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CLASSIC MINERALS LIMITED

ABN 77 119 484 016

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2021

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DIRECTORS: John Lester (Non-Executive Chairman)
Frederick Salkanovic (Non-Executive Director)
Lu Ning Yi (Non-Executive Director)
Stephen John O’Grady (Non-Executive Director)
Gillian Catherine King (Non-Executive Director)

KEY MANAGEMENT: Dean Goodwin (Chief Executive Officer)

**COMPANY
SECRETARY:** Madhukar Bhalla

**REGISTERED AND
PRINCIPAL OFFICE:** 71 Furniss Road
Landsdale, WA 6065

ABN: 77 119 484 016

AUDITOR: Elderton Pty Ltd
Level 2, 267 St Georges Terrace
Perth WA 6000

SHARE REGISTRY: Link Market Services
Level 12, 680 George Street
Sidney NSW 2000

ASX CODE: CLZ

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Your Directors submit their report for Classic Minerals Limited ("Classic or the Company") for the half-year ended 31 December 2021.

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

John Lester
Frederick Salkanovic
Lu Ning Yi
Stephen John O'Grady
Gillian Catherine King

PRINCIPAL ACTIVITY

The principal activity of the Company during the financial year was the exploration of mineral resource projects, focusing on gold and nickel.

REVIEW OF OPERATIONS

The loss for the half year ended 31 December 2021 was \$5,749,052 (2020: loss of \$4,675,324). As at 31 December 2021, the company had 27,511,279,496 shares on issue and 5,903,246,945 options on issue.

Exploration Activities

During the half year ending 31 December 2021, the Company conducted the following activities.

Kat Gap and Forrestania Gold Projects

The main thrust of exploration activity has been at Kat Gap with minimal work at Lady Ada and Lady Magdalene gold projects within the Forrestania gold project. The Company completed a total of 24 RC holes for 3,359m across its tenement holding.

Classic continued its work at the 100% owned Kat Gap tenements about 70 km to the South East of the Lady Ada and Lady Magdalene gold resources. Drilling was mainly focused on deeper work on a 20m x 20m and 20m x 40m grid spacing tracking the depth extent of shallower high grade gold mineralisation down plunge. Results for the deeper program have been received however the Lady Ada and Lady Magdalene program remain pending.

Classic commenced mining of the 49,000t bulk sample but was forced to suspend operations shortly after starting due to unseasonal weather events.

The FGP Tenements (excluding Kat Gap) are registered in the name of Reed Exploration Pty Ltd, a wholly owned subsidiary of ASX-listed Hannans Ltd (ASX: HNR). Classic has acquired 80% of the gold rights on the FGP Tenements from a third party, whilst Hannans has maintained its 20% interest in the gold rights.

Classic Minerals owns a 100% interest in the gold rights on the Kat Gap Tenements and also non-gold rights including but not limited to nickel, lithium and other metals.

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REVIEW OF OPERATIONS

Exploration Activities (continued)

Forrestania Gold Project and Kat Gap Gold Project (continued)

Classic has a Global Mineral Resource of 8.24 Mt at 1.52 g/t for 403,906 ounces of gold, classified and reported in accordance with the JORC Code (2012), with a recent Scoping Study (see ASX Announcement released 2nd May 2017) suggesting both the technical and financial viability of the project. The current post-mining Mineral Resource for Lady Ada, Lady Magdalene and Kat Gap is tabulated below.

Additional technical detail on the Mineral Resource estimation is provided, further in the text below and in the JORC Table 1 as attached to ASX announcements dated 18 December 2019, 21 January 2020, and 20 April 2020.

