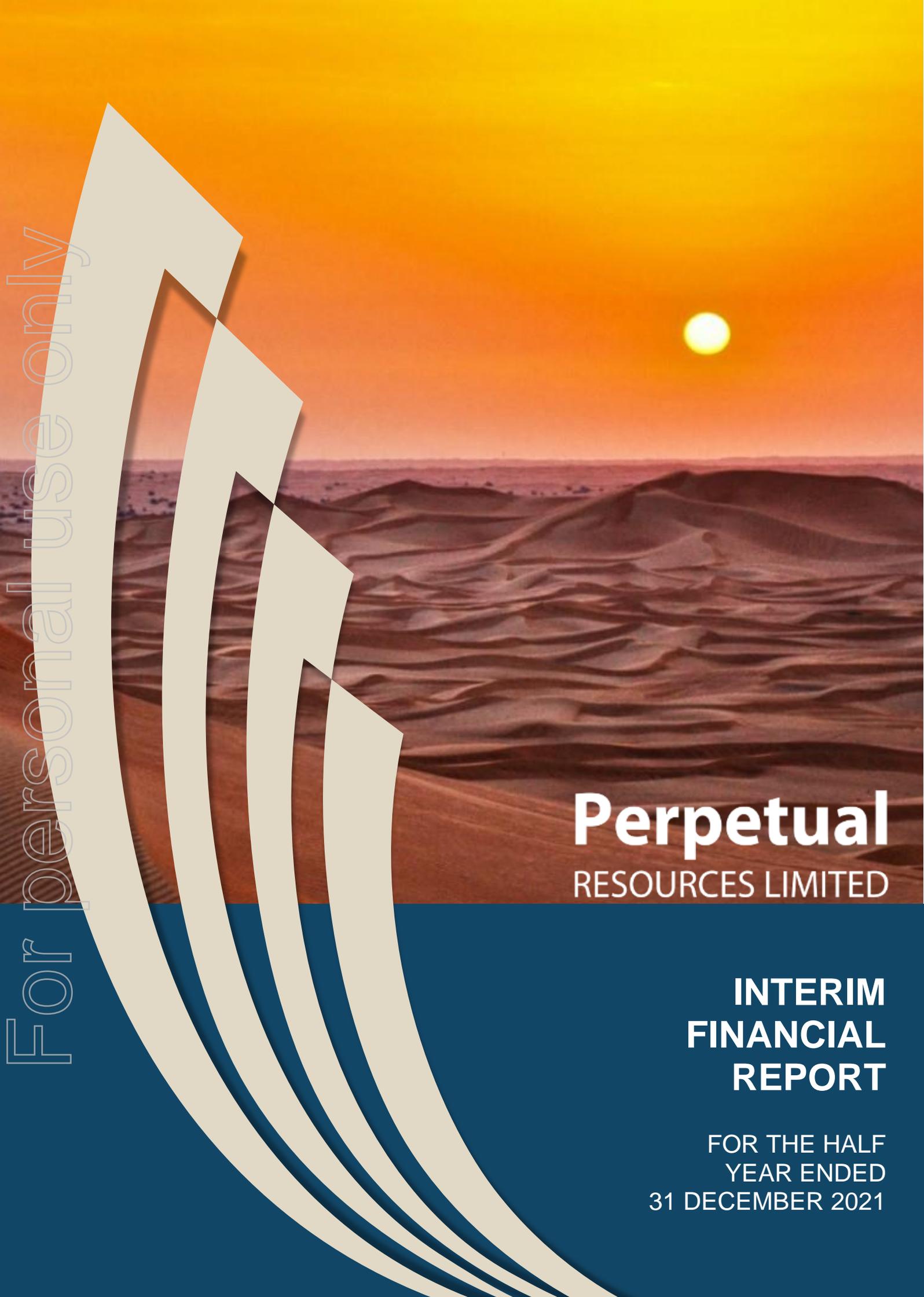


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Perpetual

RESOURCES LIMITED

INTERIM FINANCIAL REPORT

FOR THE HALF
YEAR ENDED
31 DECEMBER 2021

CORPORATE DIRECTORY

Perpetual Resources Ltd

ABN 82 154 516 533

Directors

Mr Julian Babarczy
Mr Robert Benussi
Mr Brett Grosvenor

Company Secretary

Mr Nicholas Katris

Registered Office

223 Liverpool Street
Darlinghurst NSW 2010

Share Register

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnson Street
Abbotsford VIC 3067
Phone: 1300 309 739

