



Carnaby

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Annual Report June 2021

Carnaby Resources Limited





Corporate directory

Directors

Peter Bowler (Non-Executive Chairman)

Rob Watkins (Managing Director)

Greg Barrett (Non-Executive Director)

Paul Payne (Non-Executive Director)

Company Secretary

Greg Barrett

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Stock Exchange

Australian Securities Exchange Ltd

ASX Code: CNB

ABN

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Website

carnabyresources.com.au

Front Cover Photograph: Strelley Gold Project, Pilbara Region, Western Australia

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Chairman's Letter

Dear Fellow Shareholders,

Welcome to the 2021 Annual Report for Carnaby Resources Limited (ASX: CNB). As we look back on our Company's second full year as a gold and copper focussed explorer, I am pleased to report that in this short time frame the Company has achieved several significant milestones which augur extremely well for you, our shareholders.

The Company's targeted exploration efforts at our Australian Gold and Copper tenements have revealed a suite of extremely exciting results. Additionally, shortly after the start of the year, the Company announced the sale of its Tick Hill Tailings Dam Ore Reserve for approximately \$6 million (\$4 million in cash plus a 5% NSR Royalty). The sale left the Company well-funded to expedite exploration programs across its portfolio, whilst realising the value of this asset at a time of near record Australian Dollar gold prices. The processing of the tailings continues with royalty revenues bolstering our strong cash position.

Looking to the future, we are excited to be in the enviable position of being able to follow up immediately on numerous potentially company transforming gold and copper drill intercepts. Our strong cash position will be augmented by the sale of our non-core Scandinavian assets when the total consideration of \$1.5M is received.

The Company now holds 442 km² of tenure and 60 km of strike in the Mallina Basin region northeast of De Grey Mining Ltd's (ASX: DEG) Hemi gold discovery.

The Company has identified several large-scale gold targets culminating with our recent announcement of composite drill results from the first RC hole at the Bastion Prospect of 5m @ 8.55 g/t gold from 95m¹.

The Company's Managing Director, Rob Watkins best summed up our enthusiasm of this result:

"The discovery of high grade "Hemi style" intrusion hosted gold mineralisation is a major breakthrough. This is the most significant drill intercept to date over the entire Strelley Project and in particular the Bastion Prospect which is untested over 2 km of potential strike below thin sand cover. The implications of this discovery for the wider region are equally exciting, especially the additional key projects pegged and

acquired over the last 12 months which cover 442 km² of mostly unexplored terrain. We look forward with great anticipation to receiving more results and commencing a major drill out at Bastion."

Copper focused exploration efforts this year over our extensive portfolio of brownfields copper tenements, the Greater Duchess Copper-Gold Project in Mount Isa, Queensland have yielded exceptional results to coincide with strong copper prices. To highlight this, broad zones of copper-gold mineralisation have recently been intersected confirming the continuity of a thick (~40m true width) high grade shoot from near surface to over 300m down plunge to the deepest intersection which is completely open at depth. Results from one drillhole included 60m @ 1.0% copper from 139m². These new results confirm that our Nil Desperandum Prospect is rapidly emerging as a very significant copper gold deposit of scale in the Mt Isa district.

The Company continues to expedite the development, profit share or sale of the Tick Hill Open Pit. In the previously released Tick Hill PFS, the Open Pit contributed 63,300 tonnes @ 6.1 g/t for 12,500 gold ounces³.

Lastly, I wish to thank our very small team of dedicated Carnaby employees, lead by our Managing Director Rob Watkins, who have navigated selflessly through the challenges of working and travelling throughout the previous twelve months, severely impacted by COVID. I'm excited about the Company's exploration and development plans in what promises to be a transformational year for our Company.



Peter Bowler
Non-Executive Chairman

¹ Refer ASX announcement 8 September 2021

² See ASX announcement 13 August 2021

³ Refer ASX announcement 5 June 2020

Directors' Report

1. Directors' report

The Directors present their report for Carnaby Resources Limited (**Carnaby** or the **Company**) and its subsidiaries (the **Group**) for the year ended 30 June 2021.

2. Directors

The names, qualifications and experience of the Company's Directors in office during the year and as at the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

| Name and qualifications | Experience and other directorships |
|--|---|
| <p>Peter Bowler <i>Dip Farm Management (Hons)</i> Non-Executive Chairman Appointed 23 April 2019</p> <p><i>Other current directorships</i> Nil</p> <p><i>Previous directorships (last 3 years)</i> Nil</p> | <p>Mr Bowler was previously the founding Managing Director of Beadell Resources Limited from 2007 to 2015 and, prior to that, Managing Director of Agincourt Resources Limited from 2003 to 2007.</p> <p>Under his leadership those companies grew to a peak market capitalisation of approximately \$800 million and \$500 million respectively.</p> |
| <p>Robert Watkins <i>BSc (Hons), MAusIMM</i> Managing Director Appointed 23 April 2019</p> <p><i>Other current directorships</i> Nil</p> <p><i>Previous directorships (last 3 years)</i> Nil</p> | <p>Mr Watkins is a geologist with over 20 years exploration experience and a proven track record of exploration success, both in Australia and overseas.</p> <p>He was previously a founding Executive Director of Beadell Resources Limited and, prior to that, Exploration Manager of Agincourt Resources Limited.</p> |
| <p>Paul Payne <i>B.AppSc Grad Dip Min Ec, Grad Cert (Geostats), FAusIMM</i> Non-Executive Director</p> <p><i>Other current directorships</i> Dreadnought Resources Limited Essential Metals Limited</p> <p><i>Previous directorships (last 3 years)</i> Auteco Minerals Limited</p> | <p>Mr Payne is a geologist with 30 years of experience within the mining industry, including over ten years of independent consulting across a range of commodities and jurisdictions. Mr Payne currently serves as an independent consultant to De Grey Mining Ltd (ASX: DEG) and Musgrave Minerals Ltd (ASX: MGV).</p> <p>Mr Payne has extensive technical experience in the evaluation of mineral deposits from early-stage exploration to definitive feasibility studies.</p> <p>Mr Payne has held recent corporate roles including Technical Director and Managing Director of ASX listed companies including the position of founding Managing Director of Dacian Gold Limited.</p> |
| <p>Greg Barrett <i>B.Com, CA</i> Non-Executive Director Appointed 12 March 2020</p> <p><i>Other directorships</i> Nil</p> <p><i>Previous directorships (last 3 years)</i> Nil</p> | <p>Mr Barrett has over 25 years' experience as a corporate and finance professional, primarily within the mining industry.</p> <p>Mr Barrett has previously served as the Chief Financial Officer of several ASX-Listed companies with operating gold mines in Australia and abroad.</p> <p>Prior to commencing in commerce, Mr Barrett was employed by KPMG.</p> |

3. Company Secretary

Greg Barrett

Appointed 21 October 2020

4. Directors' meetings

During the financial year, in addition to regular Board discussions, the number of meetings of directors held during the year and the number of meetings attended by each director was as follows:

| Director | Number of meetings eligible to attend | Number of meetings attended |
|--------------|---------------------------------------|-----------------------------|
| Peter Bowler | 9 | 9 |
| Rob Watkins | 9 | 9 |
| Paul Payne | 9 | 9 |
| Greg Barrett | 9 | 8 |

5. Director interests

As at the date of this report, the interests of the directors in securities of Carnaby Resources Limited are as follows:

| Director | Ordinary Shares | Options – exercisable at \$0.09 each on or before 23-Apr-2024 | Options – exercisable at \$0.10 each on or before 23-Apr-2024 |
|----------------|-----------------|---|---|
| Peter Bowler | 5,000,000 | 2,000,000 | 1,000,000 |
| Robert Watkins | 4,444,418 | 2,000,000 | 1,000,000 |
| Greg Barrett | 4,444,418 | 2,000,000 | 1,000,000 |
| Paul Payne | 675,000 | - | - |

6. Principal activities

The principal activity of the Company during the financial year was mineral exploration.

7. Operating and financial review

7.1 Review of operations

During the year, the Company greatly expanded its exploration efforts with a primary focus on the Pilbara Gold Projects in the Mallee Basin, Western Australia and at the Greater Duchess Copper-Gold Project in the Mount Isa Inlier of Queensland (Figure 1).

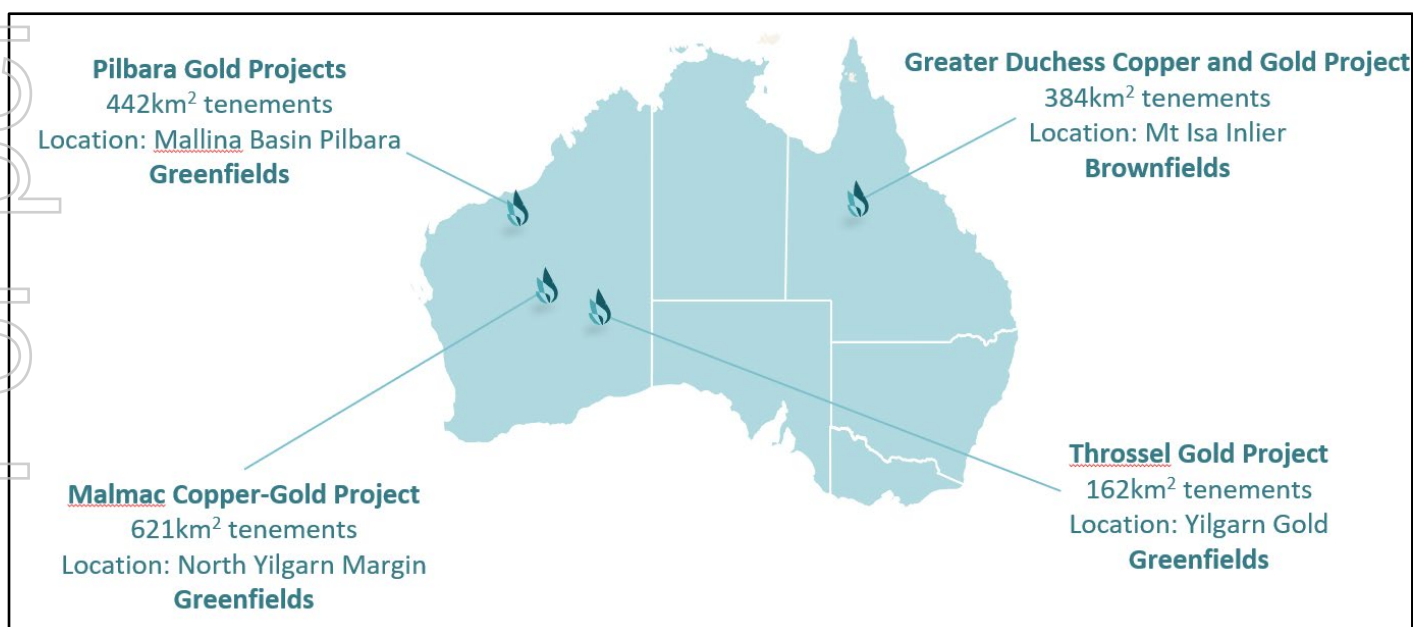


Figure 1 | Carnaby Projects

PILBARA, WESTERN AUSTRALIA

The Company's Pilbara Gold Projects, acquired throughout the year, comprise 442km² of highly prospective tenure located along the Berghaus and Tabba Tabba Shear Zones in the Mallina Basin. Exploration has primarily focussed on the Strelley Project which lies approximately 70 km northeast of De Grey Mining Ltd's (ASX:DEG) Hemi Gold Discovery (Figure 2).

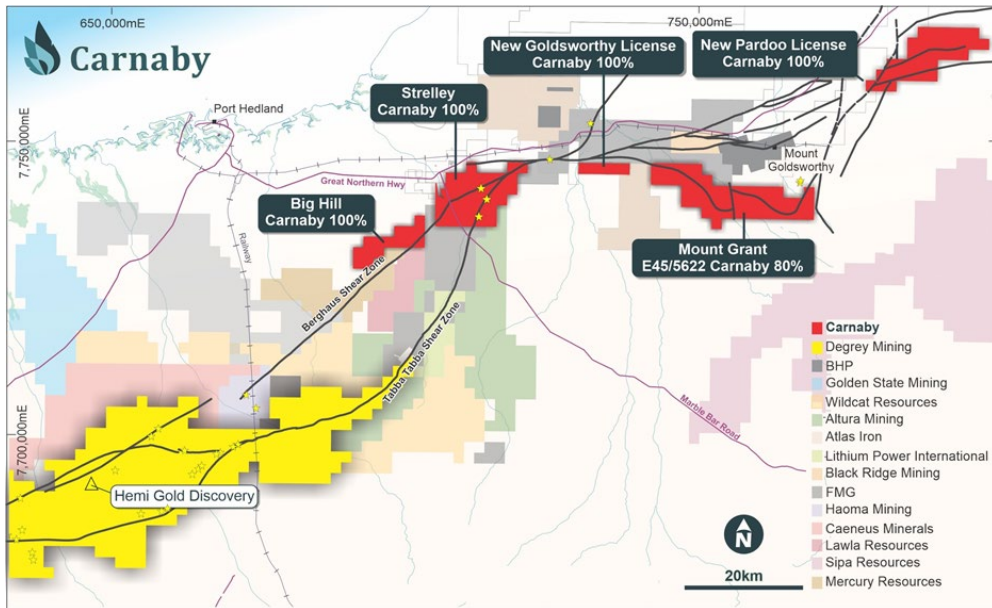


Figure 2 | Pilbara Gold Projects

Strelley Gold Project (CNB 100%)

The Strelley Project contains 15 km strike of the Tabba Tabba Shear Zone, located in a key target structural convergence with the Berghaus Shear Zone, with aeromagnetic surveys conducted in October 2020 identifying several "Hemi-style" intrusion targets (Figure 3). Multiple aircore and RC drilling programs have since been completed at Strelley. The aim of the first pass drill programs was to scope out the Tabba Tabba and Berghaus Shear Zone structural pathways for evidence of broad mineralised trends beneath the shallow sand cover. The programs have successfully identified several gold prospects at Strelley which are being followed up with ongoing exploration programs.

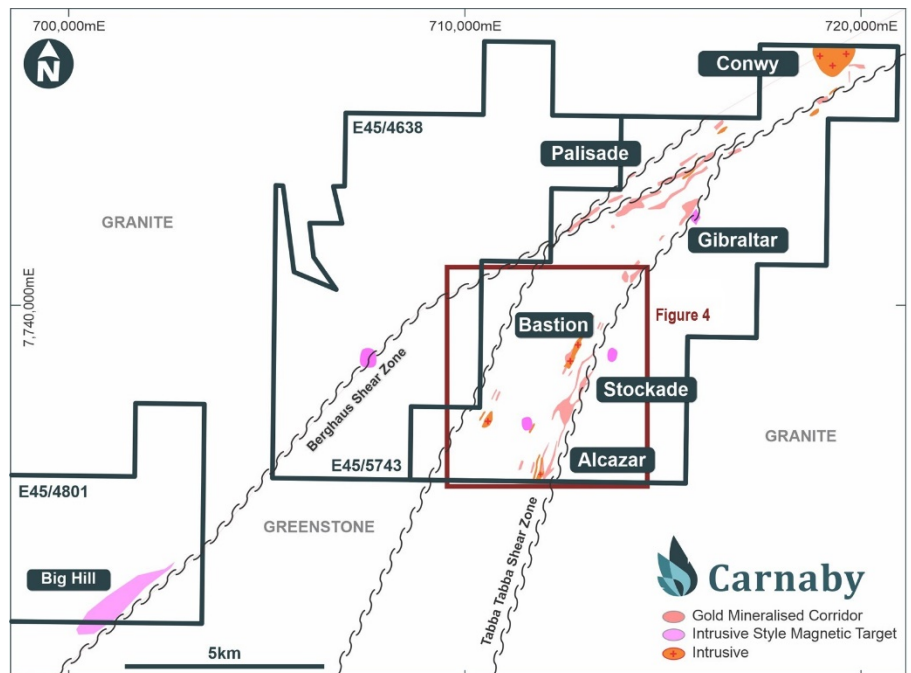


Figure 3 | Strelley Project location map showing location of gold mineralised corridors, intrusion style magnetic targets and recently identified intrusions

Bastion Prospect

Following up on a 0.5 g/t gold bottom of hole result from an initial RC drilling program in late 2020, a single diamond drill hole tail PLDD0005 was drilled at the Bastion Prospect in April 2021. The tail intersected a broad zone of "Hemi-style" strongly altered intrusion with wide zones of gold mineralisation up to 3.2 g/t gold. Two traverses of wide spaced and shallow aircore drilling were completed 360m and 1,000m northeast of PLDD0005. Both aircore lines intersected anomalous gold and arsenic within an

intrusion in bottom of hole results. PLAC0702 tagged the Bastion intrusion in the last meter of the hole with a result of 1m @ 0.14 g/t gold from 26m to BOH. The Bastion intrusion trend is completely open for another 1 km NE of PLAC0702 to where the projected trend intersects the Gibraltar Prospect.⁴

Subsequent to the end of the period an extensive RC drilling program has been completed to test the Bastion intrusion, which the aircore drilling was only able to effectively tag under approximately 7 – 10m of cover sequence sands, masking the underlying geology / mineralisation. Composite drill results from the first RC hole at the Bastion Prospect are the most significant results over the entire Strelley Gold Project to date with PLRC0043 intersecting 5m @ 8.55 g/t gold from 95m. The Company has planned immediate follow-up RC drilling to commence in October 2021.⁵ The identification of intrusion hosted gold mineralisation at Bastion resulted in the identification of several new lookalike intrusions within the Strelley Project and has greatly increased the potential of the area.

