



**FORRESTANIA
RESOURCES**

ACN 647 899 698

**30 JUNE 2021
ANNUAL REPORT**

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Corporate Directory

Directors

John Hannaford	Non-Executive Chairman
David Izzard	Non-Executive Director
William Higgins	Non-Executive Director

CEO

Melanie Sutterby

Company Secretary

Simon Adams

Registered and Principal Office

Suite 2, 38 Colin Street
West Perth WA 6005

Phone: (08) 6245 9890
Email: info@forrestaniresources.com.au
Website: www.forrestaniresources.com.au

Auditor

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco WA 6008

Share Registry

Automic Group Pty Ltd
Level 2, 267 St Georges Terrace
Perth WA 6000

Phone (within Australia): 1300 288 664
Phone (outside Australia): +61 2 9698 5414

Stock Exchange Listing

Australian Securities Exchange (**ASX**)
ASX Code: FRS

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Directors' Report

30 June 2021

The Directors of Forrester Resources Limited (the "Company" or "Forrester") present their report on the Company for the period ended 30 June 2021.

Directors

Qualifications, Experience and Special Responsibilities of Directors

John Hannaford – Chairman

Appointed 12 February 2021

John is an experienced company director and executive with extensive experience as an ASX director, including Chairman. A qualified Chartered Accountant and Fellow of the Securities Institute of Australia, John has founded and listed several companies on ASX. He has also advised numerous companies through the ASX listing process in his Corporate Advisory career. He has established an extensive corporate network and gained a highly distinguished reputation over the last twenty years of corporate life in Australia.

Mr Hannaford is a substantial shareholder of Forrester Resources Ltd.

Other current directorships

Kula Gold Limited
Mt Monger Resources Limited
Eon NRG Ltd

Special responsibilities (Forrester Resources Ltd)

Chairman
Member of Audit & Risk Committee

Former directorships in the last three years

Hardey Resources Ltd (retired 27 September 2019)

Interests in shares and options

3,900,000 shares
4,887,500 options

David Izzard – Non-Executive Director

Appointed 12 February 2021

David is an experienced finance executive and director with over 15 years' experience in the mining industry. He has a strong knowledge of mining operations, financing and project management. Over the last three years he has been involved in identifying economical mining projects and executive teams to execute and operate projects.

Mr Izzard is a substantial shareholder of Forrester Resources Ltd.

Other current directorships

Mt Monger Resources Limited

Special responsibilities (Forrester Resources Ltd)

Member of Audit & Risk Committee

Former directorships in the last three years

Hardey Resources Ltd (retired 14 August 2019)

Interests in shares and options

4,087,500 shares
4,887,500 options

William Higgins – Non-Executive Director

Appointed 3 June 2021

William has more than a decade of experience as a geologist across multiple commodities, with a specialised expertise in gold exploration. He has identified the potential and planned exploration leading to significant gold discoveries in Western Australia, including Northern Star Resources' Ramone mine located in the Eastern Goldfields region, and multiple economic discoveries and resource advancements in the Southern Cross Region.

Mr Higgins is a member of AIG with a Bachelor of Science Degree, majoring in Geology from University of Canterbury. He will be an independent Director of the Company

Other current directorships

None

Special responsibilities (Forrester Resources Ltd)

None

Former directorships in the last three years

None

Interests in shares and options

1,525,000 shares
2,312,500 options

Melanie Sutterby – Chief Executive Officer

Appointed 16 August 2021

Melanie has 18 years of broad geological experience in the areas of exploration, resource development and open pit and underground mining. Her career beginning at Gold Fields Ltd's Agnew Gold Mine in Western Australia and she went on to participated in the discovery of the Cinderella deposit, which is now a producing underground mine. Melanie has held a number of senior geology roles with other companies including Minjar Gold, Ausgold, Silverlake Resources and Empire Resources. She has had

Directors' Report

30 June 2021

exposure to the corporate and compliance functions of ASX listed companies and spent some time in an IR role reporting on ASX exploration companies.

Melanie is a member of AusIMM with a Bachelor of Science Degree, majoring in Geology from Monash University, an Honours Degree, Earth Science, from University of Tasmania and a Masters of Business Administration from Curtin University.

Interests in shares and options

100,000 shares

Nil options

Simon Adams – Company Secretary

Appointed 20 May 2021

Simon has over 25 years of experience with listed (ASX and NASDAQ) and private companies in Australia where he has filled various executive roles across a range of industries including mining, aquaculture, finance and most recently in the upstream energy sector. He has experience in the areas of corporate and financial management, corporate compliance and business development. Simon is a member of the Governance Institute of Australia.

Principal Activities

The Company was established in February 2021 and principal activities of the Company during the financial period were the exploration of mineral tenements in Western Australia ("WA").

Dividends

No dividends have been declared, provided for or paid in respect of the period ended 30 June 2021.

Corporate and Financial Position

The Company's net loss from operations for the period was \$205,583.

At 30 June 2021, the Company had net assets of \$(148,083). Subsequent to period end, the Company completed an IPO raising \$5M before costs. The Directors believe there are sufficient funds to meet the Company's working capital requirements and as at the date of this report the Company believes it can meet all liabilities as and when they fall due.

This report is prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Directors have reviewed the business outlook and the assets and liabilities of the Company and are of the opinion that the going concern basis of accounting is appropriate as they believe the Company will continue to be successful in securing additional funds through equity issues as and when the need to raise funds arises.

Business Strategies and Prospects

The Company currently has the following business strategies and prospects over the medium to long term:

- (i) Seek to maximise the value of the Company through successful exploration activities;
- (ii) Selectively expand the Company's portfolio of exploration assets; and
- (iii) Examine other new business development opportunities in the mining and resources sector.