Auditor

William Buck
Level 20, 181 William Street
Melbourne, VIC, 3000

Solicitors

Hamilton Locke
Australia Square
Level 42, 264 George Street
Sydney NSW 2000

Bankers

National Australia Bank
239 Murray Street
Perth WA 6000

Stock Exchange Listing

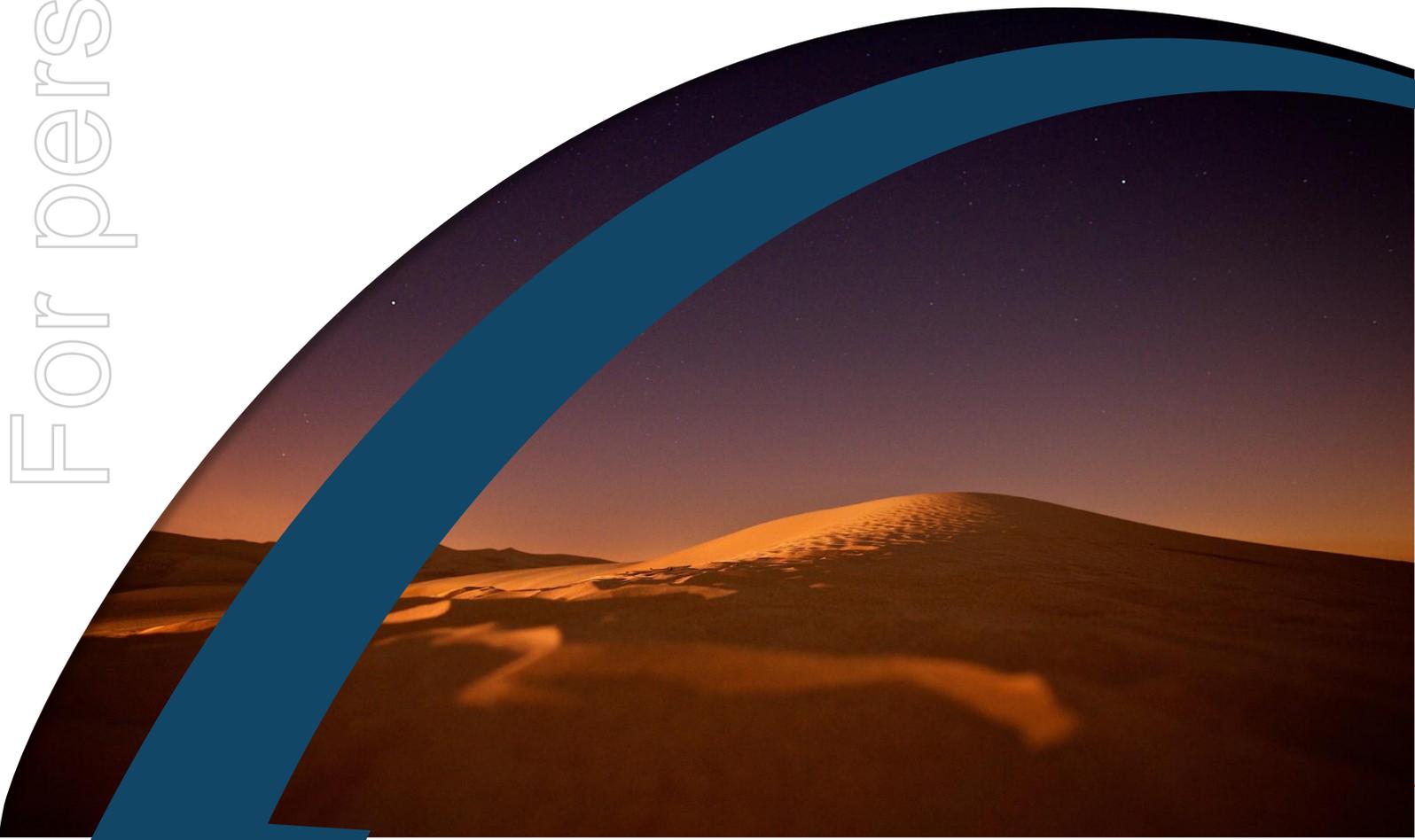
Perpetual Resources Limited securities are listed on the Australian Securities Exchange (ASX code: PEC)