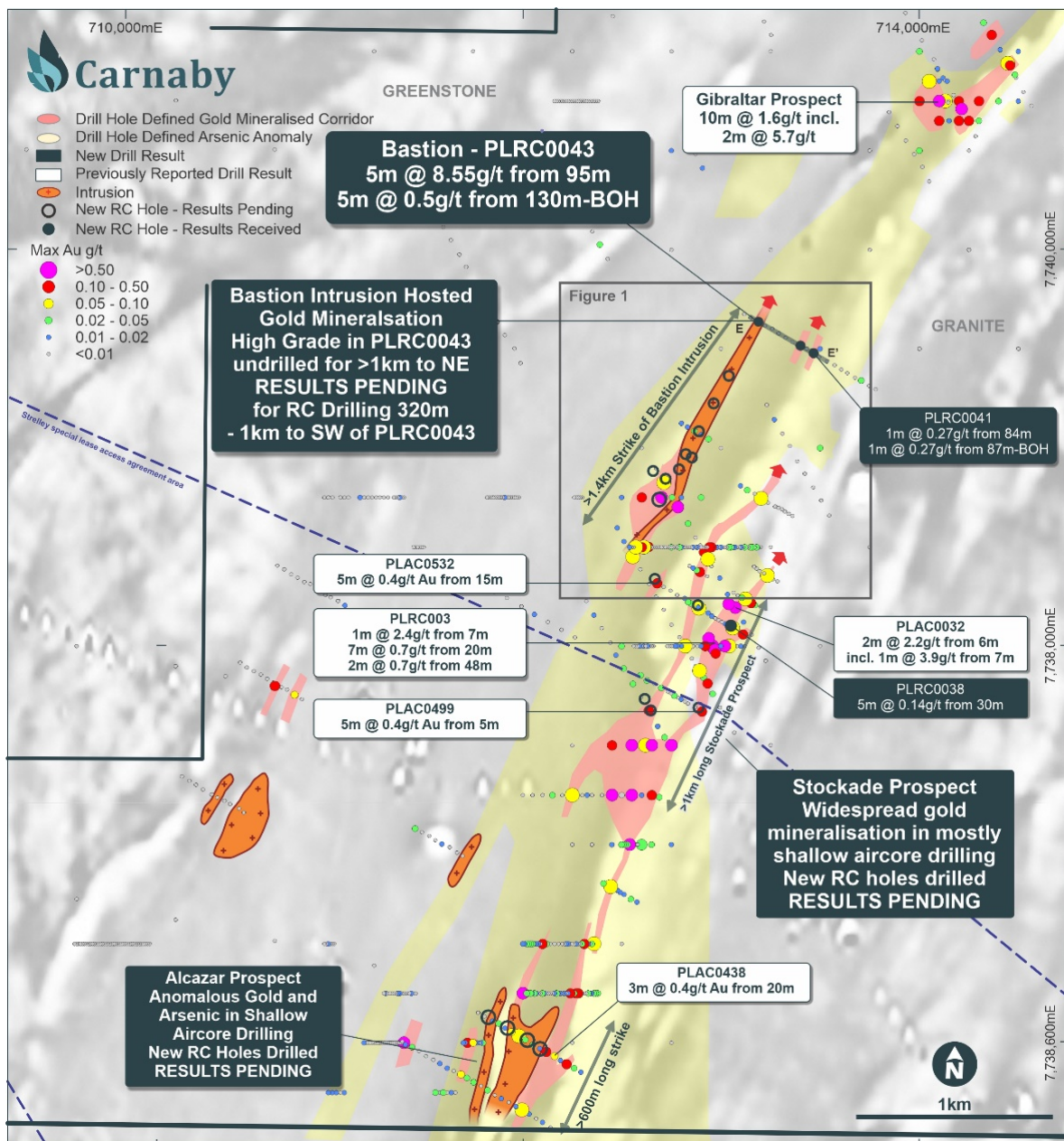


Figure 4 | Bastion Prospect map showing location of intrusion on aeromagnetics⁵

⁴ Refer ASX announcement 28 May 2021

⁵ Refer ASX announcement 8 September 2021

Stockade Prospect

Wide spaced and shallow aircore and RC drilling in late 2020 identified a greater than 1 km long gold mineralised corridor at the Stockade Prospect with significant results including 2m @ 2.15 g/t gold from 6m including 1m @ 3.85 g/t gold from 7m in PLAC0032⁶ (Figure 4). Additional aircore and diamond drilling was completed at the Stockade Prospect in April 2021 to better define the geometry and limits of the gold mineralisation and the optimal drill orientation prior to commencing the recently completed RC drilling program. Results are pending from 5 RC drill holes.

Alcazar Prospect

The Alcazar Prospect is located 2km southwest of the Stockade Prospect along the same sheared mafic greenstone corridor. Two aircore drill traverses on 320m line spacing and 40m hole spacing have intersected anomalous gold and arsenic in the shallow aircore drilling including a new intrusion across both lines of drilling (Figure 4). Shallow cover and a stripped regolith profile resulted in drilling only penetrating to shallow depths averaging 22m across both lines.

Results from the aircore drilling include 3m @ 0.4 g/t gold from 20m in PLAC438 and 1m @ 0.2 g/t gold from 10m in PLAC0435.⁷ Results are pending from 4 RC holes, all of which intersected the intrusion.

Gibraltar Prospect

The Gibraltar prospect is located on the eastern edge of the Tabba Tabba Greenstone and is hosted in sheared mafic rocks where historical RC drill results up to 10m @ 1.6 g/t gold including 2 m @ 5.7 g/t gold has been intersected (Figure 4).

A single diamond core tail hole PLDD0002 was completed to better understand the style and orientation of gold mineralisation where the basement rocks are completely masked by shallow sand cover. Detailed structural analysis is being completed on the core to better understand the orientation of the structure and lithology prior to considering further drilling.

Palisade and Conwy Prospects

To the northeast of the Strelley project several new intrusions have been identified from aircore drilling conducted during the period including a large intrusion in the NE corner of the tenement (Figure 3). Results from a further 56 aircore holes drilled in this area are awaited.

The Palisade and Conwy Prospects occur at the confluence of two major fault structures being the Tabba Tabba and Berghaus Shear Zones. Both exhibit extensive gold anomalism and remain a high priority for ongoing exploration at Strelley.

Mount Grant Gold Project (CNB 80%)

During the period, a high-resolution aeromagnetic survey was completed at Mount Grant. Results from the survey highlighted several new "Hemi style" intrusion targets along the main granite greenstone contact that is interpreted to represent the northern continuation of the Tabba Tabba Shear Zone.⁸

The Mount Grant tenement is completely overlain by alluvial cover and is unexplored for gold mineralisation. The intrusion style targets identified represent distinct bullseye targets for first pass drill testing and form a pipeline of prospects that will be tested with drilling in the future.

Big Hill

The Big Hill project is favourably located on the Berghaus Shear Zone which is considered to be a major structural corridor northeast of the Hemi gold discovery. Minimal historical exploration has been completed on the tenement. First pass preliminary soil sampling has recently been conducted at Big Hill with results pending.

Pardoo

The Pardoo exploration license application covers 110 km² along a significant structural trend that is overlain by alluvial cover and is previously unexplored for gold mineralisation. Several distinct intrusion type targets have been identified within the tenement which form a pipeline of prospects that will be tested with drilling in the future.

Goldsworthy

The Goldsworthy tenement application contains approximately 4 km strike of unexplored granite / greenstone contact along the interpreted eastern extension of the Tabba Tabba Shear Zone. The Tabba Tabba Shear Zone is considered to be a fertile structure for gold mineralisation. Systematic exploration of the Goldsworthy tenement will be completed in due course.

⁶ Refer ASX announcement 27 January 2021

⁷ Refer ASX announcement 28 May 2021

⁸ Refer ASX announcement 26 October 2020

GREATER DUCHESS COPPER - GOLD PROJECT, MOUNT ISA INLIER, QUEENSLAND

The Company's Greater Duchess Copper - Gold Project was acquired by the Company in April 2019. The exploration package covers a substantial landholding of 323 km² within the highly prospective Mt Isa Inlier (Figure 6).



Figure 5 | Greater Duchess Copper-Gold Project and Tick Hill Gold Project

Greater Duchess Copper-Gold Project (CNB 82.5% – 100%)

The Greater Duchess Copper-Gold Project lies to the North of the Tick Hill Gold Project on a land holding of approximately 323 km² with multiple undeveloped copper rich Iron Oxide Copper Gold (IOCG) and epigenetic Tick Hill style gold targets over a 50 km corridor.

The tenement package includes the historical Duchess Copper-Gold Mine which produced approximately 205,000 t at 12.5% copper from 1900-1940 as well as numerous shallow IOCG deposits in a camp scale setting. Individual deposits within the project include Nil Desperandum, Mount Birnie, Duchess, Big Beauty, Freckle and numerous other target areas of shallow historical workings, large soil anomalies and undrilled outcropping mineralisation.

Potential exists to define several shallow open pittable resources that can be amalgamated into a single mining project and hauled to nearby processing facilities at either Mt Isa, Cloncurry or Osborne or to discover a large stand-alone IOCG deposit.

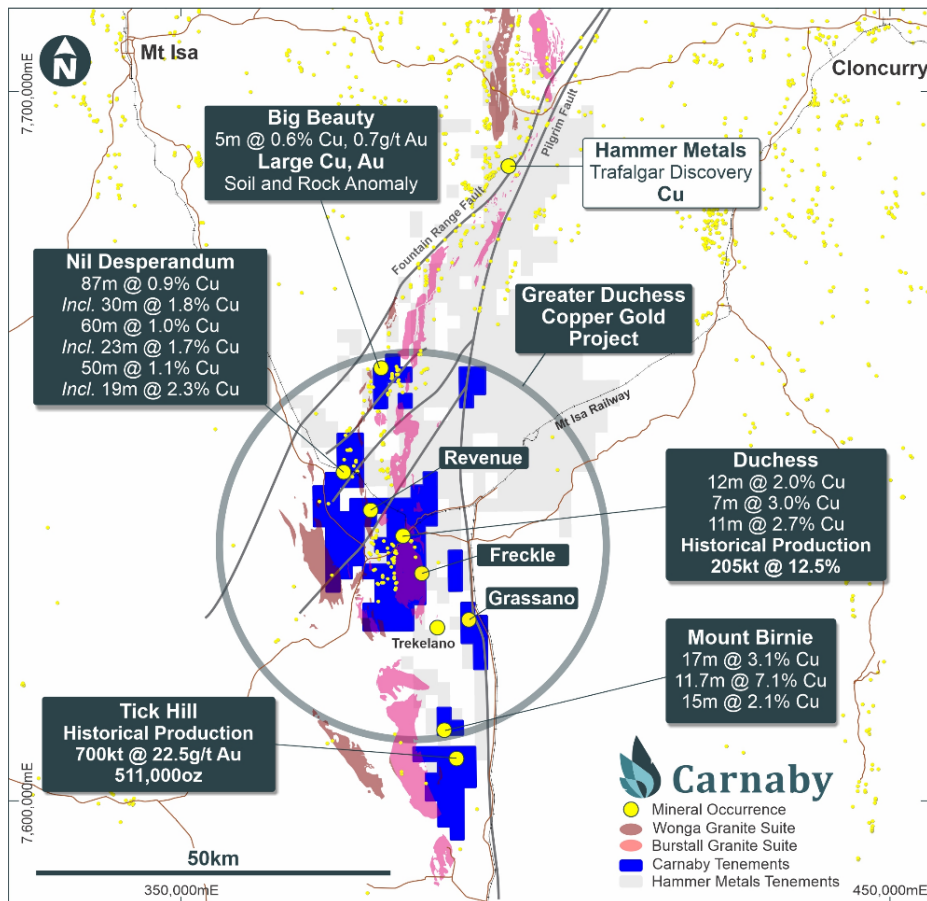


Figure 6 | Duchess Copper-gold Project showing location of target areas⁹

A 15-line km ground Induced Polarisation (IP) pole / dipole survey completed in early 2021 by the Company at Greater Duchess has identified numerous new IP anomalies. These were immediately targeted, along with deposit extensions, by an extensive RC and diamond drilling program at Nil Desperandum and Mount Birnie Prospects and other key target areas within the Greater Duchess Copper-Gold Project.

Nil Desperandum Prospect

RC drilling programs at Nil Desperandum during and subsequent to the end of the period have intersected broad zones of copper-gold mineralisation extending over 300m and completely open at depth. At least two mineralised horizons referred to as the Hangingwall Zone and the Footwall Zone have been identified, with standout results including; NLRC027 – 60m @ 1.0% copper from 139m including 23m @ 1.7% copper from 152m in the Hangingwall Zone and NLRC017 – 87m @ 0.9% copper from 190m including 30m @ 1.8% copper from 242m in the Footwall Zone.⁹

The broad zones of copper gold mineralisation intersected in NLRC027 importantly confirmed the excellent continuity and width of the main high grade plunging shoot between the broad high grade shallower intersections and the broad high grade deeper zones intersected in NLRC017. The results confirm the continuity of a thick (~40m wide) high grade plunging pipe like shoot over 300m down plunge which remains completely open at depth.

New results have recently been received from the second phase of drilling completed at Nil Desperandum. The results have confirmed the up-dip projection of the main plunging shoot with near surface results up to 15m @ 1.0% copper from 10m in NLRC039 (Figure 7). The down-plunge extent of the southwest plunging lode remains completely open at depth with a new result in diamond hole NLDD0031 of 48.2m @ 0.6% copper from 281m including 11.1m @ 1.4% copper from 294m (Figure 7). NLDD031 is interpreted to have intersected the lode at a similar down-plunge position to NLDD024 which intersected 53m @ 0.5% copper. The higher-grade plunge of NLRC017 which intersected 87m @ 0.9% copper including 30m @ 1.8% copper is interpreted to project immediately west of the result in NLDD031 and in line with the NLIP4 IP chargeability which is yet to be drilled. Further drilling is planned to target this area.¹⁰

The wider Nil Desperandum area is also considered to be highly prospective and includes extensive historical workings with little or no recorded exploration. The northeast / southwest strike extension potential of the main Nil Desperandum trend is a high priority target and exploration programs are planned including soil sampling, mapping, stockpile / dump sampling and additional drilling.