Significant Changes in the State of Affairs

Nil

Matters subsequent to the end of the financial period

Forrestania Resources entered into share purchase option agreements with the Sellers to acquire 100% of the issued shares of entities that are registered holders of exploration applications and granted exploration and mining tenements in the Forrestania, Southern Cross and Eastern Goldfields regions, The terms of the share purchase option agreements are summarised below:

(a) Tenement Holder (Tigers Paw); Tenements (ELA29/1118, ELA39/2222, ELA37/1438, ELA29/1119)

- Agreement execution date: 2 July 2021
- Exclusive Option to acquire 100% of the issued shares in the company.
- Consideration: - the following consideration was agreed upon exercising of the option:
 - \$25,000 cash reimbursement of previous expenditure in maintaining the tenements; and
 - the issue 1,250,000 of Shares in Forrestania at 1,250,000 20 cents each; and

Directors' Report

30 June 2021

- the issue of 625,000 Options in Forrestania (exercise price 30 cents, expiry date 4 years from the date of issue)

(b) Tenement Holder (Quattro); Tenements (M77/1266, P77/4544 P77/4546, ELA77/2656, ELA77/2676, ELA77/2830, ELA77/2832)

- Agreement execution date: 2 July 2021
- Exclusive Option to acquire 100% of the issued shares in the company.
- Consideration: - the following consideration was agreed upon exercising of the option:
 - the issue of 750,000 Shares in Forrestania at 20 cents each; and
 - the issue of 1,000,000 Options (exercise price 30 cents, expiry date 4 years from the date of issue); and
 - repayment by way of cash of Quattro debts to the value of \$85,000.

Forrestania Resources also entered into a purchase option agreement to acquire a number of granted and applied-for mining tenements in the Forrestania region. The terms of the option agreement is summarised below.

(a) Tenement Holder (WA Prospectors & Vern Strange); Tenements (M77/1266, P77/4544, P77/4546)

- Agreement execution date: 5 July 2021
- Option Fees: \$20,000 option fee to acquire the relevant option expiring 6 months from execution date payable to West Australian Prospectors and Vern Strange.
- Consideration: - the following consideration was agreed upon exercising of the option:
 - \$40,000,000 cash payment; and
 - the issue 250,000 of Shares in Forrestania at 20 cents each.

Subsequent to the period end the Company issued a further 1,250,000 founder shares, and 1,250,000 options, exercise price \$0.30 with an expiry date of 27 June 2025. The Directors were issued a total of 5,000,000 free options, exercise price \$0.30 with an expiry date of 27 June 2025. Seed capital of \$540,000 was raised on the issue of 7,000,000 shares. 500,000 options were issued under the Company's Employee Security Incentive Plan, the options have an exercise price of \$0.30 and will expire on 17 August 2025.

The Company has been approved by the ASX to be admitted on to the ASX on 30 September 2021 which will complete a \$5 Million IPO capital raising (before costs) by the issue of 25 Million shares at 20 cents per share and gained admission to the ASX. As per the terms of the Capital Raising Mandate, the lead manager to the IPO received 3,500,000 options, exercise price \$0.30, expiry date 21 September 2025.

The Company exercised all Option agreements (refer above and Note 7.3 of the Financial Report) with vendor parties and completed the agreements with the issue of 12,000,000 fully paid ordinary shares 2,250,000 unlisted options and 2,500,000 performance securities together with cash payments of \$310,000.

The Company repaid related party loans to a total of \$201,342.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

Environmental Regulation and Performance

The Company's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities. There have been no significant known breaches by the Company during the financial period.

The Company is developing a framework of stewardship of our environment and are focussed on providing social benefits and mutually rewarding outcomes for the communities in which it operates.

Likely Developments and Expected Results

It is the Board's current intention that the Company will seek to progress exploration on current projects. The Company will also continue to examine new opportunities in the mining and resources sector where appropriate.

Directors' Report 30 June 2021

These activities are inherently risky and there can be no certainty that the Company will be able to successfully achieve the objectives.

Greenhouse Gas and Energy Data Reporting Requirements

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

Meetings of Directors

The following table sets out the number of meetings of the Company's directors held during the period ended 30 June 2021, and the number of meetings attended by each director.

	Board Meetings Number Eligible to attend	Board Meetings Number attended
John Hannaford	1	1
David Izzard	1	1
William Higgins	1	1

No Audit and Risk Committee meetings were convened during the year; however, the Board underwent a comprehensive risk review process during the Prospectus due diligence review period.

Insurance of Officers and Auditors

During or since the end of the financial period the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium is \$16,850 exclusive of GST.

Share Options on Issue at the Date of this Report

Unissued shares

At the date of this report, the unissued ordinary shares of Forrestania Resources Limited under option are as follows:

Unquoted (exercise price \$0.30 and expiry date 27 June 2025)	12,000,000
Unquoted (exercise price \$0.30 and expiry date 17 August 2025)	500,000
Unquoted (exercise price \$0.30 and expiry date 21 September 2025)	5,750,000
Total existing Options	<u>18,250,000</u>

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the exercise of options

During the financial period, employees and executives did not exercise any options to acquire ordinary shares.

Non-Audit Services

There were non-audit services of \$6,000 provided during the period by the auditor, Hall Chadwick.

Auditor's Independence Declaration

The auditor's independence declaration is on page 11 of the Annual Report.

Directors' Report

30 June 2021

Remuneration Report

(Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Company are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. Based on this definition the KMP of Forrestania Resources Limited are the directors and the CEO of the Company.

No Director or executive performance reviews were undertaken in the period.

Details of Key Management Personnel

Directors

John Hannaford	Non-Executive Chairman
David Izzard	Non-Executive Director
William Higgins	Non-Executive Director

CEO

Melanie Sutterby

There were no changes in KMP after the reporting date and before the date the annual financial report was authorised for issue.

Remuneration Philosophy

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

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

- Provide competitive rewards to attract high calibre executives; and
- Link executive rewards to shareholder value.

Due to the early stage of development which the Company is in, shareholder wealth is directly affected by the Company share price, as the Company is not in a position to pay dividends. By remunerating Directors and Executives in part by share based payments, the Company aims to align the interests of Directors and Executives with Shareholder wealth, thus providing individual incentive to perform and thereby improving overall Company performance and associated value.

As the Company has been incorporated since 12 February 2021 and remains in the development stage of an inherently risky industry, the remuneration policy does not currently take into account current or prior year earnings. Other than share based payments made to the KMP from time to time, there is no specific link to the Company's performance and KMP' remuneration.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors to the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate directors' fees payable to non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The Company will seek approval, at the upcoming AGM, for aggregate directors' fees of \$300,000 per year.

The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Cash fees for non-executive directors are not linked to the performance of the Company or shareholder wealth.

All remuneration paid to Non-Executive Directors is valued at cost to the Company and expensed.