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IMPORTANT NOTICES

Disclaimer

This report has been prepared by the Company based on information from its own and third-party sources and is not a disclosure document. No party other than the Company has authorised or caused the issue, lodgement, submission, despatch or provision of this half year report, or takes any responsibility for, or makes or purports to make any statements, representations or undertakings in this half year report. Except for any liability that cannot be excluded by law, the Company and its related bodies corporate, directors, employees, servants, advisers and agents disclaim and accept no responsibility or liability for any expenses, losses, damages or costs incurred by you relating in any way to this half year report including, without limitation, the information contained in or provided in connection with it, any errors or omissions from it however caused, lack of accuracy, completeness, currency or reliability or you or any other person placing any reliance on this half year report, its accuracy, completeness, currency or reliability. This half year report is not a prospectus, disclosure document or other offering document under Australian law or under any other law. It is provided for information purposes and is not an invitation nor offer of shares or recommendation for subscription, purchase or sale in any jurisdiction. This half year report does not purport to contain all the information that a prospective investor may require in connection with any potential investment in the Company. Each recipient must make its own independent assessment of the Company before acquiring any shares in the Company.

JORC Compliance Statement

This report contains references to Mineral Resources and Ore Reserves estimates which have been extracted from the Company's Announcements. For full details of Exploration Results in this half-year report that have been previously announced, refer to the Company's said announcement or release on the said date. The Company confirms that it is not aware of any new information or data that materially affects the information included in the said announcements, and in the case of estimates of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not materially modified from the original market announcements.

Forward-looking statements

Certain statements contained in this report may be 'forward-looking' and may include, amongst other things, statements regarding production targets, economic analysis, resource trends, pricing, recovery costs, and capital expenditure. These 'forward-looking' statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Perpetual Resources Limited, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies and involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as 'believe', 'expect', 'anticipate', 'indicate', 'target', 'plan', 'intends', 'budget', 'estimate', 'may', 'will', 'schedule' and others of similar nature.

Perpetual Resources Limited does not undertake any obligation to update forward-looking statements even if circumstances or management's estimates or opinions should change. Investors should not place undue reliance on forward-looking statements as they are not a guarantee of future performance.

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Perpetual Resources Limited (referred to hereafter as the 'Company', or 'Perpetual') and the entity it controlled at the end of, or during, the half-year ended 31 December 2021.

The information in this report should be read in conjunction with the most recent annual financial report, being the report for the year ended 30 June 2021.

DIRECTORS

The following persons were directors of Perpetual Resources Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Julian Babarczy (Executive Chairman)

Mr Robert Benussi (Executive Director)

Mr Brett Grosvenor (Non-executive Director)

Mr George Karafotias (Non-executive Director & Company Secretary) (resigned 31 December 2021)

PRINCIPAL ACTIVITIES

During the financial half-year the principal continuing activities of the consolidated entity consisted of exploration for silica sands at the Company's following exploration areas of interest located in Western Australia.

Beharra Silica Sands Project and surrounding tenements in Western Australia,

Sargon Project in Western Australia, and

Eneabba Project in Western Australia.

DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial half-year.

FINANCIAL PERFORMANCE & POSITION

The loss for the consolidated entity after providing for income tax amounted to \$673,964 (31 December 2020: loss \$222,361).