⁹ See ASX announcement 13 August 2021

¹⁰ See ASX announcement 16 August 2021

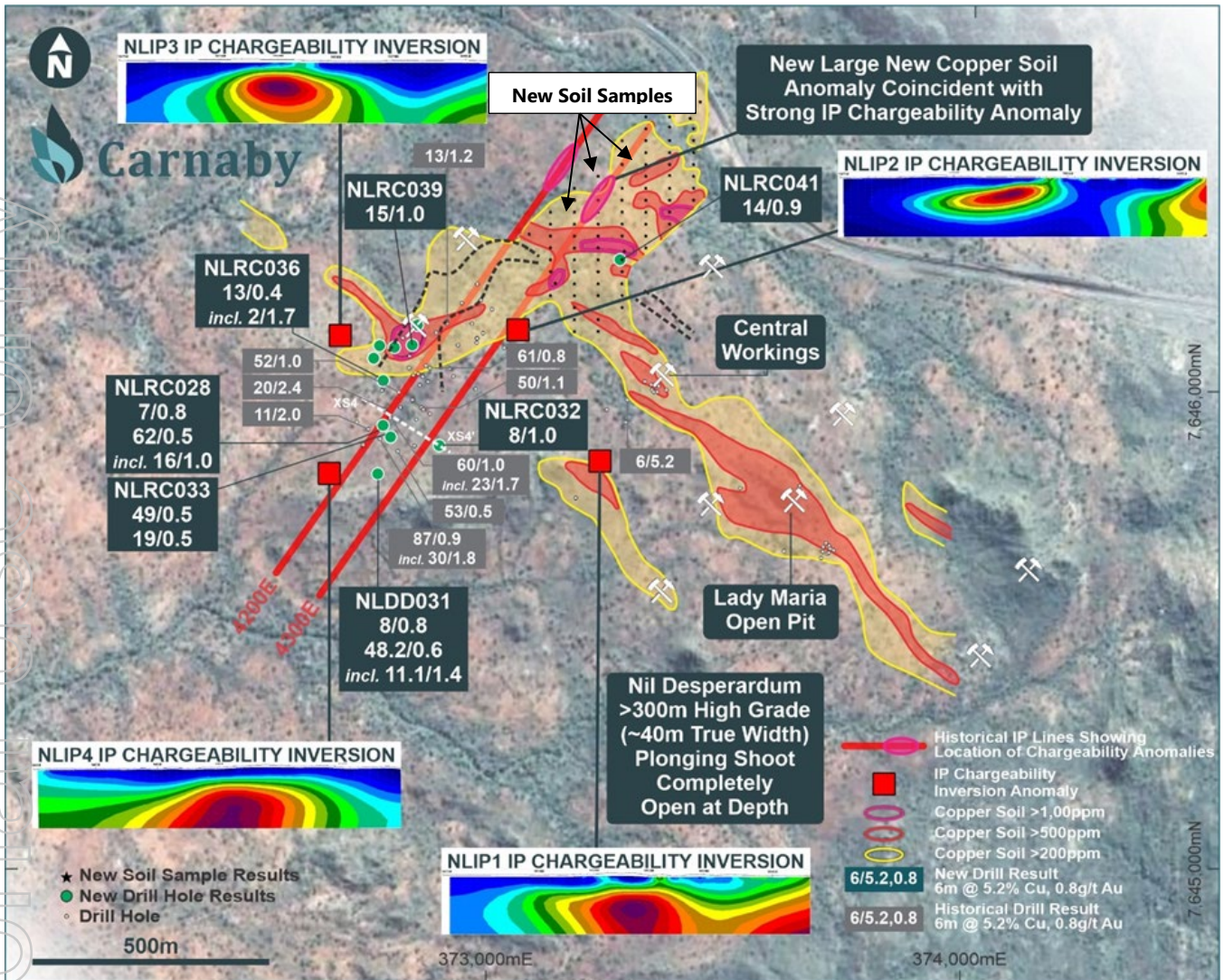


Figure 7 | Nil Desperandum Plan Showing Location of RC Drill Results⁹

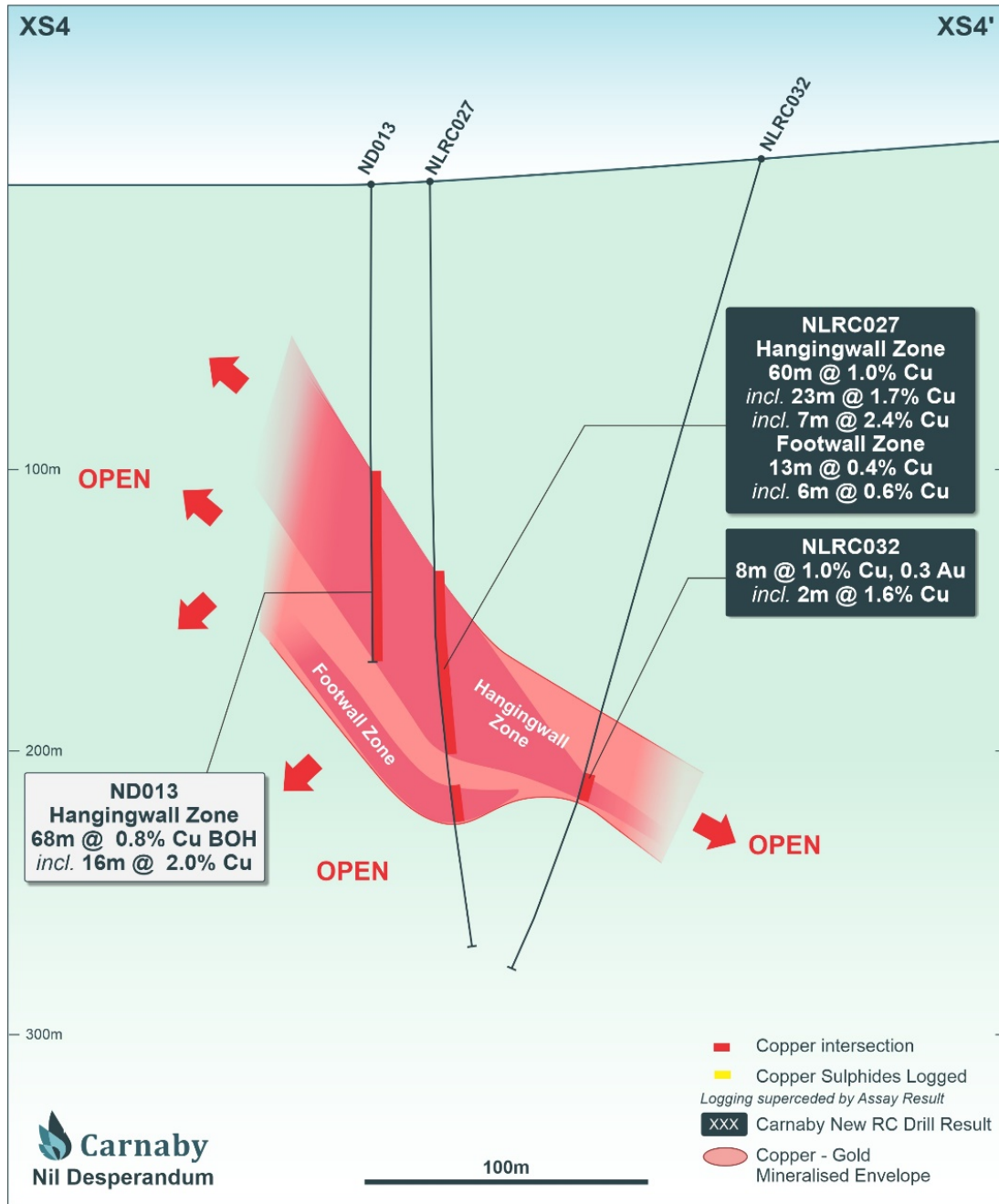


Figure 8 | Nil Desperandum Cross Section XS4⁹

Mount Birnie

In 2019 Carnaby intersected high grade and shallow copper mineralisation at the Mount Birnie Prospect with drill results including 3m @ 9.3% copper, 1.0 g/t gold and 2m @ 9.5% copper within 17m @ 3.1% copper.¹¹

RC Drilling at Mount Birnie during the year has identified a high-grade copper-gold shoot, plunging steeply west and open at depth (Figure 8). Notable results include: MBC016 – 5m @ 5.2% copper, 2.6 g/t gold from 76m and MBC032 – 30m @ 0.8% copper from 190m.¹¹

¹¹ Refer ASX announcement 1 August 2019

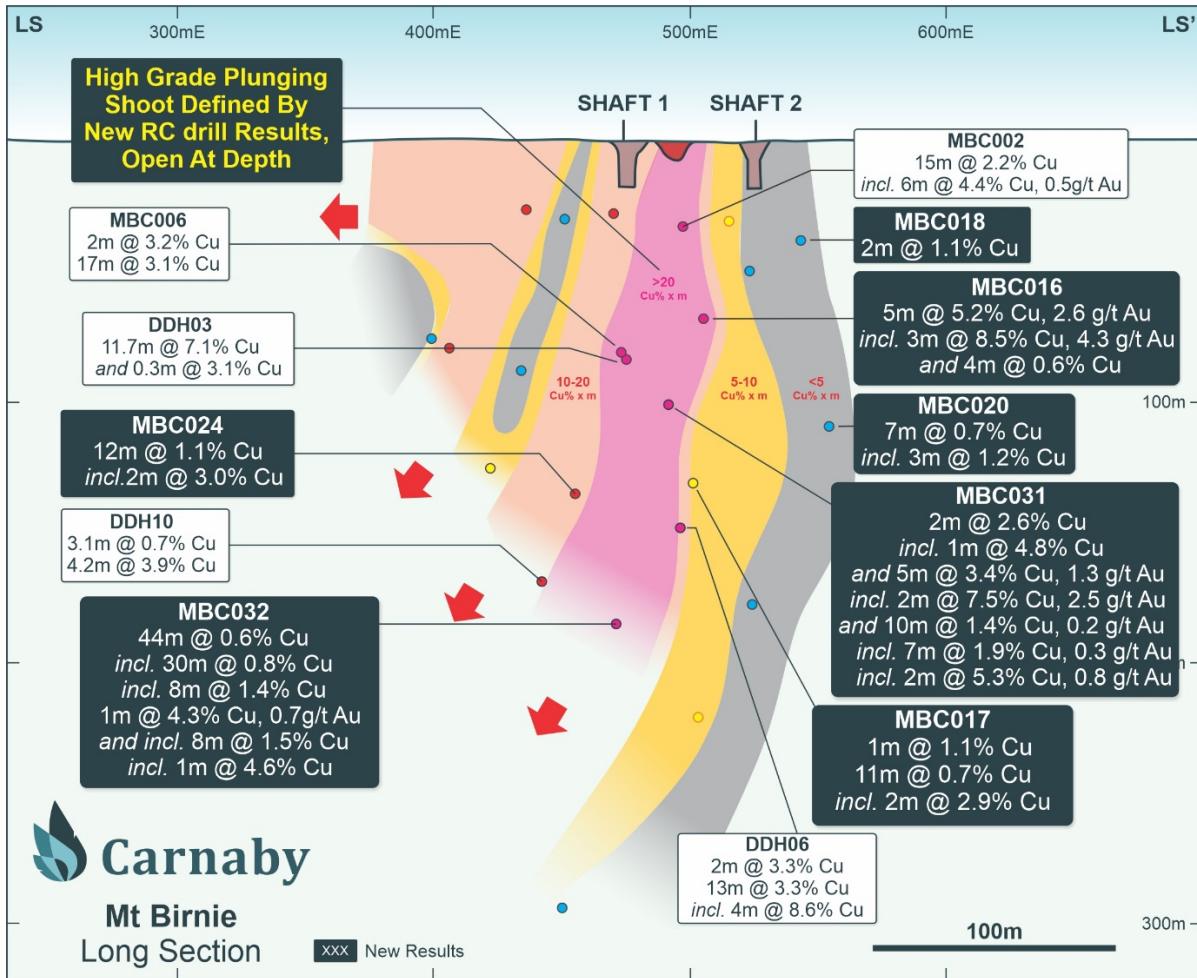


Figure 9 | Mount Birnie Long Section Showing Location of New RC Drill Results¹²

Tick Hill Gold Project (CNB 100%)

The historic Tick Hill Mine produced 511,000 ounces of gold at 22.5 g/t gold between 1991 and 1995 and was one of Australia's highest grade and most profitable gold deposits ever mined. It was mined to only 235 m below surface at an average of 2,184 ounces of gold per vertical metre, with an average strike length of just 80 m. It is believed that the Tick Hill orebody was faulted off at depth with the offset extension yet to be discovered. Historical reported metallurgical gold recoveries were 97% with a highly positive mill reconciliation reported against resource estimates.

In August 2020, the Company announced the divestment of the Tailings Dam Ore Reserve Stockpiles of 410,900 t @ 1.35 g/t for 17,800 gold ounces. The Company received cash consideration of \$4 million plus a standard 5% NSR Royalty which has yielded \$0.4 million to date.

The Company has retained 100% ownership of Tick Hill and all remaining Mineral Resources and Ore Reserves, including the Tick Hill Open Pit, which contains a Probable Ore Reserve of 48,000 t @ 6.53 g/t for 10,200 gold ounces (Table 1) and PFS Production Mill Feed of 63,300 t @ 6.1 g/t for 12,500 gold ounces.¹³ The Company continues to assess and advance its options and opportunities regionally to develop the Tick Hill Gold Project while completing additional permitting requirements and ongoing baseline monitoring programs. A decision to develop, consolidate and / or divest part or all of the open pit cutback project is continuing to be evaluated and discussed with 3rd parties.

¹² Refer ASX announcement 5 July 2021

¹³ Refer ASX announcement 5 June 2020

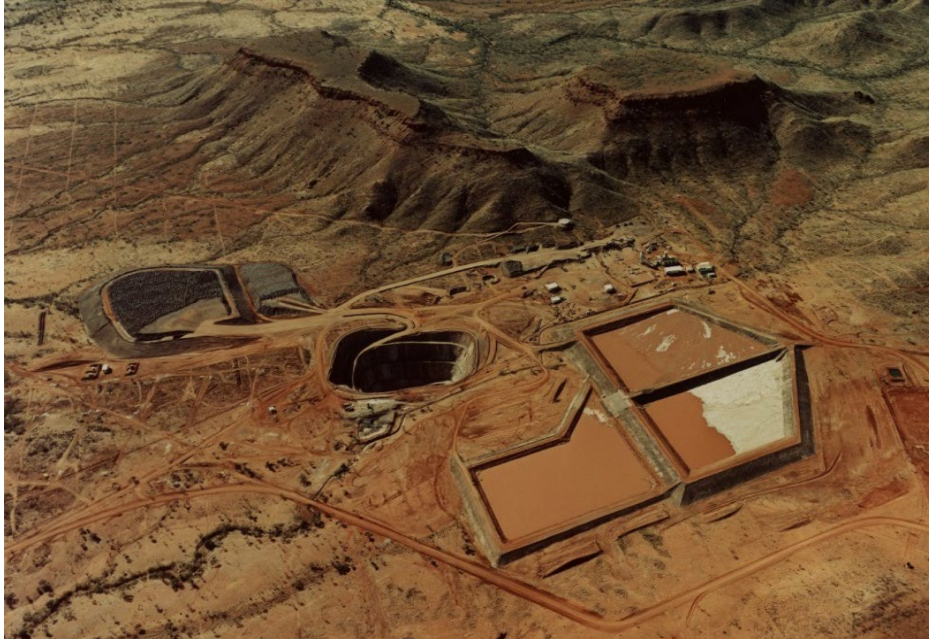


Figure 10 | Tick Hill Mine, operated from 1991-1995

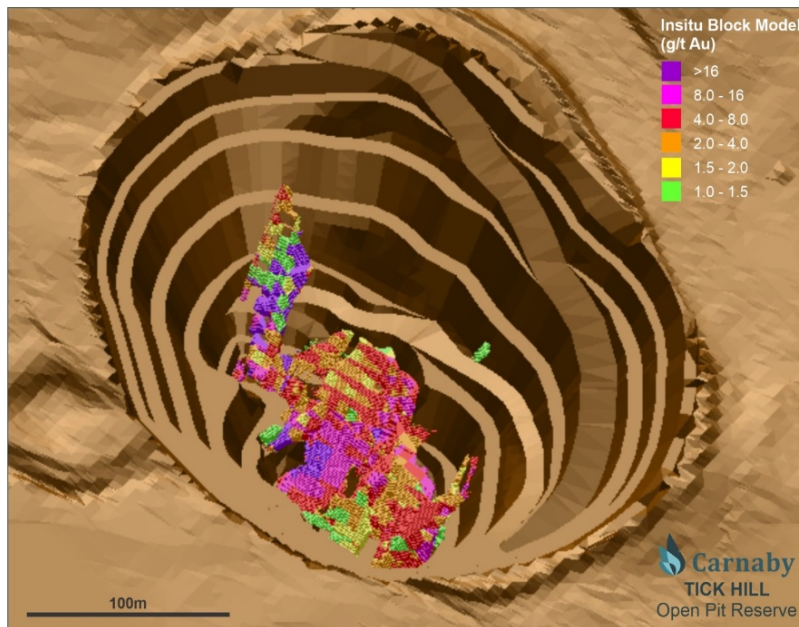


Figure 11 | Tick Hill 3D view of engineered design open pit and Resource gold block model.