Directors' Report

30 June 2021

Employment Contracts

The employment conditions of the Non-Executive Chairman, Mr John Hannaford, and the Non-Executive Directors, David Izzard and William Higgins, were formalised in a contract of employment that were effective from 30 September 2021 after the Company's listing on ASX. The total remuneration package of Mr Hannaford is \$50,000 per annum plus statutory superannuation. The remuneration packages for Mr Izzard and Mr Higgins from 30 September 2021 is \$36,000 per annum respectively plus statutory superannuation.

The remuneration of Non-Executive Directors for the period ended 30 June 2021 is detailed below, within this section.

Executive remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for Company performance;
- Align the interest of executives with those of shareholders; and
- Ensure total remuneration is competitive by market standards.

Structure

The remuneration policy for executives is to provide a fixed remuneration component and a specific equity related component. The board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning director objectives with shareholder and business objectives.

The remuneration policy going forward in regard to setting the terms and conditions for the executives has been developed by the board taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration.

Fixed remuneration is to be reviewed annually and the process consists of a review of company and individual performance, relevant comparative remuneration in the market and internal policies and practices.

Structure

The remuneration policy, in regard to setting the terms and conditions for executives, has been developed by the board taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

The remuneration of executives for the period ended 30 June 2021 is detailed below, within this section.

Variable Remuneration

Objective

The objective of variable remuneration provided is to reward executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

Structure

Variable remuneration may be delivered in the form of options, shares or cash bonus. No cash bonuses, options or shares were granted or paid during the period ended 30 June 2021.

Options Granted

No Directors or Executives were awarded employment related options during the period.

Directors' Report 30 June 2021

Employment Contracts

Executive Directors

Prior to the listing of the Company's shares on ASX (30 September 2021), all Directors were engaged as consultants in relation to the performance of their roles. Consultancy fees were charged based on time worked at a rate of \$1,250 per day for John Hannaford and David Izzard. Details of remuneration charged to the Company up to 30 June 2021 are provided below.

CEO

Ms Sutterby was engaged on 16 August 2021 by Bowman Gate Pty Ltd (an entity controlled by Mr Izzard). Ms Sutterby is contracted to provide executive services to the Company through Bowman Gate Pty Ltd based a daily rate of \$1,200. There were no fees for services paid during the financial period ended 30 June 2021.

Key Management Personnel Remuneration

Key Management Personnel remuneration - 2021	Short term employee benefits	Post-employment benefits	Share based payments	Total
	Cash salary/consultancy	Superannuation	Options	
Non-Executive Directors				
John Hannaford	20,000	-	-	20,000
David Izzard	20,000	-	-	20,000
William Higgins	-	-	-	-
CEO				
Melanie Sutterby	-	-	-	-
Total	40,000	-	-	40,000

Additional Disclosures Relating to Key Management Personnel

Shareholding

The number of shares in the company held during the financial period by KMP of the entity, including their personally related parties, is set out below:

	Balance at 12/02/2021	Purchased ¹	Balance at 30/06/2021 ¹	Vendor ²	Purchased ³	IPO ⁷	Balance at Reporting Date
Non-Executive Directors							
John Hannaford	-	2,500,000	2,500,000	962,500	125,000 ⁵	312,500	3,900,000
David Izzard	-	2,500,000	2,500,000	962,500	375,000 ⁶	250,000	4,087,500
William Higgins	-	-	-	625,000	700,000 ⁴	200,000	1,425,000
CEO							
Melanie Sutterby	-	-	-	-	100,000	-	100,000
Total	-	5,000,000	5,000,000	2,550,000	1,300,000	762,500	9,612,500

1. Founder shares acquired at 1 cent per share. ASX imposed escrow conditions are in place for 90% of these securities for 24 months from listing date (30 September 2021)
2. Shares issued as part of consideration for assets being acquired (refer notes 7.1 and 7.3). ASX imposed escrow conditions are in place for these securities for 24 months from listing date (30 September 2021)
3. Seed Capital acquired at 10 cents per share. ASX imposed escrow conditions are in place for 50% of these securities for 24 months from listing date (30 September 2021)
4. Consists of 500,000 Founder shares acquired at 1 cent per share and 200,000 seed Capital shares acquired at 10 cents per share.
5. Consists of 125,000 Founder shares acquired at 1 cent per share.
6. Consists of 125,000 Founder shares acquired at 1 cent per share and 250,000 seed Capital shares acquired at 10 cents per share.
7. Includes shares issued in IPO to parties related to the KMPs.

Directors' Report 30 June 2021

Option holding

The number of shares in the company held during the financial period by KMP of the entity, including their personally related parties, is set out below:

	Balance at 12/02/2020	Purchased ¹	Balance at 30/06/2021	Purchased ¹	Board Options ³	Vendor ²	Balance at Reporting Date
Non-Executive Directors							
John Hannaford	-	2,500,000	2,500,000	125,000	1,500,000	762,500	4,887,500
David Izzard	-	2,500,000	2,500,000	125,000	1,500,000	762,500	4,887,500
William Higgins	-	-	-	500,000	1,500,000	312,500	2,312,500
CEO							
Melanie Sutterby	-	-	-	-	-	-	-
Total	-	5,000,000	5,000,000	750,000	4,500,000	1,837,500	12,087,500

1. Free attaching option with Founder Shares purchased (1:1). ASX imposed escrow conditions are in place for these securities for 24 months from listing date (30 September 2021)
2. Options issued as part of consideration for assets being acquired (refer note 6.1). ASX imposed escrow conditions are in place for these securities for 24 months from listing date (30 September 2021)
3. Free Options issued to the members of the Board. ASX imposed escrow conditions are in place for these securities for 24 months from listing date (30 September 2021)

Use of Remuneration Consultants

The company did not use the services of any remuneration consultants during the period.

Transactions with key management personnel

During the period ended 30 June 2021, office accommodation and administration services were provided by Bowman Gate Pty Ltd, a company that is controlled by David Izzard. An amount of \$5,948 was invoiced by Bowman Gate Pty Ltd, for provision of these services for the period up to 30 June 2021. All of this amount remained unpaid at 30 June 2021.

No loans to key management personnel were provided during the period or up to the date of signing this report.

END OF AUDITED REMUNERATION REPORT

Signed in accordance with a resolution of the directors.


