issued to related parties Steven Formica, Brad Drabsch and Dennis Morton to partake on the \$7.5m, capital raising;
- increase the non-executive remuneration pool from \$300,000 per annum to \$400,000 per annum;
- adoption of the remuneration report;
- re-election of Adrien Wing as a director; and
- election of Dennis Morton as a director.

On the 7 July 2021, the Company announced that following Shareholders' approval at the 2021 AGM, the Company has consolidated the following securities on a basis of 1 security for every 5 held:

Security	ASX code	Number of securities	
		Prior to consolidation	Post consolidation
Fully paid ordinary shares	HGM	566,172,490	113,234,498
Unlisted Options	HGMAS	35,000,000	7,000,000
Performance Shares	HGMAQ	240,000,000	48,000,000

The Company is in the process of completing the proposed acquisition of Jade Gas Pty Ltd and on 14 July 2021 lodged a prospectus to complete the associated fundraise.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 30 JUNE 2021**

The Company has substantially completed the fundraise for A\$7.5m under the prospectus. The fundraise is expected to be formally closed post receipt of feedback from ASX. The Company is expecting to receive this feedback by mid September 2021.

The Company continues in voluntary suspension of its ordinary shares until the earlier of the termination of the Jade Transaction or completion of the Transaction and re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Except for the above, no matters or circumstances have arisen since the end of the financial year, that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTE 11: RELATED PARTY TRANSACTIONS

Key management personnel

Total remuneration of Key management personnel for the period is disclosed in Note 4 under Corporate Expenses.

Related party transactions

Non-Executive Director- Adrien Wing and Executive Chairman -Anthony Hall, have each provided the company a short term unsecured, interest free loan of \$130,000 each during May 2021 and August 2021. The loans are repayable within seven days of relisting on the ASX.

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DIRECTORS' DECLARATION

The directors of the Group declare that:

1. The financial statements and notes
 - a. Comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - b. Give a true and fair view of the economic entity's financial position as at 30 June 2021 of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the group will be able to pay its debts when they become due and payable.

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



Anthony Hall
Chairman

Dated 10th September 2021

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of High Grade Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 30 June 2021 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.

Material uncertainty relating to going concern

We draw attention to Note 1 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 conclusion is not modified in respect of this matter.

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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 is free from material misstatement, whether due to fraud or error.

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 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

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.

A handwritten signature in blue ink that reads 'BDO'.

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink that reads 'G K Edwards'.

G K Edwards
Director

Adelaide, 10 September 2021

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