YILGARN MARGIN, WESTERN AUSTRALIA

The Company's Yilgarn Margin Gold projects comprise the Throssel Gold Project and the Malmac Gold Project. Both Throssel and Malmac are considered prospective for orogenic gold, sedimentary exhalative (SEDEX) and volcanogenic massive sulphide (VHMS) base metals deposits, and nickel and platinum group elements (PGE's).

Malmac Project (CNB 100%)

The Malmac Project covers 810 km² within the northern Yilgarn margin mobile belt. A technical review of all available data is underway to progress the early-stage rock chip and ultrafine soil sampling exploration results announced in February 2021. Mineralisation styles being targeted include volcanogenic massive sulphides, sediment-hosted, epithermal, orogenic and structurally controlled gold and base metal deposits within the Troy Creek rock package.

The project lies on the northern margin of the Earraheedy Basin and comprises a package of rocks variously termed the 'Troy Creek Beds' or 'Troy Creek Schist'. Rocks in this area are poorly understood and poorly described, with no firm depositional age or depositional environment clearly described. The Troy Creek package has been affiliated with the Bryah Group (host to the Degruusa, Monty and Horseshoe Lights Cu-Au massive sulphide deposits), Yerrida Group (host to the epithermal-style Thaduna Copper Deposit) and the Earraheedy Group (host to the recent Chinook Zn-Pb discovery by Rumble Resources Limited).

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Further work was undertaken in September 2021 including low-cost soil sampling, geological mapping and rock chip sampling. Geophysical methods will be considered to further refine drill targets during the 2021 field season.

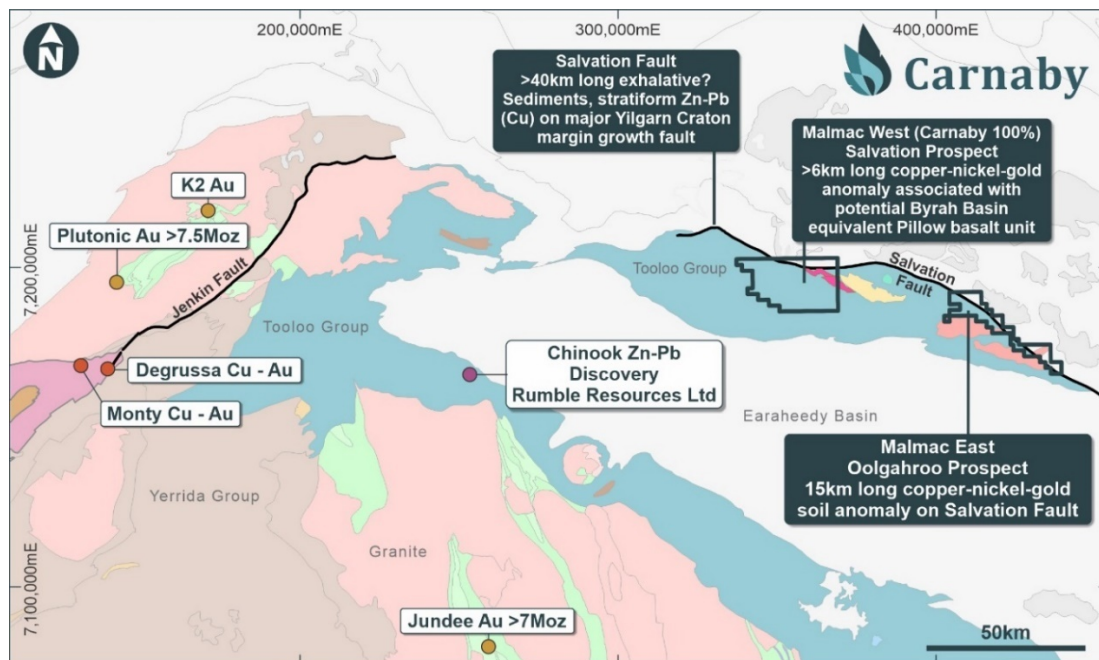


Figure 12 | Malmac Project Location and Geology Map¹⁴

Throssel Project (CNB 100%)

The Throssel Project application covers 162 km² located 70 km north of the Gruyere Gold Deposit being developed by the Gold Road Resources and Goldfields Ltd. The project area covers a potential 20 km strike of unexplored greenstone belt under shallow cover.

LAINÉJAUR, SWEDEN

Lainejaur Nickel Project

On 18 March 2021, the Company announced the signing of a binding Share Sale Agreement for the sale of the Lainejaur Project in Sweden for \$1.5 million. This agreement settled subsequent to the end of the year on 16 July 2021 and improved consideration terms which expedite the payment schedule were announced on 19 July 2021.

7.2 Financial performance

The Company's net profit after tax attributable to the shareholders for the year to 30 June 2021 was \$371,382 (2020 Loss: \$3,123,086). The Group's net assets increased \$5,576,675 (2020 decreased: \$2,785,107). The Group's cash and restricted cash position as at 30 June 2021 was \$7,000,191 (2020: \$1,487,313).

7.3 Corporate

On 21 October 2020, Mr Barrett was appointed as Company Secretary in addition to his role as Non-Executive Director and Mr Ben Larkin resigned from his position of Company Secretary.

During the year, the Company raised a total of \$5 million comprised of \$2.65 million (Tranche 1) and a further \$350,000 received from director participation (Tranche 2) which was approved by shareholders at the general meeting in October 2020. Concurrently, the Company raised \$2 million from an over-subscribed Share Purchase Plan (SPP).

8. Dividends

No dividend was paid or declared by the Company during the year and up to the date of this report.

9. Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the financial year, other than as set out in this report.

10. Events subsequent to the reporting date

Improved Terms for Sale of Lainejaur Project

On 19 July 2021, the Company announced the improved consideration terms for the sale of the Lainejaur Project in Sweden for \$1.5 million. As at 30 June 2021 the carrying value of these assets was nil having been impaired in full in prior years. The Company, relative to the previous arrangement announced in March 2021, will benefit from an expedited payment schedule which is as follows:

¹⁴ Refer ASX announcement 29 July 2021

1. If, on or before 31 December 2021, Bayrock Resources Ltd (BRL) has completed either an IPO or a reverse takeover transaction (RTO), consideration payable to Carnaby will consist of;
 - a) Cash payment of \$1,000,000; and
 - b) \$500,000 worth of fully paid ordinary shares in either the capital of BRL if an IPO is undertaken or the RTO Target Entity if an RTO is undertaken.
2. If BRL has not completed either an IPO or RTO prior to 31 December 2021, consideration payable to Carnaby will consist of;
 - a) Cash payment of \$750,000 on 31 December 2021; and
 - b) Cash payment of \$750,000 on 31 December 2022.

There have been no other significant events subsequent to the end of the financial year to the date of this report.

11. Likely developments

The Board will continue to advance exploration and development opportunities in relation to its projects.

12. Environmental performance and regulations

The operations of the Company are presently subject to environmental regulation under the laws of the Commonwealth of Australia. The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

13. Share options

As at the date of this report there were 10,205,000 unissued ordinary shares under options. The details of the options are as follows:

| Number | Exercise Price \$ | Expiry Date |
|-------------------|-------------------|-------------|
| 955,000 | \$0.16 | 30-Jun-22 |
| 250,000 | \$0.12 | 30-Jun-23 |
| 6,000,000 | \$0.09 | 23-Apr-24 |
| 3,000,000 | \$0.10 | 23-Apr-24 |
| 10,205,000 | | |

These options do not entitle the holder to participate in any share issue of the Company.

Share Options Exercised during the period:

During the period, the following unlisted options were exercised in accordance with their terms:

| Exercise Date | Number | Exercise Price \$ | Expiry Date |
|-----------------|-----------|-------------------|-------------|
| 23 October 2020 | 250,000 | \$0.16 | 30-Jun-22 |
| 27 October 2020 | 600,000 | \$0.16 | 30-Jun-22 |
| 4 November 2020 | 2,000,000 | \$0.001 | 30-Nov-20 |
| 9 November 2020 | 300,000 | \$0.001 | 30-Nov-20 |
| 12 May 2021 | 125,000 | \$0.16 | 30-Jun-22 |

Share Options lapsed during the period:

During the period, the following unlisted options lapsed in accordance with their terms:

| Lapse Date | Number | Exercise Price \$ | Expiry Date |
|------------------|---------|-------------------|-------------|
| 4 November 2020 | 400,000 | \$0.12 | 30-Jun-23 |
| 31 December 2020 | 750,000 | \$0.50 | 31-Dec-20 |
| | 750,000 | \$0.65 | 31-Dec-20 |

14. Indemnification and insurance of directors and officers

The Company has entered into agreements to indemnify all directors and officers of the Company against any liability arising from a claim brought by a third party against the Company. The Company has paid premiums to insure each Director and Officer against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or Officer. Disclosure of the amount of the premium is subject to a confidentiality clause under the insurance policy.

15. Indemnification of the auditor

The Group has not provided any insurance or indemnity for the auditor of the Company.

16. Proceedings on behalf of the Company

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

17. Non-audit services

During the period Grant Thornton, the Company's auditor, provided no services in addition to their statutory duties in Australia (2020: nil).

18. Lead auditors independence declaration

The Lead auditor's independence declaration is set out on page 47 and forms part of the Directors' Report for the period ended 30 June 2021.

19. Audited remuneration report

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the Key Management Personnel (**KMP**) of Carnaby Resources Limited for the financial year ended 30 June 2021. KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The KMP include the directors of the Company and other executives, whom during the period have been identified as;

| Name | Position | Period in position during the year |
|--------------------------------|----------------------------------|------------------------------------|
| Non-Executive Directors | | |
| Mr Peter Bowler | Non-Executive Director, Chairman | Full Year |
| Mr Paul Payne | Non-Executive Director | Full Year |
| Mr Greg Barrett | Non-Executive Director | Full Year |
| Executive Directors | | |
| Mr Rob Watkins | Managing Director | Full Year |

19.1 Principles of remuneration

The Board is responsible for determining and reviewing compensation arrangements for directors and other KMP. Remuneration levels for directors and other KMP are competitively set to attract and retain appropriately qualified and experienced directors and executives, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders. The Board determines remuneration packages using trends in comparative companies with consideration of the role, capability and experience of each individual director or other executive.

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter and Remuneration Policy. The Board has elected not to establish a remuneration committee based on the size of the organisation and has instead agreed to meet as necessary and to allocate the appropriate time to issues regarding remuneration at Board meetings.

The Company's current remuneration structures consist of fixed remuneration and offers to participate in the Company's Employee Share Option Plan. The Company has not offered performance-based cash bonuses to executives, but may do so in the future. Non-executive directors are not eligible to be offered any performance-based cash bonuses.

Fixed remuneration

Fixed remuneration consists of base remuneration and employer contributions to superannuation funds, which is currently set in accordance with the following table:

| KMP | Fixed remuneration |
|------------------------|--------------------|
| Chairman | \$51,563 |
| Managing Director | \$275,000 |
| Non-Executive Director | \$34,375 |

In April 2020, Non-Executive Director fees and the Managing Director's salary were temporarily reduced by 50% and 40% respectively as a result of the COVID-19 pandemic while the Company assessed the impact of the pandemic. These changes were reverted by the Board upon review in August 2020.

Additional fees

Should a director perform special duties or services outside the scope of the ordinary duties of that director, that director may be paid additional fees as the Board determines. Directors may be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Employee Share Option Plan

The Group has an established share option plan (**ESOP**) that entitles eligible employees, including directors, to purchase shares in the Company. Under the plan, the Board may issue options to acquire shares in the future at an exercise price fixed by the Board on grant of options.

The vesting of all options is subject to service conditions being met whereby the recipient must meet the eligible employee criteria as defined in the plan, unless determined otherwise by the Board. The vesting of options may be subject to achievement of performance hurdles, as determined by the Board.

19.2 Details of remuneration

Director and other KMP remuneration

Details of the nature and amount of each element of the remuneration of each director or other KMP of the Group are as follows:

| | Salary & fees (short term) \$ | Super (post employment) \$ | Share based payments (options) ⁴ \$ | Total \$ |
|-------------------------------------|-------------------------------------|-------------------------------------|---|----------------|
| 12 months ended 30 June 2021 | | | | |
| Directors | | | | |
| Peter Bowler | 42,837 | 4,069 | - | 46,906 |
| Rob Watkins | 239,538 | 22,756 | - | 262,294 |
| Paul Payne | 28,558 | 2,713 | 13,004 | 44,275 |
| Greg Barrett | 27,692 | 2,631 | - | 30,323 |
| Company Secretary | | | | |
| Greg Barrett | 48,462 | 4,604 | - | 53,066 |
| Total compensation | 387,087 | 36,773 | 13,004 | 436,864 |

| | Salary & fees (short term) \$ | Super (post employment) \$ | Share based payments (options) ⁴ \$ | Total \$ |
|-------------------------------------|-------------------------------------|-------------------------------------|---|----------------|
| 12 months ended 30 June 2020 | | | | |
| Directors | | | | |
| Peter Bowler | 40,673 | 3,864 | - | 44,537 |
| Rob Watkins | 225,600 | 21,432 | - | 247,032 |
| Paul Payne | 27,115 | 2,576 | 31,730 | 61,421 |
| Greg Barrett ¹ | 5,655 | 536 | - | 6,191 |
| Former KMP | | | | |
| Justin Tremain ² | 21,577 | 2,050 | 44,821 | 68,448 |
| Neil Inwood ³ | 4,269 | 406 | 89,640 | 94,315 |
| Total compensation | 324,889 | 30,864 | 166,191 | 521,944 |

¹ Mr Barrett was appointed on 12 March 2020.

² Mr Tremain resigned on 12 March 2020.

³ Mr Inwood resigned on 16 August 2019.

⁴ In accordance with AASB 2 Share Based Payments, the fair value of share based payments (**SBP**) is determined at the date of grant using the Black-Scholes option pricing model. SBP expense is allocated to each period evenly over the period from grant date to vesting date. The value disclosed is the portion of SBP expense recognised as an expense in each reporting period.

Options granted as remuneration

No options were granted during or since the end of the period to directors or other KMP in respect of their remuneration.

19.3 Shareholdings of directors and other KMP

The number of shares in the Company held during the financial year by directors and other KMP of the Group, including their related parties, is set out below.

| | Balance at the start of the year | Granted during the year as compensation | On exercise of share options | Other changes during the year | Balance at the end of the year |
|------------------|-------------------------------------|---|---------------------------------|----------------------------------|-----------------------------------|
| Directors | | | | | |
| Peter Bowler | 4,277,752 | - | - | 722,248 | 5,000,000 |
| Rob Watkins | 4,277,752 | - | - | 166,666 | 4,444,418 |
| Greg Barrett | 4,277,752 | - | - | 166,666 | 4,444,418 |
| Paul Payne | 75,000 | - | 500,000 | 100,000 | 675,000 |

All equity transactions with directors and other KMP, other than those arise from the exercise of ESOP options, have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

19.4 Option holdings of directors and other KMP

The number of options over ordinary shares in the Company held during the financial year by directors and other KMP of the Group, including their related parties, is set out below.

| | Balance at the start of the year | Granted during the year as compensation | Exercised during the year | Lapsed during the year | Balance at the end of the year | Exercisable | Un-exercisable |
|------------------|----------------------------------|---|---------------------------|------------------------|--------------------------------|-------------|----------------|
| Directors | | | | | | | |
| Peter Bowler | 3,000,000 | - | - | - | 3,000,000 | 3,000,000 | - |
| Rob Watkins | 3,000,000 | - | - | - | 3,000,000 | 3,000,000 | - |
| Greg Barrett | 3,000,000 | - | - | - | 3,000,000 | 3,000,000 | - |
| Paul Payne | 500,000 | - | 500,000 | - | - | - | - |

19.5 Service contracts

Executive director

The Managing Director, Rob Watkins is employed under an Executive Employment Agreement effective 23 April 2019. Under the agreement Mr Watkins is paid an annual fee of \$250,000, plus superannuation. Mr Watkins also has the opportunity to participate in short term and long-term incentive schemes that the Company may offer in the future. The agreement may be terminated by either party by giving three months' notice in writing. The Company may elect to make a payment in lieu of notice.