John Hannaford
Chairman

30 September 2021

To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit partner for the audit of the financial statements of Forrester Resources Limited for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Partner

Dated this 30th day of September 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Period Ended 30 June 2021

	<i>Note</i>	2021 \$
Interest		419
Administration services	3.1	(204,224)
Interest		(1,778)
Employee expenses		-
Share based payments		-
Loss from continuing operations before income tax expense		(205,583)
Income tax expense	3.3	-
Loss from continuing operations		(205,583)
Loss for the year		(205,583)
Other comprehensive income		-
Comprehensive loss attributable to the shareholders of the Company		(205,583)
Basic and diluted loss per share (dollar per share) for continuing operations attributable to the shareholders of the Company	3.4	1.04
Basic and diluted loss per share (dollar per share) attributable to the shareholders of the Company	3.4	1.04

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

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Consolidated Statement of Financial Position As at 30 June 2021

	Note	2021 \$
Assets		
Current assets		
Cash and cash equivalents	4.1	22,310
Trade and other receivables	4.3	57,803
Total current assets		80,113
Non-current assets		
Exploration and evaluation expenditure	2.1	135,000
Property, plant and equipment	2.2	2,307
Total non-current assets		132,307
Total assets		217,420
Liabilities		
Current liabilities		
Trade & other payables	4.4	167,862
Borrowings	6.2	197,641
Total current liabilities		365,503
Total liabilities		365,503
Net assets		(148,083)
Equity		
Share capital	5.1	57,500
Accumulated loss		(205,583)
Total equity attributable to shareholders of the Company		(148,083)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**Consolidated Statement of Changes in Equity
For the Period Ended 30 June 2021**

	Contributed equity	Accumulated losses	Total equity
	\$	\$	\$
At 12 February 2021	-	-	-
Loss for the year	-	(205,583)	(205,583)
Total comprehensive loss for the year	-	(205,583)	(205,583)
Transactions with owners in their capacity as owners:			
Issue of new shares net of cost	57,500	-	57,500
At 30 June 2021	57,500	(205,583)	(148,083)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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Consolidated Statement of Cash Flows For the Period Ended 30 June 2021

	<i>Note</i>	2021 \$
Cash flows from operating activities		
Payments to suppliers and employees		(61,690)
Net cash (outflow) from operating activities	4.2	(61,690)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure		(27,500)
Net cash (outflow) from investing activities		(27,500)
Cash flows from financing activities		
Proceeds from issue of shares	5.2	57,500
Proceeds from borrowings		54,000
Net cash inflow from financing activities		111,500
Cash and cash equivalents at the beginning of the year	4.1	-
Net increase/ (decrease) in cash and cash equivalents		22,310
Cash and cash equivalents at the end of the year	4.1	22,310

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

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Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2021

1. Basis of preparation

The annual report of Forrester Resources Limited for the period ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 30 September 2021.

1.1. Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

Forrester Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

1.2. Basis of Measurement

The financial report has been prepared on a historical cost basis.

1.3. Functional and Presentation Currency

The financial report is presented in Australian dollars.

1.4. Compliance with IFRS

These financial statements comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

1.5. Going Concern

This report is prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2021, the Company incurred a loss from operations of \$205,583 and recorded cash outflows from operating activities of \$61,690. As at 30 June 2021, the Company had net current liabilities of \$285,390 with cash of \$22,310 available.

As at 30 June 2021, the Company was in the process of completing an initial public offer (IPO) to raise \$5 million (before costs) through the issue of 25 million shares at 20 cents each. The IPO was closed in early September 2021 fully subscribed and the Company has been given approval by the ASX to be admitted on to the ASX on 30 September 2021.

The Company's ability to continue as a going concern is dependent upon it maintaining sufficient funds for its operations and commitments. The Board believes that subsequent to the recent capital raise of \$5 million it has sufficient funding in place to meet its operating objectives. The Directors consider the basis of going concern to be appropriate for the following reasons:

- the cash balance, post IPO, of the Company relative to its fixed and discretionary expenditure commitments;
- given the Company's market capitalisation and the underlying prospects for the Company to raise further funds from the capital markets; and
- the fact that future exploration and evaluation expenditure is generally discretionary in nature (i.e. at the discretion of the Directors having regard to an assessment of the Company's eligible expenditure to date and the timing and quantum of its remaining earn-in expenditure requirements). Subject to meeting certain minimum expenditure commitments, further exploration activities may be slowed or suspended as part of the management of the Company's working capital.

1.6. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2021

1.6. Significant Accounting Judgements, Estimates and Assumptions (Cont)

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Significant accounting judgements

The determination of mineral resources impacts the accounting for asset carrying values. Forrestania Resources Limited estimates its mineral resources in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (the 'JORC' Code). The information on mineral resources was prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the mineral resources determined under the JORC Code.

There are numerous uncertainties inherent in estimating mineral resources, and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Significant accounting estimates and assumptions

Exploration and evaluation expenditure

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

Exploration and evaluation expenditure is assessed for indicators of impairment in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources when any of the following facts and circumstances exist:

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration and/ or evaluation of mineral resources in the specific area are not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, an assessment is performed for each cash generating unit that is no larger than the area of interest. The Group performs impairment testing in accordance with accounting policy note 2.3.

Judgement is applied when considering whether fact and circumstances as per above indicate that the exploration and evaluation asset should be tested for impairment and no impairment indicators were noted during the year.

Share based payments

The consolidated entity measures the cost of equity-settled transactions with employees (including directors) by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

2. Capital Expenditure

2.1. Exploration & Evaluation Expenditure

Exploration and evaluation costs are expensed as incurred as an operating cost of the Group. Costs related to the acquisition of properties that contain mineral resources are capitalised and allocated separately to specific areas of interest. These costs are capitalised until the viability of the area of interest is determined.

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

Notes to the Consolidated Financial Statements For the Period Ended 30 June 2021

2.1. Exploration & Evaluation Expenditure (Cont)

	2021
Exploration and evaluation	135,000
Movement:	
Opening balance	-
Acquisition of tenements	135,000
Closing balance	135,000

2.2. Property Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on either the straight-line basis or diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rates used are as follows:

Plant and equipment	30%
Exploration equipment	25%
Vehicles	30%
Leasehold improvements	25%
Computer equipment and software	40%- 100%
Buildings	2.5%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of profit or loss and other comprehensive income.