The net assets of the consolidated entity decreased during the half-year period by \$444,892 to \$8,569,278 (30 June 2021: \$9,014,170).

The consolidated entity's working capital, being current assets less current liabilities was \$2,010,567 at 31 December 2021 (30 June 2021: \$3,177,614).

REVIEW OF OPERATIONS

During the half-year period, Perpetual continued its exploration & development activities at the Company's flagship asset, the Beharra Project (Beharra) located in a tier 1 region in Western Australia, which covers approx. 49 square kilometres.

Beharra Project

Beharra is a high purity silica sand project, aiming to produce high purity silica for international markets. Extensive work has been undertaken and is ongoing to prepare the project for advancement.

Key milestones achieved to date include:

- Maiden Mineral Resource Estimate delivered mid 2020 (see ASX release 22nd August 2020)
- Pre-Feasibility Study delivered in 1Q 2021 (see ASX release 17th March 2021)
- Maiden Mineral Reserve Estimate delivered 1Q 2021 (see ASX release 17th March 2021)
- Water Licence secured in collaboration with traditional landowners and the WA Government in November 2021 (see ASX release 8th November 2021).

KEY ACTIVITIES DURING THE HALF YEAR ENDING 31 DECEMBER 2021

Infill Drilling Results

Results from the Beharra, Phase 3 air core drill program completed during the half-year confirmed high grade white silica sand intersections, supporting a white sand only development scenario. These encouraging results have been the focus for advancing the updated Mineral Resource and Ore Reserve Estimates which continues to progress.

In August Phase 3 Air Core infill drilling results confirmed high grade white silica Sand at Beharra with 86 drillholes confirming high grade intersections from 0.5m below surface (Refer ASX release 30th August 2021):

- C1: 10.5m @ 98.2% SiO₂ from 0.5m, incl. 3.5m @ 99.2% SiO₂ from 0.5m
- C11: 13.5m @ 98.2% SiO₂ from 0.5m
- C20: 13.5m @ 98.2% SiO₂ from 0.5m, incl. 10.5m @ 99.1% SiO₂ from 0.5m
- C27: 9.5m @ 98.8% SiO₂ from 0.5m, incl. 3.5m @ 99.2% SiO₂ from 0.5m
- C34: 8.5m @ 98.8% SiO₂ from 0.5m, incl. 4.0m @ 99.1% SiO₂ from 2.0m
- C37: 11.5m @ 98.6% SiO₂ from 0.5m
- C44: 8.5m @ 98.7% SiO₂ from 0.5m, incl. 2.0m @ 99.1% SiO₂ from 2.0m
- C54: 11.5m @ 98.5% SiO₂ from 0.5m
- C62: 8.5m @ 98.8% SiO₂ from 0.5m, incl. 4.5m @ 99.0% SiO₂ from 0.5m
- C67: 11.5m @ 98.6% SiO₂ from 0.5m
- C71: 9.5m @ 98.6% SiO₂ from 0.5m, incl. 2.0m @ 99.1% SiO₂ from 3.0m
- C74: 7.5m @ 99.1% SiO₂ from 0.5m, incl. 4.5m @ 99.3% SiO₂ from 0.5m

Every drillhole returned intersections of >98.0% SiO₂ with thick white sand horizons. Furthermore, in October the Company announced the commencement of white sand only scalable metallurgical testing on Phase 3 white sand drill samples. The goal is to replicate the initial white sand metallurgical testing to demonstrate that the extremely low potential impurities in Beharra end product extends across a large portion of the Beharra orebody.

Scoping Study for DSO

After inbound interest relating to the potential sales of Direct Shipping Ore (DSO) from Beharra, a DSO scoping study was commenced in September which was aimed at providing the Company with a strong economic understanding of this potential production scenario. This will also aid in ongoing negotiations and discussions around potential innovative commercial profit-sharing models. Whilst there has been significant development on the study, final outcomes remain undetermined and dependent on the outcome of commercial discussion with potential offtake partners.