Non-executive directors

On appointment to the Board, all non-executive directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, to the relevant director. The aggregate remuneration for all non-executive directors has been set at an amount not to exceed \$300,000 per annum. This amount may only be increased with the approval of Shareholders at a general meeting.

19.6 Payments before taking office

No payments were made to Mr Barrett prior to agreeing to hold office.

19.7 Loans to directors and other KMP

There were no loan balances with directors or other KMP during the financial year ended 30 June 2021.

19.8 Other benefits

Directors and other KMP are not entitled to receive any benefits other than as disclosed in this Directors Report.

19.9 Voting and comments made at the Company's 2020 Annual General Meeting

The Company received 99% "FOR" votes on its remuneration report for the 2020 financial year. No specific feedback was received from shareholders in relation to the Company's 2020 Remuneration Report at its Annual General Meeting.

END OF THE AUDITED REMUNERATION REPORT

Signed on behalf of the Board in accordance with a resolution of the directors:



Rob Watkins
Managing Director

Perth, Western Australia
24 September 2021

Reserves and Resources Statement

The Company's JORC-compliant Mineral Resources and Ore Reserves as at 30 June 2021 are as follows:

Gold Ore Reserves

Tick Hill Project, Queensland Australia (CNB 100%)

| Tick Hill Ore Reserves | Proven | | | Probable | | | Total | | |
|------------------------|----------|----------|----------|---------------|-------------|---------------|---------------|-------------|---------------|
| | tonnes | g/t | ounces | tonnes | g/t | ounces | tonnes | g/t | ounces |
| Open Pit | 0 | 0 | 0 | 48,600 | 6.53 | 10,200 | 48,600 | 6.53 | 10,200 |
| Ore Reserves | 0 | 0 | 0 | 48,600 | 6.53 | 10,200 | 48,600 | 6.53 | 10,200 |

Table 1 | Tick Hill, June 2021 Probable Ore Reserves Estimate (open pit 1.0 g/t Au cut off)

Gold Mineral Resources

Tick Hill Project, Queensland Australia (CNB 100%)

| Tick Hill Mineral Resources | Indicated | | | Inferred | | | Total | | |
|-----------------------------|---------------|-------------|---------------|----------------|-------------|---------------|----------------|-------------|---------------|
| | tonnes | g/t | ounces | tonnes | g/t | ounces | tonnes | g/t | ounces |
| Main Lode | 61,000 | 6.9 | 13,400 | 92,000 | 7.31 | 21,700 | 153,000 | 7.15 | 35,100 |
| Hangingwall Lode | 32,000 | 4.4 | 4,500 | 21,000 | 7.07 | 4,900 | 53,000 | 5.46 | 9,400 |
| Tick Hill Total | 93,000 | 6.04 | 17,900 | 113,000 | 7.27 | 26,600 | 206,000 | 6.72 | 44,500 |

Table 2 | Tick Hill, June 2021 Indicated & Inferred Mineral Resource Estimate (0.5 g/t Au cut off)

Nickel, Copper & Cobalt Mineral Resources

Lainejaur Project, Sweden

| Lainejaur Inferred Mineral Resources | Tonnes | Ni | Cu | Co | Ni | Cu | Co |
|--------------------------------------|--------|-----|-----|------|--------|-------|-----|
| | Kt | % | % | % | t | t | t |
| Massive Sulphide | 460 | 2.2 | 0.7 | 0.15 | 10,100 | 3,000 | 680 |

ID estimate using nominal 0.5m composites and an insitu dry bulk density of 4.1t/m3 for massive-sulphide mineralisation.

Table 3 | Lainejaur, February 2018 Inferred Mineral Resource Estimate (0.5% Ni cut off)

Changes since 30 June 2020

The Company sold its historic Tick Hill Tailings and ROM stockpile to private mining entity BIM Metals Pty Ltd and subsequently these have been removed from the Ore Reserves and Mineral Resources statement, refer ASX Announcement 3 August 2020. Tick Hill Ore Reserves have reduced from 459,600 tonnes at 1.89g/t for 28,000oz to 48,600 tonnes at 6.53 g/t Au for 10,200 ounces. Tick Hill Mineral Resources decreased from 845,000 tonnes at 2.47 g/t Au for 67,100 ounces to 206,000 tonnes at 6.72g/t for 44,500oz. The following tables demonstrate the changes in Reserves and Resources from 30 June 2020 to 30 June 2021:

| Tick Hill | Proven | | | Probable | | | Total | | |
|-------------------|--------|-----|--------|----------|------|--------|---------|------|--------|
| | tonnes | g/t | ounces | tonnes | g/t | ounces | tonnes | g/t | ounces |
| Ore Reserves 2020 | 0 | 0 | 0 | 459,600 | 1.89 | 28,000 | 459,600 | 1.89 | 28,000 |
| Ore Reserves 2021 | 0 | 0 | 0 | 48,600 | 6.53 | 10,200 | 48,600 | 6.53 | 10,200 |
| Change | -% | -% | -% | -89% | 246% | -64% | -89% | 246% | -64% |

Table 4 | Changes in Ore Reserves

| Tick Hill | Indicated | | | Inferred | | | Total | | |
|------------------------|-----------|------|--------|----------|------|--------|---------|------|--------|
| | tonnes | g/t | Ounces | tonnes | g/t | ounces | tonnes | g/t | ounces |
| Mineral Resources 2020 | 731,000 | 1.73 | 40,500 | 114,000 | 7.27 | 26,600 | 845,000 | 2.47 | 67,100 |
| Mineral Resources 2021 | 93,000 | 6.04 | 17,900 | 113,000 | 7.27 | 26,600 | 206,000 | 6.72 | 44,500 |
| Change | -87% | 249% | -56% | -1% | 0% | 0% | -76% | 172% | -34% |

Table 5 | Changes in Mineral Resources

For further details regarding the maiden Tick Hill Ore Reserve and Mineral Resource, refer ASX Announcement 5 June 2020.

There were no changes in the Lainejaur Project Mineral Resources however a binding Sale and Purchase agreement for the sale of the Lainejaur Project to private equity group Bayrock Resources Ltd was signed during the period and settled after year end, refer to ASX Announcement 18 March 2021 and 19 July 2021.

Annual Review

Tick Hill Project, Queensland Australia (CNB 100%)

As disclosed above, the annual review of the Company's Tick Hill Project Reserves and Resources has concluded that the Company's Reserves and Resources have been reduced by the tailings removed and processed by BIM Metals Ltd.

Lainejaur Project, Sweden

The annual review of the Company's Lainejaur Project Mineral Resources has concluded that in the absence of new exploration data or feasibility evaluation during the period, the Lainejaur Project Mineral Resources have not materially changed.

Governance controls

Due to the nature, stage and size of the Company's existing operations, the Company believes there would be no efficiencies or additional governance benefits gained by establishing a separate Mineral Resources and Ore reserves committee responsible for reviewing and monitoring the Company's processes for calculating Mineral Resources and Ore Reserves and for ensuring that the appropriate internal controls are applied to such calculations.

While the Company has not appointed a separate Mineral Resources and Ore Reserves committee, Ore Reserve estimations have been prepared by suitably qualified independent consultants. Mineral Resource estimations have been prepared by a competent, senior geologist employed by the Company and have been reviewed and verified by suitably qualified independent consultants. In addition, the existing composition of the Company's Board of Directors includes two qualified and experienced geologists with Mineral Resource expertise.

Competent Persons Statement

The information in this document that relates to the Tick Hill Deposit and Tick Hill ROM Stockpile Mineral Resources is based upon information compiled by Mr Paul Tan. Mr Tan is a full-time employee and security holder of the Company and a Member of the AusIMM. Mr Tan consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears. Mr Tan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaken to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (**JORC Code**).

The information in this document that relates to the Tick Hill Tailings Dam Mineral Resources is based upon information compiled by Mr Robert Watkins. Mr Watkins is a Director and security holder of the Company and a Member of the AusIMM. Mr Watkins consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears. Mr Watkins has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaken to qualify as a Competent Person as defined in the December 2012 edition of the JORC Code.

The information in this document that relates to the Tick Hill Deposit, Tailings Dam and ROM Stockpile Ore Reserves is based upon information compiled by Mr Nigel Spicer. Mr Spicer consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears. Mr Spicer has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaken to qualify as a Competent Person as defined in the December 2012 edition of the JORC Code.

The information in this report that relates to the Lainejaur Project Nickel, Copper & Cobalt Mineral Resources is based upon information compiled by Mr Paul Payne, an employee of Payne Geological Services Pty Ltd, and a Director and security holder of the Company. Mr Payne is a Fellow of the AusIMM and 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 December 2012 edition of the JORC Code. Mr Payne consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears.

Forward looking statements

Certain statements in this Annual Report constitute statements relating to intentions, future acts and events. Such statements are generally classified as “forward-looking statements” and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ materially from what is presented or implicitly portrayed herein. The Company gives no assurances that the anticipated results, performance or achievements expressed or implied in these forward-looking statements will be achieved.

Disclaimer

References have been made in this Annual Report to certain ASX announcements, including references regarding exploration results and mineral resources. For full details, refer to said announcement on said date. The Company is not aware of any new information or data that materially affects this information. Other than as specified in this announcement and the mentioned announcements, the Company confirms that it 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 estimates of Mineral Resources, Exploration Target(s) 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.

Corporate Governance Statement

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Carnaby Resources Limited support and adhere to the principles of sound corporate governance. Accordingly, the Board has adopted a Corporate Governance Plan which can be found on the Company’s website: www.carnabyresources.com.au. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council and considers that Carnaby Resources is in compliance to the extent possible with those guidelines, which are of particular importance and add value to the commercial operations of ASX 300 listed companies.

Carnaby Resources Limited reviews all of its corporate governance policies and practices on an annual basis to ensure they are appropriate for the Company’s stage of development. These reviews are made in consideration of the ASX Corporate Governance Council’s Principles and Recommendations which applicable at the time of the review. The Company’s Corporate Governance Statement for the year ended 30 June 2021 was approved by the Board on 24 September 2021 and is available on the Company’s website: www.carnabyresources.com.au

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2021

| | <i>Note</i> | June 2021 \$ | June 2020 \$ |
|---|-------------|-----------------|--------------------|
| Revenue from Sale of Tick Hill Tailings | 7 | 4,380,713 | - |
| Interest received | | 26,351 | 31,667 |
| Government grants and other income | | 58,969 | 50,000 |
| Administrative expenses | | (613,981) | (463,785) |
| Project exploration and evaluation expenses | | (3,440,211) | (2,396,164) |
| Share based payment expense | | (30,153) | (337,979) |
| Results from operating activities | | 381,688 | (3,116,261) |
| Finance expense | | (10,306) | (6,825) |
| Net finance expense | | (10,306) | (6,825) |
| Profit / (loss) for the period before income tax | | 371,382 | (3,123,086) |
| Income tax benefit/(expense) | 8 | - | - |
| Total comprehensive income / (loss) for the year | | 371,382 | (3,123,086) |
| Earnings per share | | | |
| Basic profit per share \$ | 21 | 0.003 | (0.033) |
| Diluted profit per share \$ | 21 | 0.003 | (0.033) |

The notes are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2021

| | <i>Note</i> | June 2021 \$ | June 2020 \$ |
|---|-------------|-------------------|------------------|
| Assets | | | |
| Cash and cash equivalents | 9 | 6,662,191 | 1,099,313 |
| Restricted cash | 10 | 15,000 | 388,000 |
| Prepayments | | 81,890 | 116,723 |
| Trade and other receivables | 11 | 346,263 | 37,723 |
| Total current assets | | 7,105,344 | 1,641,759 |
| Trade and other receivables non-current | | 400 | - |
| Restricted cash non-current | 10 | 323,000 | - |
| Exploration and evaluation assets | 13 | 4,382,092 | 4,140,379 |
| Property, plant and equipment | 14 | 29,979 | 24,288 |
| Right of use assets | 17 | 9,351 | 31,794 |
| Total non-current assets | | 4,744,822 | 4,196,461 |
| Total assets | | 11,850,166 | 5,838,220 |
| Liabilities | | | |
| Trade and other payables | 15 | 872,129 | 382,740 |
| Lease liabilities | 17 | 9,103 | 24,848 |
| Employee benefits | | 36,668 | 17,135 |
| Total current liabilities | | 917,900 | 424,723 |
| Lease liabilities | 17 | - | 9,103 |
| Employee benefits | | 1,292 | - |
| Provisions | 16 | 332,853 | 382,948 |
| Total non-current liabilities | | 334,145 | 392,051 |
| Total liabilities | | 1,252,045 | 816,774 |
| Net assets | | 10,598,121 | 5,021,446 |
| Equity | | | |
| Share capital | 20 | 17,060,166 | 11,885,025 |
| Reserves | | 2,237,922 | 2,207,770 |
| Accumulated losses | | (8,699,967) | (9,071,349) |
| Total equity | | 10,598,121 | 5,021,446 |

The notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

| | Share capital \$ | Accumulated losses \$ | Translation reserve \$ | Share option reserve \$ | Total equity \$ |
|---|---------------------|--------------------------|---------------------------|----------------------------|--------------------|
| Balance at 1 July 2019 | 11,885,025 | (5,948,263) | (28,486) | 1,898,277 | 7,806,553 |
| Total comprehensive income for the period | | | | | |
| Loss for the period | - | (3,123,086) | - | - | (3,123,086) |
| Total comprehensive loss for the period | - | (3,123,086) | - | - | (3,123,086) |
| Transactions with owners recorded directly in equity | | | | | |
| Contributions by and distributions to owners | | | | | |
| Share based payments | - | - | - | 337,979 | 337,979 |
| Total contributions by and distributions to owners | - | - | - | 337,979 | 337,979 |
| Balance as at 30 June 2020 | 11,885,025 | (9,071,349) | (28,486) | 2,236,256 | 5,021,446 |

| | Share capital \$ | Accumulated losses \$ | Translation reserve \$ | Share option reserve \$ | Total equity \$ |
|---|---------------------|--------------------------|---------------------------|----------------------------|--------------------|
| Balance at 1 July 2020 | 11,885,025 | (9,071,349) | (28,486) | 2,236,256 | 5,021,446 |
| Total comprehensive income for the period | | | | | |
| Profit / (Loss) for the period | - | 371,382 | - | - | 371,382 |
| Total comprehensive profit for the period | - | 371,382 | - | - | 371,382 |
| Transactions with owners recorded directly in equity | | | | | |
| Contributions by and distributions to owners | | | | | |
| Issue of ordinary shares | 5,277,256 | - | - | - | 5,277,256 |
| Equity transaction costs | (260,415) | - | - | - | (260,415) |
| Conversion of share options | 158,300 | - | - | - | 158,300 |
| Share based payments | - | - | - | 30,152 | 30,152 |
| Total contributions by and distributions to owners | 5,175,141 | - | - | 30,152 | 5,205,293 |
| Balance as at 30 June 2021 | 17,060,166 | (8,699,967) | (28,486) | 2,266,408 | 10,598,121 |

The notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2021

| | <i>Note</i> | June 2021 \$ | June 2020 \$ |
|---|-------------|------------------|--------------------|
| Cash flow from operating activities | | | |
| Proceeds from sale of Tick Hill tailings | | 4,159,217 | - |
| Payments to suppliers and employees | | (569,840) | (438,517) |
| Payments for exploration expenditure | | (2,937,900) | (2,129,988) |
| Net cash from / (used in) operating activities | <i>9</i> | 651,477 | (2,568,505) |
| Cashflow from investing activities | | | |
| Interest received | | 26,204 | 35,810 |
| Payments for property, plant and equipment and mineral properties | | (64,234) | (8,741) |
| Formation of subsidiary | | (1,386) | - |
| Net cash from / (used in) investing activities | | (39,416) | 27,069 |
| Cashflow from financing activities | | | |
| Proceeds from issue of share capital | | 5,026,221 | - |
| Share issue costs | | (260,415) | - |
| Proceeds from exercise of options | | 158,290 | - |
| Transfers to restricted cash | | 50,000 | (373,000) |
| Payments for lease liabilities | | (23,279) | (27,615) |
| Net cash from / (used in) financing activities | | 4,950,817 | (400,615) |
| Net increase/(decrease) in cash and cash equivalents | | 5,562,878 | (2,942,050) |
| Cash and cash equivalents at the beginning of the period | | 1,099,313 | 4,041,363 |
| Cash and cash equivalents 30 June | <i>9</i> | 6,662,191 | 1,099,313 |

The notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Reporting entity

Carnaby Resources Limited (the **Company**) is a for profit company limited by shares and incorporated in Australia, whose shares are publicly traded on the Australian Stock Exchange. The address of the Company's registered office is 78 Churchill Avenue, Subiaco, Western Australia.