	2021
Computer Equipment - Cost	2,307
Accumulated depreciation	-
Net carrying amount	2,307

2.3. Impairment of assets

Forrestania Resources Limited conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. No impairment indicators were noted for the period ended 30 June 2021.

Notes to the Consolidated Financial Statements

For the Period Ended 30 June 2021

3. Financial Performance

3.1. Expenses

	2021
	\$
Administration services	
Compliance	21,254
Consulting	98,590
Legal fees	18,304
Marketing	5,588
Occupancy	1,580
Exploration & evaluation	53,381
Other	5,527
	<u>204,224</u>

3.2. Segment Information

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The Group does not have any material operating segments with discrete financial information. The Group does not have any customers and all its' assets and liabilities are primarily related to the mining industry and are located within Australia. The Board of Directors review internal management reports on a regular basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

3.3. Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Notes to the Consolidated Financial Statements For the Period Ended 30 June 2021

3.3.1. The major components of income tax are:

	2021 \$
Current income tax	-
Deferred income tax	-

3.3.2. A reconciliation between tax expense and the product of accounting loss

	2021 \$
Accounting loss before tax from continuing operations	(205,583)
Loss before income tax from discontinued operations	
Accounting loss before income tax	(53,542)
At the Company's statutory income tax rate of 26% (2020: 27.5%)	
Non-deductible expenses	-
Share based payments	-
Non-assessable amounts	-
Impact of reduction in future corporate income tax rate	-
DTA not brought to account as their realisation is not probable	53,452
	-
Income tax expense reported in the consolidated income statement	-
Income tax attributable to discontinued operations	-
	-

3.3.3. Deferred tax liabilities @ 25% (2020: 25%) have not been recognised in respect of

	2021 \$
Deferred tax liabilities @ 25% (2020: 25%) have not been recognised in respect of	
Exploration & Evaluation Expenditure	35,100
Prepayments	-
	35,100

3.3.4. Deferred tax assets have not been recognised in respect of

	2021 \$
Provisions and accruals	16,314
Business related costs	-
Carry forward revenue losses	-
Capital losses	-
	16,314

3.4. Loss Per Share

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

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

Notes to the Consolidated Financial Statements For the Period Ended 30 June 2021

3.4. Loss Per Share (Cont)

The following reflects the income and share data used in the calculations of basic and diluted loss per share:

	2021 \$
Gain (Loss) attributable to ordinary shareholders	(205,583)
Issued number of ordinary shares at February 2021	-
Effect of shares issued during the period	5,750,000
Weighted average number of shares for year to 30 June 2021	197,945
Basic loss per share (dollar per share)	(1.04)

As at reporting date, 18,250,000 unlisted options (which represent potential ordinary shares) were not dilutive as they would decrease the loss per share.

4. Working Capital Management

4.1. Cash and Cash Equivalents

“Cash and cash equivalents” include cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

	2021 \$
Cash at bank and in hand	22,310
	22,310

4.2. Reconciliation of Net Loss After Income Tax Expense to Net Cash Used In Operating Activities

	2021 \$
Cash flows from operating activities	
(Loss) for the year	(205,583)
Adjustments for:	
Capitalisation of interest on loans	1,359
Exploration expenses settled by issue of Shares	-
Depreciation and amortisation expense	-
(Profit)/Loss on disposal of Plant & Equipment	-
Change in operating assets & liabilities	
(Increase) / decrease in receivables	(16,347)
Increase / (decrease) in payables	158,881
Net cash used in operating activities	(61,690)

4.3. Trade and Other Receivables

Trade receivables are initially recognised and carried at original invoice amount less allowance for expected credit loss. Trade receivables are due for settlement no more than 30 days from the date of recognition. A provision for impairment is made based on a forward-looking expected credit loss model in line the requirements of AASB 9. Bad debts are written off when identified.

	2021 \$
Loans	41,456
GST receivable	16,347
	57,803

The Group’s management considers that all of the above financial assets that are not impaired or past due for each of the 30 June reporting dates under review are of good credit quality (refer to 5.4.1).

Notes to the Consolidated Financial Statements For the Period Ended 30 June 2021

4.4. Trade and Other Payables

Trade and other payables are carried at amortised cost and represent liabilities for the goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days.

	2021 \$
Trade payables	105,117
Accrued expenses	62,745
	<u>167,862</u>

5. Funding and risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in the proportion to the number and amount paid on the shares held. Ordinary shares are classified as equity.

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

5.1. Contributed Equity

Ordinary shares are classified as equity. Issued and paid-up capital is recognised at the fair value of the consideration received by the Company.

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.

	2021 \$
Contributed equity	57,500
Cost of share issue	-
	<u>57,500</u>

5.2. Movement in shares on issue

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

5.2.1. Ordinary Shares

	Date	Number of shares	Issue price \$	Value \$
Balance 12 February 2021		-		-
Issue of Shares - Founders	10/06/2021	2,500,000	0.01	25,000
Issue of Shares - Founders	21/06/2021	250,000	0.01	2,500
Issue of Shares - Founders	22/06/2021	2,500,000	0.01	25,000
Issue of Shares - Founders	30/06/2021	500,000	0.01	5,000
Balance 30 June 2021		<u>5,750,000</u>		<u>57,500</u>

Notes to the Consolidated Financial Statements For the Period Ended 30 June 2021

5.2. Movement in shares on issue (Cont)

5.2.2. Performance Securities

The Option Agreement with Firefly Resources Limited ((refer note 7.3(a)) includes the issue of Deferred Consideration Shares (Performance Shares). The condition for the issuance of those shares has not been met as the milestone was not achieved. Upon meeting the milestone Forrestania will issue Firefly Resources Limited 2,500,000 fully paid ordinary shares.

- Milestone:
 - the Deferred Consideration Shares will be issued upon the Announcement by Forrestania of a JORC 2012 compliant Inferred, Indicated or Measured Mineral Resource of at least 250,000oz of gold at a grade of greater than 2.0 g/t at 0.5 g/t cut off located within the tenement area as verified by an independent competent person.
 - The Milestone will expire on the date that is 3 years from the completion date.
 - No Deferred Consideration Shares were issued or cancelled during the period up until 30 June 2021 and no Milestones have been met.

5.3. Capital risk management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

Being at an exploration stage, the Company does not generate cash inflows from its operations to fund its exploration and working capital requirements, therefore, the Company may issue shares to either generate cash for operations or to acquire assets in order to maintain adequate levels of cash reserves.