Beharra White Sand Only Pre-Feasibility Study Update

In December the Board approved formal commencement of the Beharra Pre-Feasibility Study Update (PFSU) after white sand only metallurgic test work success confirming that Beharra can consistently produce a low impurity end product specification (99.6% SiO₂ with Fe₂O₃ impurity levels of only 173ppm) (refer ASX release 8th December 2021). Building on top of the previously delivered Pre-Feasibility Study (PFS) from March 2021, PFSU will provide a side-by-side analysis between the previously studied comingled white and yellow sand production scenario.

White Sand Horizon

Beharra white sand test work confirmed a 173ppm Fe₂O₃ end product with potential for a higher quality white sand domain (refer ASX release 2nd December 2021).

Beharra White Sand Only	SiO ₂	Fe ₂ O ₃ ppm	Al ₂ O ₃ ppm	TiO ₂ ppm	Mass
Beharra Special White	99.6%	173	1986	342	100%
Beharra Premium White Coarse	99.6%	160	1620	290	14%
Beharra Premium White Fine	99.6%	175	2045	350	86%

Table 1: Results of December 2021 bulk metallurgical test work which targeted the white sand only horizon at Beharra.

The white sand horizon at Beharra shows clear chemical and lithological/mineralogical zonation between an upper and lower sub-unit, where the upper unit appears to contain higher SiO₂ content and a lower impurity profile suggesting a premium Beharra final product may be possible

This geological discovery requires additional test work to confirm, which is now being undertaken to assess the separate sub-domains. Metallurgical testing is anticipated to deliver bulk sample test results from each distinct sub-domain within the white sand sequence, with results due in the June quarter.

Landmark Water Agreement

The Company achieved a landmark collaboration agreement in October with the West Australian Government and traditional landowners, Yamatji Southern Regional Corporation (YSRC) to secure water licence requirements for Beharra over an initial 10 years. This agreement covers 560,000 kL of water per annum which covers Beharra's base case production scenario of 1.5 million tons per annum. The Company and YSRC have also agreed to work closely to develop additional initiatives that will directly benefit the Yamatji Nation and Perpetual (see ASX release 8th November 2021).

Environmental Surveys

Social and physical environmental activities at Beharra including field surveys, impact assessments and permitting are ongoing.

Ongoing Activities

Activities in the first half of 2022 will focus on:

- White sand development scenario after positive results from Phase 3 air core drill program in August 2021.
- Scoping studies for DSO production scenarios to continue and are anticipated to be completed in coming quarters.
- Continued sampling program directed at targeting multiple zones within the Beharra white sand horizon. Samples have been prepared for delivery to IHC Mining in Brisbane with results anticipated for the June quarter (see ASX release 15th February 2022).
- Continued work on the PFSU to include the 'white only horizons' sand development (see ASX release 27th January 2022)

OTHER EXPLORATION ACTIVITIES

- Arrowsmith West Exploration Licence was formally granted by the WA Government in August 2021, paving way for exploration and evaluation activities to commence searching for high grade silica sand.
- Geological reconnaissance was undertaken to assess for potential high grade, low iron white sand occurrences at the Company's other projects including Eneabba North and South, Arrowsmith West and Sargon. At each prospect other than Eneabba North, limited shallow auger test holes were drilled and selected areas within each prospect were inspected. Exploration and reconnaissance efforts are ongoing.
- A reconnaissance exploration correlation study was also carried out at Beharra towards the north to determine geophysical imaging (ASTER) against ground lithology across multiple project areas.
- An application was made in December for additional silica sand tenement (Beharra West) which is located approximately 3km west of Beharra. Subsequent to the half-year, the tenement was granted by the Western Australian Department of Mines, Industry, Regulation & Safety (DMIRS).

CORPORATE

Annual General Meeting

Perpetual held its Annual General Meeting on 29 November 2021, with all resolutions being passed on a poll.

Board Change

Non-Executive Director & Company Secretary George Karafotias resigned on the 31 December 2021.