The consolidated financial statements of the Company as at and for the period from 1 July 2020 to 30 June 2021 comprise the Company and its subsidiaries (together referred to as the **Group** and individually as **Group Entities**). The nature of the operations and principal activities of the Group are described in the Directors' Report

2. Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (**AASBs**) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (**AASB**) and the Corporations Act 2001. The consolidated financial report of the Group complies with International Financial Reporting Standards (**IFRSs**) and interpretations adopted by the International Accounting Standards Board (**IASB**).

The financial statements were approved by the Board of Directors on 24 September 2021.

(b) Basis of measurement

The consolidated financial statements have been prepared on accruals basis under the historical cost convention.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

Set out below is information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

(i) Restoration obligations

Significant estimation is required in determining the provision for site restoration as there are many factors that may affect the timing and ultimate cost to rehabilitate sites where construction, mining and/or exploration activities have taken place. These factors include future development and exploration activities, changes in the cost of goods and services required for restoration activities and changes to the legal and regulatory framework governing restoration obligations. These factors may result in future actual expenditure differing from amounts currently provided. Refer to note 16 for further information.

(ii) Share-based payment transactions

The Company measures the cost of equity-settled transactions and cash-settled share-based payments with employees and third parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value at the grant date is determined using the Black and Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted and the assumptions detailed in note 22.

3. Significant accounting policies

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Transactions and balances eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) Acquisitions of subsidiaries***Business combinations***

In each transaction that results in the acquisition of a subsidiary, the Company determines if AASB 3 'Business Combinations' shall apply to the transaction by assessing if the Company has acquired a "business". A business is an integrated set of activities that is capable of being managed to provide a return to investors by way of dividends, lower costs or other economic benefits. A business generally consists of inputs, processes applied to those inputs and the ability to create outputs. If the Company determines that the acquisition results in the acquisition of a business, then the Company applies the requirements of AASB 3 to the acquisition.

Asset acquisitions

If the Company determines that the acquired subsidiary does not constitute a business, then the transaction is accounted for as an acquisition of an asset (or group of assets) that do not constitute a business combination within the scope of AASB 3. In the acquisition of a group of assets, the cost of the acquisition is allocated between the individual assets and liabilities in the group based on their relative fair values at the date of acquisition.

(b) Segment Reporting

The Group determines and presents operating segments based on the information that is provided to the board of directors, who are the Group's chief operating decision makers.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Board to make decisions about the allocation of resources to the segment and to assess its performance, and for which discrete financial information is available. Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise predominantly of administrative expenses. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(c) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(d) Value-added taxes (VAT)

Revenue, expenses and assets are recognised net of the amount of goods and services tax and equivalent indirect taxes, except where the amount of tax incurred is not recoverable from the taxation authority. In these circumstances, the tax is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of tax included. The net amount of tax recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The tax components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Financial instruments***Recognition, initial measurement and derecognition***

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Financial assets are derecognised when the contractual rights to the cash flows from

the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through profit or loss (**FVPL**);
- equity instruments at fair value through other comprehensive income (**FVOCI**); and
- debt instruments at fair value through other comprehensive income (**FVOCI**).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The Group's business model for managing the financial asset; and
- The contractual cash flow characteristics of the financial assets.

Subsequent measurement financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's financial assets comprise cash and cash equivalents, restricted cash and trade and other receivables.

Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses (the 'expected credit losses (**ECL**) model'). Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (**Stage 1**); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low '**Stage 2**'.

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(i) Non-derivative financial instruments

The following summarises the accounting treatment of the Group's non-derivative financial instruments;

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and short term deposits at call. Short term deposits have original maturities of 3 months or less that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in fair value.

Restricted cash

Restricted cash comprises cash at bank and short term deposits that have been given as security. As the Group has given security over these balances they are not eligible for recognition as cash and cash equivalents.

Trade and other receivables

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. The Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

Trade and other payables

Trade and other payables are carried at amortised cost. The amounts are unsecured and are typically settled in 30 to 60 days of recognition. Due to their short term nature, balances are generally not discounted.

(ii) Share capital

Ordinary shares

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

Dividends

Dividends are recognised as a liability in the period in which they are declared.

(f) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets (excluding deferred tax assets and inventories) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets, known as CGU's.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGU's are allocated to reduce the carrying amount of assets in the unit (group of units) on a pro rata basis. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income or other expenses in profit or loss. When re-valued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably.

The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is charged to the statement of profit and loss and other comprehensive income on a straight line basis over the estimated useful lives of each asset. In the current and comparative periods, useful lives are as follows:

- plant and equipment 2 - 20 years
- fixtures and fittings 5 - 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(h) Leases***The Group as a lessee***

For any new contracts, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

(i) Employee benefits***Share based payments***

The Group operates equity-settled share based payment employee option scheme. Refer to note 3(p) for further discussion.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Short term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and, where applicable, prior periods plus related on costs; that benefit is discounted to determine its present value and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Site restoration

Site restoration costs include the costs of dismantling and demolition of infrastructure or decommissioning, the removal of residual material and the remediation of disturbed areas specific to the site. Provisions are recognised at the time that the environmental disturbance occurs. The provision is the best estimate of the present value of the future cash flows required to settle the restoration obligation at the reporting date, based on current legal requirements and technology. Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the financial year.

The amount of the provision for future restoration costs is recognised as exploration and evaluation assets during the exploration phase according to the Company's policy for exploration and evaluation assets (refer note 3 (n)). Upon the commencement of commercial production, future restoration costs are recognised as mine property assets.

Future restoration costs are depreciated on a unit-of-production basis over the economically recoverable reserves of the mine concerned, resulting in an amortisation charge proportional to the depletion of the economically recoverable mineral resources. Amortisation begins at the commencement of commercial production. The unwinding of the effect of discounting on the provision is recognised as a finance cost. Restoration expenditure is capitalised to the extent that it is probable that the future economic benefits associated with restoration expenditure will flow to the Group.

(k) Foreign currency***Foreign currency transactions***

Transactions in foreign currencies are translated to the functional currency of the operation at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at balance sheet date are translated to the presentation currency at the balance date at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for the effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are measured using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for qualifying cash flow hedges which are recognised in the other comprehensive income to the extent the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at reporting date. The income and expenses of foreign operations are translated to Australian dollars at average exchange rates prevailing during the period. Foreign currency differences are recognised in the foreign currency

translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to the income statement.

(l) Finance income and expense

Finance income and expense comprises interest income and foreign currency gains or losses. Foreign currency gains and losses are reported on a net basis.

(m) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue is recognised at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue from Contracts with Customers

The group has applied "AASB15 Revenue from Contracts with Customers for the first time for reporting period commencing 1 July 2020.

To determine whether to recognise revenue, the Group follows a five-step method established by AASB 15: 1. Identifying the contract with a customer; 2. Identifying the performance obligation in the contract; 3. Determining the transaction price; 4. Allocating the transaction price to the performance obligations in the contract; and 5. Recognise revenue when/as performance obligations are satisfied.

Revenue is recognised, based on the transaction price allocated to the performance obligation, after consideration of the terms of the contract and customary business practices and control of the asset passes to the customer. The transaction price is the amount of the consideration that the Group expects to be entitled to receive in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties (ie sales taxes and duties). The consideration promised in a contract with a customer may include fixed amounts, variable amounts or both.

Interest income

Specifically in relation to interest income; revenue from interest is recognised on a time proportionate basis, taking into account the effective yield on the related financial asset.

(n) Exploration and evaluation expenditure

Exploration and evaluation expenditure, excluding acquisition costs, are expensed as incurred. Acquisition costs are accumulated in respect of each separate area of interest.

Acquisition costs include:

- (i) Consideration paid to acquire exploration and/or mining license's;
- (ii) Stamp duty;
- (iii) Professional fees attributable the acquisition; and
- (iv) Site restoration costs assumed or recognised.

Exploration and evaluation assets are only recognised if the rights to the area are current and either:

- (i) the acquisition costs are expected to be recouped through successful development and exploitation of the area of interest; or
- (ii) activities in the area of interest have not at the reporting date, reached a state which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

- (i) sufficient data exists to determine technical feasibility and commercial viability; and
- (ii) facts and circumstances suggest the carrying amount exceeds the recoverable amount.

For the purposes of impairment testing, exploration and evaluation assets are allocated to CGU's to which the exploration activity relates. The CGU shall not be larger than the area of interest.

Once technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine property assets within property, plant and equipment.

In the event that an area of interest is abandoned or if the directors consider the exploration and evaluation assets attributable to the area of interest to be of reduced value, the exploration and evaluation assets are impaired in the period in which the assessment is made. Each area of interest is reviewed at each reporting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

(o) Earnings per share

The Group presents basic and diluted earnings per share (**EPS**) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(p) Share based payment transactions

Employee benefits

The Group operates equity-settled share based payment employee option scheme. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to share based payments reserve. The fair value of options is ascertained using a recognised pricing model which incorporates all market vesting conditions. The fair value of options is measured using the Black-Scholes formula.

Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

The cost of share based payment transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for share based payment transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Other share based payments

The Group has entered into equity-settled share based payment transactions with non-employees of the Company. The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted.

(q) New accounting standards, amendments and interpretations

New accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting period and in the foreseeable future.

Effective for these financial statements

The group has applied "AASB15 Revenue from Contracts with Customers" for the first time for reporting period commencing 1 July 2020.

To determine whether to recognise revenue, the Group follows a five-step method established by AASB 15: 1. Identifying the contract with a customer; 2. Identifying the performance obligation in the contract; 3. Determining the transaction price; 4. Allocating the transaction price to the performance obligations in the contract; and 5. Recognise revenue when/as performance obligations are satisfied.

Revenue is recognised, based on the transaction price allocated to the performance obligation, after consideration of the terms of the contract and customary business practices and control of the asset passes to the customer. The transaction price is the amount of the consideration that the Group expects to be entitled to receive in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties (ie sales taxes and duties). The consideration promised in a contract with a customer may include fixed amounts, variable amounts or both.

IFRIC has published two agenda decisions clarifying how arrangements in respect of a specific part of cloud technology, Software-as-a-Service (SaaS), should be accounted for. The Company has taken the guidance for cloud computing into account for the year ended 30 June 2021 with no significant impact on the current or prior periods.

Issued but not yet effective for these financial statements

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

4. Financial risk management

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

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

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

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents, restricted cash and trade and other receivables.

Cash, cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. The Group limits its credit risk by holding cash balances and demand deposits with reputable counterparties with acceptable credit ratings.

Restricted cash

Restricted cash comprises cash balances used as security for the Company's transactional bank facilities. Cash balances used as security are held with reputable counterparties with acceptable credit ratings.

Trade and other receivables

The Group's trade and other receivables are neither past due nor impaired.

Exposure to credit risk

The carrying amount of the Group's financial assets represent maximum exposure to credit risk, as follows:

| | June 2021 | June 2020 |
|-----------------------------|-----------|-----------|
| | \$ | \$ |
| Total | | |
| Cash and cash equivalents | 6,662,191 | 1,099,313 |
| Restricted cash | 338,000 | 388,000 |
| Trade and other receivables | 244,256 | 22,612 |
| Exposure to credit risk | 7,244,447 | 1,509,925 |

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under

both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate cash reserves from funds raised by the Company in various capital raisings and continuously monitoring forecast and actual cash flows.

The contractual maturities of the Group's financial liabilities are as follows:

| | Carrying amount | Contractual cash flows | 6 months or less |
|--------------------------|-----------------|------------------------|------------------|
| | \$ | \$ | \$ |
| 30 June 2021 | | | |
| Trade and other payables | (817,337) | (817,337) | (817,337) |
| Balance as at 30 June | (817,337) | (817,337) | (817,337) |
| 30 June 2020 | | | |
| Trade and other payables | (335,248) | (335,248) | (335,248) |
| Balance as at 30 June | (335,248) | (335,248) | (335,248) |

(c) Market risk

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

The Group is exposed to market risk in the form of fluctuations in interest rates.

Interest rate risk

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

Cash and cash equivalents and restricted cash (together "cash") are held at variable and fixed interest rates. Cash in term deposits are held for fixed terms at fixed interest rates maturing in periods less than twelve months. The Group's other cash balances are held in deposit accounts at variable rates with no fixed term.

Interest rate risk – profile

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

| | June 2021 | June 2020 |
|----------------------------------|-----------|-----------|
| | \$ | \$ |
| Fixed rate instruments | | |
| Financial assets | 6,438,000 | 1,288,000 |
| Variable rate instruments | | |
| Financial assets | 562,191 | 199,313 |

Interest rate risk – fair value sensitivity analysis for fixed rate instruments

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

Interest rate risk – cash flow sensitivity analysis

A change in interest rates of 75 basis points at the reporting date would have increased/(decreased) the Group's profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

| Sensitivity | 75bp increase | 75bp decrease | 75bp increase | 75bp decrease |
|------------------------------|---------------|---------------|---------------|---------------|
| | June 2021 | June 2021 | June 2020 | June 2020 |
| | \$ | \$ | \$ | \$ |
| Interest bearing instruments | 31,828 | (31,828) | 20,789 | (20,789) |
| Cash flow sensitivity (net) | 31,828 | (31,828) | 20,789 | (20,789) |

(d) Fair values vs carrying amounts

Carrying amounts of financial assets and liabilities equate to their corresponding fair values.