During the financial period ended 30 June 2021, the Company issued 5,750,000 ordinary shares.

The Company is not subject to any externally imposed capital requirements.

5.4. Financial risk management

The Group's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to fund capital expenditure on the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. Being at an exploration stage, the Group has limited exposure to risks arising from its financial instruments.

Currently the Group does not have any exposure to commodity price risk or foreign currency risk as the Group has ceased operations in Spain. As the Group moves into development and production phases, exposure to commodity price risk, foreign currency risk and credit risk are expected to increase. The Board will set appropriate policies to manage these risks dependent on market conditions and requirements at that time.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1.

5.4.1. Credit risk

Credit risk represents the loss that would be recognised if counterparties fail to perform as contracted. The Group's maximum exposure to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated in the statement of financial position. The majority of cash and cash equivalents is held with one Australian Bank which has an AA- long-term credit rating from Standard and Poor's.

Wherever possible, the Group trades only with recognised, credit worthy third parties. There are no significant concentrations of credit risk within the Group. Since the Group trades only with recognised third parties, there is no requirement for collateral.

5.4.2. Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient funds to pay its debts as and when they become due and payable. The Group currently does not have major funding in place. However the Group continuously monitors forecast and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans if and when required.

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Notes to the Consolidated Financial Statements For the Period Ended 30 June 2021

5.4. Financial risk management (Cont)

5.4.2. Liquidity risk (Cont)

Cash at bank and on hand, as set out in Note 4.1, is available for use by the Group without restrictions.

Financial liabilities of the Group at 30 June 2021 are expected to be settled within 6 months of year-end.

5.4.3. Market risk

(A) Price risk

The group is not exposed to equity securities price risk. The group is not exposed to commodity price risk. The sensitivity of movements in the price has not been disclosed as it is not material to the Group.

(B) Foreign currency risk

The group do not have any foreign currency balances and therefore is not exposed to any foreign currency risk.

(C) Interest rate risk

The following tables summarise the sensitivity of the Group's financial assets and liabilities to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax loss and equity would have been affected as shown. The analysis represents management's judgement of a reasonably possible movement.

	Carrying Amount	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss	Equity	Net Gain	Equity
30 June 2021	\$	\$	\$	\$	\$
Cash and cash equivalents	22,310	(223)	(223)	223	223
Other current assets (fixed interest)	57,803	(578)	(578)	578	578

Some of the Group's financial liabilities are interest bearing. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

	Carrying Amount	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss	Equity	Net Gain	Equity
30 June 2021	\$	\$	\$	\$	\$
Loans (fixed interest)	197,641	1,976	1,976	(1,976)	(1,976)

6. Related Parties

6.1. Transactions with Related Parties

David Izzard charged corporate advisory fees of \$20,000 and provision of office administrative resources of \$5,948 to Forresteria Resources Limited through Bowman Gate Pty Ltd, a company that he controls.

John Hannaford charged corporate advisory fees of \$20,000 to Forresteria Resources Limited through Riverview Corporation Pty Ltd, a company that he controls.

6.2. Related Party Loans

The Company has unsecured loans payable to the following entities. These loans are repayable within 12 months and have an interest rate of 6% per annum.

	2021
	\$
Rockford Partners Pty Ltd	84,490
Hop Valley Holdings Ltd	85,984
Riverview Corporation Pty Ltd	27,167
Total Loans Payable	197,641

Notes to the Consolidated Financial Statements For the Period Ended 30 June 2021

6.2. Related Party Loans (cont)

David Izzard is a director of both the Company and of all entities above except for Riverview Corporation Pty Ltd. John Hannaford is a director of both the Company and all entities above except for Hop Valley Holdings Pty Ltd.

Forrestania Resources has provided loans to the following entities. These loans were issued at 6% interest and will be repayable within 12 months.

	2021 \$
Tigers Paw Prospecting No 1 Pty Ltd	4,852
Quattro Gold Pty Ltd	32,275
Total Loans Receivable	37,127

David Izzard and John Hannaford are directors of the Company and of both entities above.

Forrestania Resources has provided loans to the following entities, it has not entered into formal loan agreements, nor is interest payable.

	2021 \$
BA Exploration Pty Ltd	839
Total Loans Receivable	839

William Higgins is a director of both the Company and BA Exploration Pty Ltd.

7. Other

7.1. Events occurring after the reporting period

Forrestania Resources entered into share purchase option agreements with the Sellers to acquire 100% of the issued shares of entities that are registered holders of exploration applications and granted exploration and mining tenements in the Forrestania, Southern Cross and Eastern Goldfields regions, The terms of the share purchase option agreements are summarised below:

(a) Tenement Holder (Tigers Paw); Tenements (ELA29/1118, ELA39/2222, ELA37/1438, ELA29/1119)

- Agreement execution date: 2 July 2021
- Exclusive Option to acquire 100% of the issued shares in the company.
- Consideration: - the following consideration was agreed upon exercising of the option:
 - \$25,000 cash reimbursement of previous expenditure in maintaining the tenements; and
 - the issue 1,250,000 of Shares in Forrestania at 1,250,000 20 cents each; and
 - the issue of 625,000 Options in Forrestania (exercise price 30 cents, expiry date 4 years from the date of issue)

(b) Tenement Holder (Quattro); Tenements (M77/1266, P77/4544 P77/4546, ELA77/2656, ELA77/2676, ELA77/2830, ELA77/2832)

- Agreement execution date: 2 July 2021
- Exclusive Option to acquire 100% of the issued shares in the company.
- Consideration: - the following consideration was agreed upon exercising of the option:
 - the issue of 750,000 Shares in Forrestania at 20 cents each; and
 - the issue of 1,000,000 Options (exercise price 30 cents, expiry date 4 years from the date of issue); and
 - repayment by way of cash of Quattro debts to the value of \$85,000.

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Notes to the Consolidated Financial Statements For the Period Ended 30 June 2021

Forrestania Resources entered into a purchase option agreement to acquire a number of granted and applied-for mining tenements in the Forrestania region. The terms of the option agreement is summarised below.