Appointment of Company Secretary

Effective 31 December 2021, Mr Nicholas Katris assumed the role of Company Secretary of the Company.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL HALF-YEAR

There were no matters or circumstances that have arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001. On behalf of the directors



Robert Benussi
Managing Director

3 March 2022

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF PERPETUAL RESOURCES
LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2021 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck.

William Buck Audit (VIC) Pty Ltd
ABN 59 116 151 136

Alan Finnis

A. A. Finnis
Director

Melbourne, 3 March 2022

ACCOUNTANTS & ADVISORS

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Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

INTERIM FINANCIAL REPORT STATEMENTS

FOR THE HALF
YEAR ENDED
31 DECEMBER 2021



Perpetual
RESOURCES LIMITED

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INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2021

	NOTE	31 DEC 2021 \$	31 DEC 2020 \$
Revenue			
Fair value gains on financial assets		-	119,681
Sundry income		25	-
Expenses			
Administrative and corporate expenses		(540,539)	(342,042)
Legal and consulting expenses		(133,450)	-
Loss before income tax expense		(673,964)	(222,361)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Perpetual Resources Limited		(673,964)	(222,361)
Other comprehensive income for the half-year, net of tax			
Total comprehensive loss for the half-year attributable to the owners of Perpetual Resources Limited		(673,964)	(222,361)
		CENTS	CENTS
Basic loss per share	5	(0.14)	(0.05)
Diluted loss per share	5	(0.14)	(0.05)

The above statement should be read in conjunction with the accompanying notes.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	NOTE	31 DEC 2021 \$	30 JUN 2021 \$
Current assets			
Cash and cash equivalents		2,271,398	3,417,884
Trade and other receivables		47,112	66,102
Other assets		10,530	-
Total current assets		2,329,040	3,483,986
Non-current assets			
Exploration and evaluation assets	6	6,558,711	5,836,556
Total non-current assets		6,558,711	5,836,556
Total assets		8,887,751	9,320,542
LIABILITIES			
Current liabilities			
Trade and other payables		318,473	306,372
Total current liabilities		318,473	306,372
Total liabilities		318,473	306,372
Net assets		8,569,278	9,014,170
EQUITY			
Issued capital	7	15,211,045	14,961,862
Reserves	8	477,112	522,567
Accumulated losses		(7,118,879)	(6,470,259)
Total equity		8,569,278	9,014,170

The above statement should be read in conjunction with the accompanying notes.

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2021

	NOTE	31 DEC 2021 \$	31 DEC 2020 \$
Operating activities			
Payments for exploration & evaluation (expensed)		(12,658)	-
Payments to suppliers and employees		(447,942)	(360,663)
Interest received		25	-
Net cash flows used in operating activities		(460,575)	(360,663)
Investing activities			
Payments for exploration and evaluation		(674,973)	(482,939)
Net cash flows used in investing activities		(674,973)	(482,939)
Financing activities			
Proceeds from issue of shares		-	1,975,000
Share issue transaction costs		(10,938)	(185,788)
Net cash flows (used in)/from financing activities		(10,938)	1,789,212
Net increase/(decrease) in cash and cash equivalents		(1,146,486)	945,610
Cash and cash equivalents at the beginning of the period		3,417,884	1,089,089
Cash and cash equivalents at the end of the period		2,271,398	2,034,699

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

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

1. GENERAL INFORMATION

The consolidated financial statements of Perpetual Resources Limited and its subsidiaries (collectively, the “consolidated entity”) for the half-year ended 31 December 2021.

Perpetual Resources Limited is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly listed on the Australian Securities Exchange.

The nature of operations and principal activities of the consolidated entity are described in the directors’ report.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 3 March 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 ‘Interim Financial Reporting’ and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

a) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the half-year reporting period ended 31 December 2021.

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

a) Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of exploration and development activities, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or

conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

b) Recovery of deferred tax assets

Deferred tax assets are not recognised in the financial results of the consolidated entity until such time as future probable income is identified and the relevant amount of deferred tax assets are not material.

c) Recovery of royalties

Royalties are not recognised in the financial results of the consolidated entity until such time as future probable income is identified and the relevant amount of royalties receivable are known. Given that the consolidated entity has yet to commence any mining operations, this amount cannot be reliably measured.

d) Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

During the financial half-year, the consolidated entity did not recognise any impairment of exploration and evaluation assets following a review of the recoverable amount in future periods.