(e) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a capital base sufficient to allow future exploration and development of the Group's current projects and evaluation of potential acquisitions. The Group has raised all capital through the issue of equity to fund its administration, exploration and evaluation activities and does not have any external borrowings at balance date. The Group may raise additional capital through the issue of new shares or debt finance for exploration, development and/or asset acquisition, should the Group require additional capital to carry out those activities. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

5. Operating segments

The Group now operates in one segment being; 'Australian mineral exploration' which is the Group's strategic business unit. We ceased operations in Scandinavia during the prior period. Figures have been disclosed for comparative purposes.

| | Scandinavia | Australia | Total |
|---|-------------|-------------|-------------|
| | \$ | \$ | \$ |
| Information about reportable segment profit/(loss) | | | |
| 12 months ended 30 June 2021 | | | |
| Revenue from Sale of Tick Hill Tailings | - | 4,380,713 | 4,380,713 |
| Depreciation and amortisation | - | (2,773) | (2,773) |
| Reportable segment profit/(loss) before income tax | - | 940,502 | 940,502 |
| 12 months ended 30 June 2020 | | | |
| Depreciation and amortisation | - | (424) | (424) |
| Reportable segment profit/(loss) before income tax | (4,765) | (2,391,399) | (2,396,164) |

| | June 2021 | June 2020 |
|---|-----------|-------------|
| | \$ | \$ |
| Reconciliation of reportable segment profit/(loss) | | |
| Total profit/(loss) for reportable segments | 940,502 | (2,396,164) |
| Unallocated amounts | | |
| - Corporate income | 26,351 | 31,667 |
| - Corporate expenses | (595,471) | (758,589) |
| Consolidated profit/(loss) before tax | 371,382 | (3,123,086) |

| | Scandinavia | Australia | Total |
|---|-------------|-------------|-------------|
| | \$ | \$ | \$ |
| Information about reportable segment assets, liabilities and capital expenditure | | | |
| 2021 | | | |
| Reportable segment assets | - | 5,038,821 | 5,038,821 |
| Reportable segment liabilities | - | (1,238,326) | (1,238,326) |
| Reportable segment capital expenditure | - | 5,038,821 | 5,038,821 |
| 2020 | | | |
| Reportable segment assets | - | 4,269,537 | 4,269,537 |
| Reportable segment liabilities | - | (639,471) | (639,471) |
| Reportable segment capital expenditure | - | 4,269,537 | 4,269,537 |

| | June 2021 | June 2020 |
|--|-------------|-----------|
| | \$ | \$ |
| Reconciliation of reportable segment assets and liabilities | | |
| Total assets for reportable segments | 5,038,821 | 4,269,537 |
| Unallocated amounts | | |
| - Corporate assets | 6,811,345 | 1,568,683 |
| Consolidated assets | 11,850,166 | 5,838,220 |
| Total liabilities for reportable segments | (1,238,326) | (639,471) |
| Unallocated amounts | | |
| - Corporate liabilities | (13,719) | (177,303) |
| Consolidated liabilities | (1,252,045) | (816,774) |

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of activities earning revenue. Segment assets are based on the geographical location of assets.

| | Non-current | | Non-current | |
|----------------------------------|-------------|-----------|-------------|-----------|
| | Revenues | assets | Revenues | assets |
| | June 2021 | June 2021 | June 2020 | June 2020 |
| | \$ | \$ | \$ | \$ |
| Australia | 4,439,682 | 4,727,927 | - | 4,152,814 |
| Unallocated amounts | 26,351 | 16,895 | 31,667 | 43,647 |
| Balance at the end of the period | 4,466,033 | 4,744,822 | 31,667 | 4,196,461 |

6. Personnel expenses

| | June 2021 | June 2020 |
|---|-----------|-------------|
| | \$ | \$ |
| Wages, salaries and benefits | (813,446) | (703,983) |
| Contributions to defined contribution plans | (70,475) | (59,667) |
| Share-based payment transactions | (30,153) | (337,979) |
| Personnel expenses | (914,074) | (1,101,629) |

7. Revenue

| | June 2021 | June 2020 |
|---|-----------|-----------|
| | \$ | \$ |
| Revenue from Sale of Tick Hill Tailings | 4,380,713 | - |
| Total Revenue | 4,380,713 | - |

In August 2020, the Company announced the sale of the Tailings Dam and Historical ROM Pad stockpiles at the Tick Hill Project in Mt Isa, Queensland which contains Probable Ore Reserves of 410,900t @ 1.35 g/t for 17,800 gold ounces. The company received cash consideration of \$4,000,000 plus a standard 5% NSR Royalty of \$159,217 during the period. On 27th August 2021, the Company received \$221,496 relating to the 5% NSR Royalty for the quarter to 30 June 2021.

Revenue is recognised at a point in time when control of the ore passes to the customer. All revenue is derived in Australia.

8. Income tax

Current income tax

| | June 2021 | June 2020 |
|--|-----------|-------------|
| | \$ | \$ |
| Income tax (expense)/benefit | | |
| Current tax expense | - | - |
| Deferred tax expense | - | - |
| Income tax expense | - | - |
| Numerical reconciliation between tax benefit/(expense) and pre-tax accounting profit/(loss) | | |
| Pre-tax accounting profit/(loss) for the period | 371,382 | (3,123,086) |
| Income tax benefit/(expense) at the Group's Australian tax rate of 27.5% (2020: 30%) | 102,130 | (936,926) |
| Non-deductible expenses | 8,292 | 131,653 |
| Current year losses for which no deferred tax asset was recognised | (110,422) | 805,272 |
| Income tax expense | - | - |

Deferred income tax

| | June 2021 | June 2020 |
|--|-----------|-----------|
| | \$ | \$ |
| Liabilities | | |
| Exploration and evaluation assets | (211,919) | (92,885) |
| Interest receivable | (828) | (784) |
| Right of Use Assets | (2,805) | (9,538) |
| Recognition of deferred tax assets | 215,552 | 103,207 |
| Deferred tax liability recognised | - | - |
| Assets | | |
| Losses available to offset against future taxable income | 1,715,960 | 1,560,922 |
| Provision for rehabilitation | 99,856 | 114,884 |
| Lease Liability | 2,731 | 7,455 |
| Share issue costs deductible over five years | 73,549 | 46,763 |
| Employee provisions | 17,657 | 9,689 |
| Accrued expenses | 5,408 | 5,513 |
| Recognition of deferred tax assets | (215,552) | (103,207) |
| Net deferred tax assets not recognised | 1,699,609 | 1,642,019 |

Unused tax losses

| | June 2021 | June 2020 |
|---|-----------|-----------|
| | \$ | \$ |
| Unused tax losses | | |
| Unused tax losses | 5,719,866 | 5,203,074 |
| Tax effect carry forward losses at the Group's Australian tax rate of 27.5% (2020: 30%) | 1,572,963 | 1,560,922 |

9. Cash and cash equivalents

| | June 2021 | June 2020 |
|--|-----------|-------------|
| | \$ | \$ |
| Bank balances | 6,662,191 | 1,099,313 |
| Cash and cash equivalents in the statement of cash flows | 6,662,191 | 1,099,313 |
| Reconciliation of operating loss after tax to net cash flow from operations | | |
| Profit/(Loss) after tax | 371,382 | (3,123,086) |
| <i>Non-cash and non-operating items</i> | | |
| Share based payments | 30,153 | 337,979 |
| Interest received | (26,204) | (35,810) |
| Depreciation | 31,503 | 19,219 |
| <i>Change in assets and liabilities</i> | | |
| Decrease / (increase) in trade and other receivables | (274,107) | 3,843 |
| Increase / (decrease) in trade and other payables | 518,750 | 229,350 |
| Net cash flow used in operating activities | 651,477 | (2,568,505) |

10. Restricted cash

| | June 2021 | June 2020 |
|----------------------------------|-----------|-----------|
| | \$ | \$ |
| Restricted cash | 338,000 | 388,000 |
| Current | 15,000 | 388,000 |
| Non current | 323,000 | - |
| Balance at the end of the period | 338,000 | 388,000 |

Restricted cash comprises cash held in term deposits issued in the Company's name which have been used to provide security for a:

- \$323,000 bank guarantee facility (the Facility). The Facility allows the Company to issue bank guarantees in satisfaction of its Queensland state government environmental surety obligations. As of 6 January 2021, the estimated rehabilitation cost (ERC) was revised down \$50,095 by the Queensland government, so the Facility changed from \$373,000 to \$323,000; and a
- \$15,000 credit card facility.

11. Trade and other receivables

| | June 2021 | June 2020 |
|----------------------------------|-----------|-----------|
| | \$ | \$ |
| GST receivable | 102,007 | 15,111 |
| Other receivables | 244,256 | 22,612 |
| Balance at the end of the period | 346,263 | 37,723 |
| Current | 346,263 | 37,723 |
| Balance at the end of the period | 346,263 | 37,723 |

12. Formation of a subsidiary

On 23 March 2021 the Group successfully formed Metalore Pty Ltd, 100% owned subsidiary of Carnaby Resources Ltd to hold the Lainejaur Project before transferring ownership of Metalore Pty Ltd to Bayrock Resources Ltd on 19 July 2021.

13. Exploration and evaluation assets

| | June 2021 | June 2020 |
|--|-----------|-----------|
| | \$ | \$ |
| Cost | | |
| Opening balance | 4,140,379 | 4,081,025 |
| Acquisitions of subsidiaries | 1,396 | - |
| Other acquisitions | 290,412 | 59,354 |
| Reassessment of Estimated rehabilitation costs | (50,095) | - |
| Balance at the end of the period | 4,382,092 | 4,140,379 |

As of 6 January 2021, the Estimated rehabilitation cost (ERC) relating to Environmental Authority EPML00820613, which encompasses the Tick Hill Project, was revised down \$50,095 by the Queensland government from \$372,948 to \$322,853. This decision applies until 6 July 2022.

14. Property, plant and equipment

| | Plant & equipment | Office equipment | Total |
|-------------------------|----------------------|---------------------|----------|
| | \$ | \$ | \$ |
| 30 June 2021 | | | |
| Cost | | | |
| Opening balance | 12,435 | 29,236 | 41,671 |
| Additions | 10,000 | 3,288 | 13,288 |
| Balance at 30 June 2021 | 22,435 | 32,524 | 54,959 |
| Depreciation | | | |
| Opening balance | (768) | (16,615) | (17,383) |
| Depreciation | (2,773) | (4,824) | (7,597) |
| Balance at 30 June 2021 | (3,541) | (21,439) | (24,980) |
| Carrying amount | | | |
| Opening balance | 11,667 | 12,621 | 24,288 |
| Balance at 30 June 2021 | 18,894 | 11,085 | 29,979 |

| | Plant & equipment | Office equipment | Total |
|-------------------------|----------------------|---------------------|----------|
| | \$ | \$ | \$ |
| 30 June 2020 | | | |
| Cost | | | |
| Opening balance | 12,435 | 20,495 | 32,930 |
| Additions | - | 8,741 | 8,741 |
| Balance at 30 June 2020 | 12,435 | 29,236 | 41,671 |
| Depreciation | | | |
| Opening balance | (344) | (11,097) | (11,441) |
| Depreciation | (424) | (5,518) | (5,942) |
| Balance at 30 June 2020 | (768) | (16,615) | (17,383) |
| Carrying amount | | | |
| Opening balance | 12,091 | 9,398 | 21,489 |
| Balance at 30 June 2020 | 11,667 | 12,621 | 24,288 |

15. Trade and other payables

| | June 2021 | June 2020 |
|----------------------------------|-----------|-----------|
| | \$ | \$ |
| Trade and other payables | 805,294 | 300,303 |
| Accruals | 66,835 | 82,437 |
| Balance at the end of the period | 872,129 | 382,740 |
| Current | 872,129 | 382,740 |
| Balance at the end of the period | 872,129 | 382,740 |

16. Provisions

| | Total |
|--|----------|
| | \$ |
| Balance at beginning of the period | 382,948 |
| Reassessment of Estimated rehabilitation costs | (50,095) |
| Balance at end of the period | 332,853 |
| Current | - |
| Non Current | 332,853 |
| Balance at the end of the period | 332,853 |

The Company's provisions represent provisions for site restoration costs. The provision includes estimates of costs associated with reclamation, rehabilitation and other costs associated with the restoration of the site. Estimates of restoration costs are based on current legal requirements. The provision was recognised upon acquisition of the Tick Hill Project, whereby the Company assumed responsibility for remediation of the disturbed areas at the site.

As a result of the recognition of the provision, an exploration and evaluation asset has also been recognised, which offsets the provision for site restoration.

As of 6 January 2021, the estimated rehabilitation cost (ERC) relating to Environmental Authority EPML00820613, which encompasses the Tick Hill Project, was revised down \$50,095 by the Queensland government from \$372,948 to \$322,853. This decision applies until 6 July 2022.

17. Leases

This note provides information regarding leases where the Group is the lessee. The Group's right of use assets in relation to its leases are as follows:

| | June 2021 | June 2020 |
|----------------------------------|-----------|-----------|
| | \$ | \$ |
| Right of use assets | | |
| Property | 9,351 | 31,794 |
| Balance at the end of the period | 9,351 | 31,794 |

The Group has recognised depreciation expense of \$22,443 in respect of right of use assets during the period.

The Group's lease liabilities in relation to its leases are as follows:

| | June 2021 | June 2020 |
|----------------------------------|-----------|-----------|
| | \$ | \$ |
| Lease liabilities | | |
| Current | 9,103 | 24,848 |
| Non-current | - | 9,103 |
| Balance at the end of the period | 9,103 | 33,951 |

The contractual maturities of the Group's lease liabilities are as follows:

| | Less than 1 year | Between 1 and 2 years | Total contractual outflows | Carrying amount |
|-------------------|---------------------|--------------------------|-------------------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| 30 June 2021 | 9,103 | - | 9,103 | 9,351 |
| Lease liabilities | 9,103 | - | 9,103 | 9,351 |

18. Commitments

In order to maintain current rights of tenure to exploration and mining tenements, the Group is required to meet minimum expenditure requirements specified by various state governments. These obligations at balance date have not been provided for and are as set out in the following table:

| | June 2021 | June 2020 |
|--|-----------|-----------|
| | \$ | \$ |
| Not yet provided for | | |
| Minimum exploration expenditure commitments | | |
| Within one year | 267,686 | 247,287 |
| Balance at end of the period | 267,686 | 247,287 |

19. Contingent liabilities

There are no known contingent liabilities as at 30 June 2021.

20. Capital and reserves

| | June 2021 | June 2020 | June 2021 | June 2020 |
|--|-------------|------------|------------|------------|
| | shares | shares | \$ | \$ |
| Ordinary share capital | | | | |
| On issue at the beginning of the period | 95,983,335 | 95,983,335 | 11,885,025 | 11,885,025 |
| Issued in respect of exploration and evaluation assets | 1,933,239 | - | 251,036 | - |
| Issued for cash | 16,754,066 | - | 5,026,220 | - |
| Options exercised | 3,275,000 | - | 158,300 | - |
| Equity transaction costs | - | - | (260,415) | - |
| On issue at the end of the period (net of transaction costs) | 117,945,640 | 95,983,335 | 17,060,166 | 11,885,025 |

Ordinary Share Capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares are fully paid and rank equally with regard to the Company's residual assets.

Share option reserve

The share based payments reserve includes the cumulative expense recognised in respect of share options granted. Refer to note 21 for further information regarding share based payments.

21. Earnings/(loss) per share

Basic earnings/(loss) per share attributable to ordinary shareholders

The basic earnings per share for the period is \$0.001 (2020 loss per share: \$0.03). The calculation of basic earnings per share at 30 June 2021 was based on the consolidated profit attributable to ordinary shareholders of \$149,886 (2020 loss: \$3,123,086) and a weighted average number of ordinary shares outstanding of 112,463,050 (2020: 95,983,335) calculated as follows:

| | June 2021 | June 2020 |
|---|-----------|-------------|
| | \$ | \$ |
| Profit / (loss) for the period | 371,382 | (3,123,086) |
| Profit / (loss) attributable to ordinary shareholders | 371,382 | (3,123,086) |

Basic weighted average number of ordinary shares

| | June 2021 | June 2020 |
|---|-------------|------------|
| | \$ | \$ |
| Weighted average effects | | |
| Opening balance | 95,983,335 | 95,983,335 |
| Effect of shares issued | 16,479,715 | - |
| Weighted average number of ordinary shares at the end of the period | 112,463,050 | 95,983,335 |

Diluted earnings/(loss) per share attributable to ordinary shareholders

The diluted earnings per share for the period is \$0.001 (2020 loss per share: \$0.03). The calculation of diluted earnings per share at 30 June 2021 was based on the consolidated profit attributable to ordinary shareholders of \$149,886 (2020 loss: \$(3,123,086)) and a weighted average number of diluted ordinary shares outstanding of 120,465,055 (2020: 95,983,335) calculated as follows:

| | June 2021 | June 2020 |
|---|-----------|-------------|
| | \$ | \$ |
| Profit / (loss) for the period | 371,382 | (3,123,086) |
| Profit / (loss) attributable to ordinary shareholders | 371,382 | (3,123,086) |

Diluted weighted average number of ordinary shares

| | June 2021 | June 2020 |
|---|-------------|------------|
| | \$ | \$ |
| Weighted average effects | | |
| Weighted average number of ordinary shares (basic) | 112,463,050 | 95,983,335 |
| Effect of share options on issue | 8,002,005 | - |
| Weighted average number of ordinary shares at the end of the period (diluted) | 120,465,055 | 95,983,335 |

22. Share based payments

Employee Share Option Plan

The Group has an established share option plan (ESOP) that entitles employees to purchase shares in the Company. The objective of the plan is to assist in the recruitment, reward, retention and motivation of eligible persons in the Group. Under the plan, the Board may issue eligible employees with options to acquire shares in the future at an exercise price fixed by the Board on grant of options. The vesting of all options is subject to service conditions being met whereby the recipient must meet the eligible employee criteria as defined in the plan, unless determined otherwise by the Board.