(a) Tenement Holder (WA Prospectors & Vern Strange); Tenements (M77/1266, P77/4544, P77/4546)

- Agreement execution date: 5 July 2021
- Option Fees: \$20,000 option fee to acquire the relevant option expiring 6 months from execution date payable to West Australian Prospectors and Vern Strange.
- Consideration: - the following consideration was agreed upon exercising of the option:
 - \$40,000,000 cash payment; and
 - the issue 250,000 of Shares in Forrestania at 20 cents each.

Subsequent to the period end the Company issued a further 1,250,000 founder shares, and 1,250,000 options, exercise price \$0.30 with an expiry date of 27 June 2025. The Directors were issued a total of 5,000,000 free options, exercise price \$0.30 with an expiry date of 27 June 2025. Seed capital of \$540,000 was raised on the issue of 7,000,000 shares. 500,000 options were issued under the Company's Employee Security Incentive Plan, the options have an exercise price of \$0.30 and will expire on 17 August 2025.

The Company has been approved by the ASX to be admitted on to the ASX on 30 September 2021 which will complete a \$5 Million IPO capital raising (before costs) by the issue of 25 Million shares at 20 cents per share and gained admission to the ASX. As per the terms of the Capital Raising Mandate, the lead manager to the IPO received 3,500,000 options, exercise price \$0.30, expiry date 21 September 2025.

The Company exercised all Option agreements (refer above and Note 7.3 of the Financial Report) with vendor parties and completed the agreements with the issue of 12,000,000 fully paid ordinary shares 2,250,000 unlisted options and 2,500,000 performance securities together with cash payments of \$310,000.

The Company repaid related party loans to a total of \$201,342.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

7.2. Commitments

The Company has certain obligations to perform minimum exploration work on the tenements in which it has an interest. These obligations vary from time to time. The aggregate of the prescribed expenditure conditions applicable to the granted tenements for the next twelve months amounts to \$444,060.

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Notes to the Consolidated Financial Statements For the Period Ended 30 June 2021

7.3. Contingent assets and liabilities

Summary of agreements

Forrestania Resources has entered into share purchase option agreements with the Sellers to acquire 100% of the issued shares of entities that are registered holders of exploration applications and granted exploration and mining tenements in the Forrestania, Southern Cross and Eastern Goldfields regions. The terms of the share purchase option agreements are summarised below.

(c) Tenement Holder (Firehawk Gold Pty Ltd, a subsidiary of Firefly Resources Ltd); Tenements: (E74/586, E74/591, E74/627, E77/2313, E77/2364, E77/2348, E77/2345, E77/2346, M77/549)

- Agreement execution date: 17 March 2021
- Exclusive Option to acquire 100% of the issued shares in the company.
- Option Fees: \$50,000 to acquire the shares in Fire Hawk expiring on 17 September 2021.
- Consideration: - the following consideration was agreed upon exercising of the option:
 - \$50,000 cash payment to Firehawk; and
 - the issue of 6,250,000 Shares in Forrestania at 20 cents each; and
 - 1% net smelter return royalty
- Deferred Consideration Shares: - upon the satisfaction of the Milestone:
 - The issue of 2,500,000 Performance Shares at 20 cents each
- Milestone:
 - the Deferred Consideration Shares will be issued upon the Announcement by Forrestania of a JORC 2012 compliant Inferred, Indicated or Measured Mineral Resource of at least 250,000oz of gold at a grade of greater than 2.0 g/t at 0.5 g/t cut off located within the tenement area as verified by an independent competent person.
 - The Milestone will expire on the date that is 3 years from the completion date.

(d) Tenement Holder (BA Exploration); Tenements (ELA29/1103, EL37/1416)

- Agreement execution date: 10 June 2021
- Exclusive Option to acquire 100% of the issued shares in the company.
- Consideration:
 - Up to \$40,000 cash reimbursement of previous expenditure in maintaining the tenements; and
 - the issue of 1,250,000 Shares in Forrestania at 20 cents each; and
 - the issue of 625,000 Options in Forrestania (exercise price 30 cents, expiry date 4 years from the date of issue)

Forrestania Resources has also entered into purchase option agreements with Vendors to acquire a number of granted and applied-for mining tenements in the Forrestania region. The terms of the option agreements are summarised below.

(b) Tenement Holder (Jindalee); Tenement: (E 77/2575, E77/2576, E77/2701)

- Agreement execution date: 5 May 2021
- Exclusive Option to acquire 80% of Jindalee's legal and beneficial interest in the tenements.
- Option Fees: \$25,000 option fee to acquire the relevant option expiring 6 months from execution date payable to Jindalee, and an option extension fee of \$25,000 fee to extend the option period by 6 months.
- Consideration: - the following consideration was agreed upon exercising of the option:
 - up to \$10,000 cash payment to Jindalee within 7 days of exercising of option; and
 - the issue of 500,000 Shares in Forrestania at 20 cents each within 12 months of the option fee date.
- Post settlement – until Forrestania completes a bankable feasibility study (BFS) in respect of all or any part of the tenements, Jindalee will be free carried up to the completion of the BFS. On and from the date of the BFS the parties will enter into a joint venture. In the event that as a result of dilution Jindalee's interest in the tenements is equal to 5% or less Jindalee may elect to convert its interest into a 2% net smelter return royalty.

(c) Tenement Holder (West Australian Prospectors); Tenements: (P44/4326, P77/4325, ELA77/2764)

- Agreement execution date: 1 April 2021
- Option Fees: \$30,000 option fee to acquire the relevant option expiring 6 months from execution date payable to West Australian Prospectors, and a further \$50,000 option fee to extend the option period for six months.
- Consideration: - the following consideration is payable exercise of the option:

Notes to the Consolidated Financial Statements For the Period Ended 30 June 2021

7.3. Contingent assets and liabilities (Cont)

- \$60,000 cash payment; and
- the issue of 1,750,000 Shares in Forrestania at 20 cents per share; and
- 1.0% gross smelter royalty in respect of any future production from the Tenement, capped at \$1,000,000.

Where an extension notice has been provided:

- \$80,000 cash payment; and
- the issue of 2,000,000 Shares in the Forrestania at 20 cents per share; and
- 1.0% gross smelter royalty in respect of any future production from the Tenement, capped at \$1,000,000.

7.4. Remuneration of Auditors

	2021 \$
Amount received or due and receivable by the auditor for: Auditing the financial statements, including audit review - current period audits	10,000
Non-Audit services	6,000
Total remuneration of auditors	16,000

7.5. Application of New and Revised Accounting Standards

Accounting Standards that are mandatorily effective for the current reporting year

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2020. New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not yet issued in Australia.