4. OPERATING SEGMENTS

Identification of reportable operating segments

The consolidated entity has continued to operate under one segment being the exploration, evaluation and development of resources within the Australasia region. The internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM') in assessing performance and in determining allocation of resources are prepared on the consolidated entity as a whole.

5. LOSS PER SHARE

	31 DEC 2021 \$	31 DEC 2020 \$
Net loss after income tax attributable to the owners of Perpetual Resources Limited	(673,964)	(222,361)
Weighted average number of ordinary shares used in calculating basic earnings per share	489,113,835	417,632,228
	Cents	Cents
Basic loss per share	(0.14)	(0.05)
Diluted loss per share	(0.14)	(0.05)

The balance of unexercised options at the end of the period are 20,000,000 (2020: 7,500,000). The balance of performance rights that have not been exercised at the end of the period are 27,400,000 (2020: 30,800,000). As the Company incurred a loss for each year presented, these options and performance rights are anti-dilutive and are not used in the determination of diluted earnings per share for the current and comparative periods.

6. EXPLORATION AND EVALUATION ASSETS

	BEHARRA SILICA SANDS PROJECT \$	SARGON CONSTRUCTION SANDS PROJECT \$	ENEABBA PROJECT \$	TOTAL \$
Balance at 30 June 2021	5,795,736	15,084	25,736	5,836,556
Acquisition of exploration tenement	30,248	-	-	30,248
Capitalised expenditure at cost	666,508	14,680	10,719	691,907
Balance at 31 December 2021	6,492,492	29,764	36,455	6,558,711

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

7. ISSUED CAPITAL

	31 DECEMBER 2021 SHARES	30 JUNE 2021 SHARES	31 DECEMBER 2021 \$	30 JUNE 2021 \$
Fully paid ordinary shares	492,150,629	476,528,403	15,211,045	14,961,862

DETAILS	DATE	SHARES	ISSUE PRICE	\$
Balance	1-07-2020	398,653,403		11,055,345
Issue of shares for share placement	19-10-2020	46,250,000	\$0.04	1,850,000
Issue of shares to placement by directors	30-11-2020	3,125,000	\$0.04	125,000
Issue of shares from conversion of options	18-01-2021	2,500,000	\$0.02	50,000
Issue of shares for share placement	22-02-2021	25,000,000	\$0.08	2,000,000
Issue of shares to promoters	9-04-2021	1,000,000	\$0.08	80,000
Transfer of vesting charge from reserves		-	-	20,000
Capital raising cost		-	-	(218,483)
Balance	30-06-2021	476,528,403		14,961,862
Issue of shares for Acquisition of Arrowsmith West Tenement	07-07-2021	222,227	\$0.125	27,778
Exercise of Directors' performance rights	06-08-2021	10,999,999	\$0.012	132,000
Exercise of Directors' performance rights	06-08-2021	1,760,000	\$0.024	42,240
Exercise of KM performance rights	06-08-2021	2,640,000	\$0.022	57,024
Capital raising costs		-	-	(9,859)
Balance	31-12-2021	492,150,629		15,211,045

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

8. RESERVES

Share-based payments reserve

The share-based payments reserve records the fair value of the options and performance rights issued to Directors, consultants and other third-parties.