The following table illustrates the number and weighted average exercise prices (**WAEP**) of, and movements in, share based payment options during the period:

| | June 2021 | | June 2020 | |
|--|-------------|---------|-------------|---------|
| | options | WAEP | options | WAEP |
| Opening balance | 4,880,000 | \$0.080 | 7,130,000 | \$0.160 |
| Options granted during the period | - | | 1,250,000 | \$0.147 |
| Options exercised during the period | (3,275,000) | \$0.048 | - | |
| Options lapsed during the period | (400,000) | \$0.120 | (3,500,000) | \$0.26 |
| Options outstanding at the end of the year | 1,205,000 | \$0.152 | 4,880,000 | \$0.080 |
| Options exercisable at the end of the year | 1,205,000 | \$0.152 | 1,330,000 | \$0.264 |

The following table illustrates the number of ESOP options exercised during the year:

| Number of options exercised | Date exercised | Exercise price per Closing share price | |
|-----------------------------------|----------------|--|---------------------|
| | | option | on date of exercise |
| Period ending 30 June 2021 | | | |
| 250,000 | 23-Oct-20 | \$0.160 | \$0.500 |
| 600,000 | 26-Oct-20 | \$0.160 | \$0.545 |
| 500,000 | 29-Oct-20 | \$0.001 | \$0.550 |
| 500,000 | 29-Oct-20 | \$0.001 | \$0.550 |
| 1,000,000 | 30-Oct-20 | \$0.001 | \$0.550 |
| 300,000 | 03-Nov-20 | \$0.001 | \$0.500 |
| 125,000 | 12-May-21 | \$0.160 | \$0.435 |

The outstanding balance of ESOP options as at 30 June 2021 is represented by:

| Number of options | Grant date | Vesting | Expiring | Strike price per option | Contractual life (years) | Fair value per option |
|---------------------------------|------------|-----------|-----------|-------------------------|--------------------------|-----------------------|
| Key Management Personnel | | | | | | |
| Nil | | | | | | |
| Other employees | | | | | | |
| 955,000 | 24-Jun-19 | 24-Jun-20 | 30-Jun-22 | \$0.160 | 3.0 | \$0.085 |
| 250,000 | 25-May-20 | 25-May-21 | 30-Jun-23 | \$0.120 | 3.1 | \$0.046 |

The Company has recognised the following as employee costs during the period in relation to the ESOP:

| | June 2021 | June 2020 |
|-----------------------------------|-----------|-----------|
| | \$ | \$ |
| ESOP share based payments expense | 30,153 | 337,979 |

Other share based payments

The Company has issued securities to parties that are not employees of the Group as payment for goods or services. The following table illustrates the number and movements in other share based payment options during the period.

| | June 2021 | June 2020 |
|-------------------------------------|-------------|------------|
| | options | options |
| Opening balance | 10,500,000 | 10,500,000 |
| Options granted during the period | - | - |
| Options exercised during the period | - | - |
| Options lapsed during the period | (1,500,000) | - |
| Closing balance | 9,000,000 | 10,500,000 |

The following table illustrates the amount of other share based payment expenses recognised during the period:

| | June 2021 | June 2020 |
|--|-----------|-----------|
| | \$ | \$ |
| Shares issued for exploration and mining licenses ¹ | 251,036 | - |
| Other share based payments | 251,036 | - |

A description of the Company's other share based payments is set out following:

¹Shares issued as consideration for exploration and mining licenses

On 15 July 2020, the Company acquired various exploration licenses (refer note 13) through the issue of 1,838,000 ordinary shares to the vendors as consideration, at a fair value of \$0.12 per share.

On 23 December 2020, the Company acquired an additional exploration license (refer note 13) through the issue of 95,239 ordinary shares to the vendor as consideration, at a fair value of \$0.32 per share.

The fair values were determined as the Company's closing share price on the date of the issue of the shares.

Securities issued to advisors

Unlisted options

On 31 December 2020, 1,500,000 options lapsed in accordance with their terms.

Deferred Consideration Shares

In 2017, the Company issued 8,250,000 Deferred Consideration Shares to the vendors of Kobald Mineral Holdings Pty Ltd, an entity which became a wholly owned subsidiary of the Company. The Deferred Consideration Shares were to vest as ordinary shares of the Company upon the achievement of the following milestones:

- 4,125,000 ordinary shares upon the completion or announcement to the market of a scoping study on JORC compliant resources on any of the tenements acquired by the Company as part of the acquisition; and
- 4,125,000 ordinary shares upon the completion or announcement to the market of a definitive feasibility study on JORC compliant resources at any of the tenements.

The fair value of the Deferred Consideration Shares could not be determined at acquisition date as the probability of achieving the milestones could not be reliably estimated and accordingly no fair value has been recognised in respect of their issue. During the year, no Deferred Consideration Shares had vested as ordinary shares. The Deferred Consideration Shares, having not vested prior to the 22 May 2021, have lapsed in accordance with their terms.

23. Related party disclosures

Key management personnel compensation

Key management personnel compensation is as follows:

| | June 2021 | June 2020 |
|--|----------------|----------------|
| | \$ | \$ |
| Short-term employee benefits | 387,087 | 324,889 |
| Post-employment benefits | 36,773 | 30,864 |
| Share based payments | 13,004 | 166,191 |
| Key management personnel compensation | 436,864 | 521,944 |

Subsidiaries

The consolidated financial statements include the financial statements of Carnaby Resources Limited and the subsidiaries listed in the following table:

| Name of entity | Country of incorporation | Equity holding | |
|--------------------------------------|--------------------------|----------------|------|
| | | 2021 | 2020 |
| Carnaby Resources (Holdings) Pty Ltd | Australia | 100% | 100% |
| Kobald Mineral Holdings Pty Ltd | Australia | 100% | 100% |
| Metalore Pty Ltd | Australia | 100% | 0% |

24. Subsequent events

Improved Terms for Sale of Lainejaur Project

On 19 July 2021, the Company announced the settlement of the divestment with improved consideration terms for the sale of the Lainejaur Project in Sweden for \$1.5 million. As at 30 June 2021 the carrying value of these assets was nil having been impaired in full in prior years. The Company, relative to the previous arrangement announced in March 2021, will benefit from an expedited payment schedule which is as follows:

- If, on or before 31 December 2021, Bayrock Resources Ltd (BRL) has completed either an IPO or a reverse takeover transaction (RTO), consideration payable to Carnaby will consist of;
 - Cash payment of \$1,000,000; and
 - \$500,000 worth of fully paid ordinary shares in either the capital of BRL if an IPO is undertaken or the RTO Target Entity if an RTO is undertaken.
- If BRL has not completed either an IPO or RTO prior to 31 December 2021, consideration payable to Carnaby will consist of;
 - Cash payment of \$750,000 on 31 December 2021; and
 - Cash payment of \$750,000 on 31 December 2022.

25. Parent entity information

As at and during the period ending 30 June 2021, the parent company of the Group was Carnaby Resources Limited. Information regarding the results and financial position of Carnaby Resources Limited is as follows:

| | June 2021 | June 2020 |
|---------------------------------|-------------------|--------------------|
| | \$ | \$ |
| Result | | |
| Profit/(loss) for the period | 373,092 | (3,115,499) |
| Total comprehensive loss | 373,092 | (3,115,499) |
| Financial position | | |
| Current assets | 7,102,842 | 1,709,703 |
| Total assets | 11,851,151 | 5,837,495 |
| Current liabilities | (917,900) | (399,876) |
| Total liabilities | (1,252,046) | (816,776) |
| Net assets | 10,599,105 | 5,020,719 |
| Equity | | |
| Share capital | 17,060,167 | 11,885,025 |
| Share option reserve | 2,266,408 | 2,236,255 |
| Accumulated losses | (8,727,469) | (9,100,561) |
| Total equity | 10,599,105 | 5,020,719 |

26. Auditor's remuneration

| | June 2021 | June 2020 |
|---------------------------------------|-----------|-----------|
| | \$ | \$ |
| Audit services | | |
| Audit and review of financial reports | 41,750 | 37,000 |
| Audit services | 41,750 | 37,000 |

Directors' declaration

In accordance with a resolution of the Directors of Carnaby Resources Limited, I declare that:

1. In the opinion of the Directors:
 - a) The consolidated financial statements and notes of Carnaby Resources Limited for the year ended 30 June 2021 are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the consolidated financial position as at 30 June 2021 and of its performance for the year ended on that date; and
 - ii. complying with Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a).
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. This declaration has been made after receiving the declarations required to be made by the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

On behalf of the Board



Rob Watkins
Managing Director

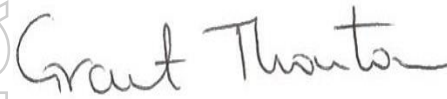
Perth, Western Australia
24 September 2021

Auditor's Independence Declaration

To the Directors of Carnaby Resources Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Carnaby Resources Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M D Dewhurst
Partner – Audit & Assurance

Perth, 24 September 2021

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Independent Auditor's Report

To the Members of Carnaby Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Carnaby Resources 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter
How our audit addressed the key audit matter
Exploration and Evaluation Assets - Note 13

At 30 June 2021 the carrying value of Exploration and Evaluation Assets was \$4,382,092. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.

The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.

This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.

Our procedures included, amongst others:

- obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;
- assessing management's area of interest considerations against AASB 6;
- conducting a detailed analysis of management's assessment of trigger events prepared in accordance with AASB 6 including:
 - tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed;
 - enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; and
 - understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;
- evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and
- assessing the appropriateness of the related financial statement disclosures.

Revenue – Note 7

During the year, the Group entered into an agreement with BIM Metals to sell gold tailings at the Tick Hill site. The transaction consisted of an upfront amount, payable in instalments, and a 5% net smelter royalty on all gold extracted from the tailings.

Given the variable consideration involved on the smelter royalty and unique, one-off nature of the sale, the recognition of the revenue under AASB 15 *Revenue from Contracts with Customers* presents an increased risk of material misstatement.

This area is a key audit matter due to revenue being recognised by the group for the first time and also the judgement involved in determining variable consideration associated with the smelter royalties.

Our procedures included amongst others:

- reviewing the sales agreement and determining whether revenue has been recognised in accordance with the requirements of AASB 15, including assessment of completion of performance obligations;
- obtaining a third party report confirming smelter royalties recognised in the period;
- tracing receipt of cash payments to bank statement; and
- assessing the appropriateness of the related financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

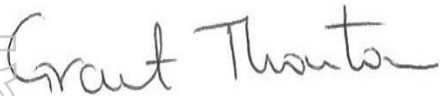
Opinion on the remuneration report

We have audited the Remuneration Report included in pages 17 to 19 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Carnaby Resources Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M D Dewhurst
Partner – Audit & Assurance

Perth, 24 September 2021

ASX additional information

AS AT 31 AUGUST 2021

Stock exchange listing

Carnaby Resources Limited shares are listed on the Australian Stock Exchange. The Company's ASX code is CNB.

Distribution of shareholders

| Range | Total Holders | Units | % Units |
|------------------|---------------|--------------------|---------------|
| 1 - 1,000 | 60 | 17,087 | 0.01 |
| 1,001 - 5,000 | 393 | 1,133,656 | 0.96 |
| 5,001 - 10,000 | 273 | 2,119,783 | 1.8 |
| 10,001 - 100,000 | 823 | 30,762,823 | 26.08 |
| 100,001 Over | 220 | 83,912,288 | 71.14 |
| Rounding | | | 0.01 |
| Total | 1,769 | 117,945,637 | 100.00 |

20 largest shareholders

The names of the twenty largest holders of quoted equity securities are listed below:

| Rank | Name | Units |
|------|--|-------------------|
| 1 | BRAIDWOOD INVESTMENTS (WA) PTY LTD | 5,000,000 |
| 2 | HOOKIP PTY LTD <G BARRETT FAMILY A/C> | 4,444,418 |
| 3 | CITICORP NOMINEES PTY LIMITED | 2,878,819 |
| 4 | MR MICHAEL JAMES HARGREAVES DUNCAN + MRS LORRAINE BETTY DUNCAN | 2,500,000 |
| 5 | BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP> | 2,399,478 |
| 6 | COSMO HOLDINGS (WA) PTY LTD <THE WATKINS FAMILY A/C> | 2,307,666 |
| 7 | COSMO HOLDINGS (WA) PTY LTD <WATKINS FAMILY A/C> | 2,136,752 |
| 8 | MS KAREN HEATHER LAMB | 1,500,000 |
| 9 | B & A WALLACE SUPERANNUATION FUND PTY LTD <B & A WALLACE SUPER FUND A/C> | 1,400,000 |
| 10 | GHJC PTY LIMITED | 1,341,366 |
| 11 | MR JOHN WILLIAM GREEN | 1,300,000 |
| 12 | BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C> | 1,230,110 |
| 13 | MR PETER JAMES BLAKERS + MR JAMES MICHAEL SCOTT | 1,200,000 |
| 14 | MR WILLIAM JANSEN + MRS MARILYN GAIL JANSEN <W & M G JANSEN S/F A/C> | 1,103,000 |
| 15 | WALJA PTY LTD <PERKES S/F A/C> | 1,082,438 |
| 16 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 1,051,746 |
| 17 | MR ANDREW JOHN RICE | 1,000,001 |
| 18 | EST MR ROBERT STEEL RENTON | 944,380 |
| 19 | TEC-WELD SERVICES PTY LTD | 900,000 |
| 20 | NG INVESTMENT GROUP PTY LTD <NG FAMILY A/C> | 839,457 |
| | | 36,559,631 |

Substantial shareholders

There have been no substantial shareholder notices lodged with the Company as at 31 August 2021.

Unmarketable parcels

The number of shareholders holding less than a Marketable Parcel is 124.

On-market buy back

There is no current on-market buy back.

Voting rights
Ordinary shares

On a show of hands every shareholder present in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

Options

Options have no voting rights.

Use of proceeds

In accordance with listing rule 4.10.19, the Company confirms that it has used cash and assets in a form readily convertible to cash in a way consistent with its business objectives during the financial year ended 30 June 2021.

Unlisted options

| Class | Number | Holders with more than 20% |
|--|-------------------|---|
| Options over ordinary shares exercisable at \$0.16 on or before 30 June 2022. | 955,000 | - Paul Tan 750,000 options |
| Options over ordinary shares exercisable at \$0.12 on or before 30 June 2023. | 250,000 | - Paul Tan 250,000 |
| Options over ordinary shares exercisable at \$0.09 on or before 23 April 2024. | 6,000,000 | - Braidwood Investments (WA) Pty Ltd 2,000,000 options - Cosmo Holdings (WA) Pty Ltd <The Watkins Family A/C> 2,000,000 options - Hookipa Pty Ltd <G Barret Family A/C> 2,000,000 options |
| Options over ordinary shares exercisable at \$0.10 on or before 23 April 2024. | 3,000,000 | - Braidwood Investments (WA) Pty Ltd 1,000,000 options - Cosmo Holdings (WA) Pty Ltd <The Watkins Family A/C> 1,000,000 options - Hookipa Pty Ltd <G Barret Family A/C> 1,000,000 options |
| Total | 10,205,000 | |

Tenement table

| Tenement | Location | Ownership |
|--|-------------------|-----------|
| Tick Hill Gold and Copper Project | | |
| ML7094 | Queensland | 100% |
| ML7096 | Queensland | 100% |
| ML7097 | Queensland | 100% |
| EPM9083 | Queensland | 82.5% |
| EPM11013 | Queensland | 82.5% |
| EPM14366 | Queensland | 82.5% |
| EPM14369 | Queensland | 82.5% |
| EPM17637 | Queensland | 82.5% |
| EPM18223 | Queensland | 82.5% |
| EPM18990 | Queensland | 82.5% |
| EPM19008 | Queensland | 82.5% |
| EPM25435 | Queensland | 82.5% |
| EPM25439 | Queensland | 82.5% |
| EPM25853 | Queensland | 82.5% |
| EPM25972 | Queensland | 82.5% |
| EPM26651 | Queensland | 100% |
| EPM27101 | Queensland | 100% |
| EPM27822 | Queensland | 100% |
| Malmac Gold and Base Metals Project | | |
| E69/3509 | Western Australia | 100% |
| E69/3510 | Western Australia | 100% |
| E69/3702 | Western Australia | 100% |
| Throssel Gold Project | | |
| E38/3289 | Western Australia | 100% |
| Pilbara Projects | | |
| E45/5743 | Western Australia | 100% |
| E45/4638 | Western Australia | 100% |
| E45/5622 | Western Australia | 80% |
| E45/5819 | Western Australia | 100% |
| E45/5822 | Western Australia | 100% |
| E45/4801 | Western Australia | 100% |

Back Cover Photograph: Malmac Project, Western Australia

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