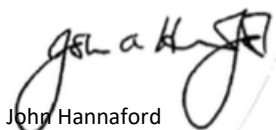
The Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies

Director's Declaration

In accordance with a resolution of the directors of Forrestania Resources Limited, I state that:

- (1) In the opinion of the directors:
 - (a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the Group are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the period ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (2) The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- (3) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the period ended 30 June 2021.

On behalf of the Board,



John Hannaford
Chairman
30 September 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORRESTANIA RESOURCES LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Forrestania Resources Limited ("the Company"), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the period then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.1.

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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (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.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the period 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 accordingly we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, 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 Note 1.1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the period ended 30 June 2021. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 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.

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the period ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD


MARK DELAURENTIS CA
Partner

Dated this 30th day of September 2021

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Additional Shareholder Information – as at 30 September 2021

1. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities as at 30 September 2021 are listed below:

ORDINARY SHARES

Rank	Holder Name	Securities	%
1	FIREFLY RESOURCES LTD	6,250,000	12.25%
2	CITICORP NOMINEES PTY LIMITED	4,700,000	9.22%
3	BOWMAN GATE PTY LTD <THE DISCOVERY A/C>	3,775,000	7.40%
4	JAEK HOLDINGS PTY LTD <THE HANNAFORD FAMILY A/C>	3,275,000	6.42%
5	CITYSCAPE ASSET PTY LTD <CITYSCAPE FAMILY A/C>	2,950,000	5.78%
6	WEST AUSTRALIAN PROSPECTORS PTY LTD	1,750,000	3.43%
7	WILLIAM JOHN HIGGINS	1,125,000	2.21%
7	ASHLEY GARNER BENNETT	1,125,000	2.21%
8	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	1,000,000	1.96%
9	ROCKFORD PARTNERS PTY LTD	625,000	1.23%
10	SABINA MARIE SCHLINK <THE HENSMAN FAMILY A/C>	575,000	1.13%
11	JINDALEE RESOURCES LIMITED	500,000	0.98%
11	ONE MANAGED INVESTMENT FUNDS LIMITED <TI GROWTH A/C>	500,000	0.98%
11	AMAL TRUSTEES PTY LTD <MCEC MICROCAP FUND 1 A/C>	500,000	0.98%
12	DRAGON TREE CAPITAL PTY LTD	450,000	0.88%
13	WHEAD PTY LTD	400,000	0.78%
13	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	400,000	0.78%
14	AUTUMN ORIGIN CAPITAL PTY LTD	312,500	0.61%
15	BEACHCOVE CAPITAL PTE LTD	300,000	0.59%
15	NYSHA INVESTMENTS PTY LTD <SANGHAVI FAMILY A/C>	300,000	0.59%
16	RAYMA ADAMS	250,000	0.49%
16	CIG (WA) PTY LTD <THE CLARK FAMILY A/C>	250,000	0.49%
16	VERNON WESLEY STRANGE	250,000	0.49%
16	STELLA EQUITY PTY LTD <STELLA A/C>	250,000	0.49%
16	F10 SERVICES PTY LTD	250,000	0.49%
16	TK7 HOLDINGS PTY LTD <TK7 FAMILY A/C>	250,000	0.49%
17	SLADE PASCOE PTY LTD <SLADE PASCOE PL TBFT A/C>	240,000	0.47%
18	BILL BROOKS PTY LTD <BILL BROOKS SUPER FUND A/C>	200,000	0.39%
18	SULLIVAN CREEK PTY LTD	200,000	0.39%
18	AGENS PTY LTD <THE MARK COLLINS S/F A/C>	200,000	0.39%
18	ZIZIPHUS PTY LTD	200,000	0.39%
18	MR SHANE TIMOTHY BALL <THE BALL A/C>	200,000	0.39%
18	CHAMPAGNE CAPITAL PTY LTD <OYSTER SUPER FUND A/C>	200,000	0.39%
18	BRIANT NOMINEES PTY LTD <BRIANT SUPER FUND A/C>	200,000	0.39%
19	HILLS FRESH (WA) PTY LTD	190,000	0.37%
19	MR TROY ADAM LANTZKE <THE GTLX FAMILY A/C>	190,000	0.37%
20	MR MARK LINFIELD LONGMORE SCOTT <MARK SCOTT FAMILY A/C>	187,500	0.37%
20	MR PRAGASA MOORTHY KRISHNASAMY	187,500	0.37%
	Top 20 Total	34,707,500	68.05%
	Total Remaining Holders Balance	16,292,500	31.95%
	Total Shares on Issue	51,000,000	100.00%

Additional Shareholder Information – as at 30 September 2021

2. DISTRIBUTION OF EQUITY SECURITIES

Analysis of security by size holding as at 30 September 2021:

Range	Securities	No. of holders	%
100,001 and Over	37,142,296	62	72.83%
10,001 to 100,000	12,687,704	265	24.88%
5,001 to 10,000	1,170,000	117	2.29%
1,001 to 5,000	-	-	-
1 to 1,000	-	-	-
Total	51,000,000	444	100%
Unmarketable Parcels	-	-	-

3. SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed in the company's register as at 30 September 2021 are:

Name	Number of Shares Held
FIREFLY RESOURCES LTD	6,250,000
BOWMAN GATE PTY LTD <THE DISCOVERY A/C>	3,775,000
JAEK HOLDINGS PTY LTD <THE HANNAFORD FAMILY A/C>	3,275,000
CITYSCAPE ASSET PTY LTD <CITYSCAPE FAMILY A/C>	2,950,000

4. UNQUOTED SECURITIES

As at 27 September 2021, the following unquoted securities are on issue:

Unquoted Securities	Number on Issue	Number of Holders
OPTIONS @ \$0.30 EXP 27/06/25	12,000,000	9
OPTIONS @ \$0.30 EXP 17/08/25	500,000	1
OPTIONS @ \$0.30 EXP 21/09/25	5,750,000	20
Total unquoted securities	18,250,000	30

5. VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representation more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held.

There are no voting rights attached to any of the options that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

6. ON-MARKET BUY BACK

There is currently no on-market buy-back program for any of Forresteria Resources Limited's listed securities.