	31 DEC 2021 \$	30 JUN 2021 \$
Balance at the beginning of the period	522,567	2,061,273
<i>Share-based payment transactions</i>		
Share options	171,562	70,599
Performance rights	39,591	710,695
<i>Transfer out of reserve upon:</i>		
Exercise of share options	-	(20,000)
Exercise of performance rights	(231,264)	-
Expiry of performance rights	(25,344)	(2,300,000)
Balance at the end of the period	477,112	522,567

a) Performance rights

The following table shows performance rights issued during the half-year ended 31 December 2021 for no consideration and the value attributed to each performance right granted, by the category holder:

HOLDER	NUMBER OF PERFORMANCE RIGHTS	SHARE PRICE ON DATE OF GRANT (\$)	TOTAL VALUE (\$)	EXPIRY DATE
Julian Babarczy	5,000,000	0.113	565,000	29/11/2024
Robert Benussi	5,000,000	0.113	565,000	29/11/2024
Brett Grosvenor	1,000,000	0.113	113,000	29/11/2024
George Karafotias	1,000,000	0.113	113,000	29/11/2024

At the Company's AGM held on 29 November 2021, shareholders approved three tranches of Director's Performance Rights. Each performance right represents a right to be issued the same number of shares on conversion, subject to the participant remaining an employee, office-bearer or consultant of the Company for 3 years from grant date and the satisfaction of the following performance milestones:

Tranche 1 – 6,000,000 will vest and convert when a feasibility study at any Project of the Company with an assessed internal rate of return of >20% is delivered;

Tranche 2 – 3,000,000 will vest and convert upon securing binding offtakes for at least 750,000 tonnes per annum;

Tranche 3 – 3,000,000 will vest and convert when the Company achieves the first sales of product from any project of the Company.

Share-based payments recognised during the period within the consolidated statement of profit or loss was \$39,591.

Management has assessed that non-market conditions are more than probable to be achieved by the expiry date and therefore the total value of the rights incorporates all rights awarded. The expense recorded as share-based payments is recognised to the service period end date on a straight-line basis as the service conditions are inherent in the award.

Each performance right converts to one ordinary share in the consolidated entity upon satisfaction of the performance conditions linked to the rights.

The rights do not carry any other privileges. The fair value of the performance rights granted is determined based on the number of rights awarded multiplied by the share price of the consolidated entity on the date awarded, after taking into consideration time value of money and share price volatility.

b) Share Options

The following table illustrates the options movement during the half-year period to 31 December 2021:

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE (\$)	BALANCE 1 JULY 2021	GRANTED	EXERCISED	BALANCE 31 DECEMBER 2021	VESTED AND EXERCISABLE
31/10/2020	31/10/2024	0.045	5,000,000	-	-	5,000,000	5,000,000
22/02/2021	22/02/2023	0.130	5,000,000	-	-	5,000,000	5,000,000
29/07/2021	30/07/2023	0.160		10,000,000	-	10,000,000	-
TOTAL			10,000,000	10,000,000	-	20,000,000	10,000,000

Set out below are the details of the Options granted during the half-year ended 31 December 2021 and the fair value at grant date which was determined using Black-Scholes valuation methodology, and takes into account the following inputs:

NUMBER	GRANT DATE	EXPIRY DATE	FAIR VALUE OF OPTION AT GRANT DATE (\$)	OPTION EXERCISE PRICE (\$)	RISK FREE INTEREST RATE (%)	EXPECTED VOLATILITY (%)	SHARE PRICE AT GRANT DATE (\$)	TOTAL FAIR VALUE (\$)
10,000,000	29/07/2021	29/07/2022	0.0404	0.16	0.01	73.33	0.125	404,000

The options issued were to corporate advisors for their provision of services. Share-based payments recognised during the period within the consolidated statement of profit or loss was \$171,562.

9. EVENTS AFTER THE REPORTING PERIOD

No events have arisen in the interval between the end of the reporting period and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to materially affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

DIRECTORS' DECLARATION

For the half-year ended 31 December 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Robert Benussi
Managing Director

3 March 2022

Perpetual Resources Limited

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Perpetual Resources Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Perpetual Resources Limited is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- complying with Australian Accounting Standard 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management for the Financial Report

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

ACCOUNTANTS & ADVISORS

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Melbourne VIC 3000

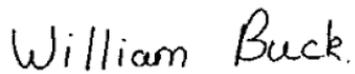
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Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A handwritten signature in black ink that reads 'William Buck'.

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

A handwritten signature in black ink that reads 'Alan A. Finnis'.

A. A. Finnis
Director

Melbourne, 3 March 2022

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