Prospect	Indicated			Inferred			Total		
	Tonnes	Grade (Au g/t)	Ounces Au	Tonnes	Grade Au g/t)	Ounces Au	Tonnes	Grade Au	Ounces Au
Lady Ada	257,300	2.01	16,600	1,090,800	1.23	43,100	1,348,100	1.38	59,700
Lady Magdalene				5,922,700	1.32	251,350	5,922,700	1.32	251,350
Kat Gap				975,722	2.96	92,856	975,722	2.96	92,856
Total	257,300	2.01	16,600	7,989,222	1.50	387,306	8,246,522	1.52	403,906

Notes:

1. The Mineral Resource is classified in accordance with JORC, 2012 edition
2. The effective date of the mineral resource estimate is 20 April 2020
3. The mineral resource is contained within FGP tenements
4. Estimates are rounded to reflect the level of confidence in these resources at the present time
5. The mineral resource is reported at 0.5 g/t Au cut-off grade
6. Depletion of the resource from historic open pit mining has been considered

Kat Gap Gold Project

The Kat Gap gold project is strategically located approximately 70km SSE of the Company's Forrestania Gold Project, containing the Lady Magdalene and Lady Ada gold resources.

During the half year, Classic completed a total of **11 RC holes for 1,940m at Kat Gap**. The company has received assay results for all 11 RC holes (FKGRC379 – 389).

The completed drill holes were designed to:

- Test the potential down plunge of near surface high grade gold mineralisation.
- Provide more detailed resource model data for final open pit design work.

The 11-hole deep RC drilling program (FKGRC379-389) covered an area approximately 60-140m along strike to the north of the Proterozoic dyke. The holes were focused on testing the along strike and down dip extent of high-grade gold at Kat Gap. The holes were drilled now to make the way clear for future surface mine infrastructure. Holes were drilled to an average depth of 150m below surface and were drilled on 20m x 20m and 20m x 40m grid spacings.

REVIEW OF OPERATIONS

Exploration Activities (continued)

The drilling intersected several zones of high-grade gold mineralisation down plunge and along strike from previous high-grade results. Most of the deep drilling was focused on the northern extremities of the known deeper gold mineralisation looking for extensions. Much of the drilling intersected relatively narrow zones of low-grade gold suggesting the plunge component of the high-grade gold zone is potentially steeper than anticipated. RC holes FKGRC387 and FKGRC388, which returned high grade intercepts, were drilled further south closest to the Proterozoic dyke than the other holes drilled in this program, indicating a steeper plunge. Further deep drilling down dip/plunge is required closer to the Proterozoic dyke to test this new theory.

Better results from the deep holes include:

- 5m @ 3.47g/t Au from 155m in FKGRC383
- 1m @ 8.68g/t Au from 103m in FKGRC385.
- 3m @ 15.66g/t Au from 151m including 1m @ **41.60g/t** Au from 152m in FKGRC387.
- 6m @ 8.94g/t Au from 142m including 1m @ **44.43g/t** Au from 146m in FKGRC388.
- 1m @ 6.52g/t Au from 171m in FKGRC388.
- 2m @ 4.87g/t Au from 145m in FKGRC389.

Forrestania Drilling Program

During the quarter, Classic completed a program of RC drilling in the Forrestania area. The drilling program consisted of 13 deep holes for 1,419m. Results for this program are still pending.

Lady Ada RC drilling

Five RC drill holes (MARC076-080) for a total of 644m were drilled at Lady Ada in a concentrated area SE of the existing Lady Ada open pit back in November. The program was designed to twin existing historical RC holes to compare assay data from old to new. The results will give the Company confidence in the old assay data prior to an update on the mineral resources at Forrestania. Holes were drilled to an average depth of 150m below surface.

The drilling intersected multiple zones of gold mineralisation confirmed by panning dish adjacent to previous high-grade results. All the recent deep RC drilling was focused on drilling right up against historical RC holes that had previously returned very high-grade gold intercepts. Assay results from these five RC holes are still pending.

REVIEW OF OPERATIONS**Exploration Activities (continued)****Lady Magdalene RC drilling**

Eight RC holes (MARC081-088) for a total of 775m were completed at Lady Magdalene. The holes were scattered throughout the existing JORC resource area focused on twinning existing historical RC holes drilled back in the late eighties early nineties. The new RC holes will allow the company to compare the old assay results with the new assay data prior to an update on the mineral resources at Forrestania. Holes were drilled to an average depth of 100m. Assay results from these eight holes are still pending.

Bulk Sample Mining

Classic officially commenced bulk sample mining at its 100% owned Kat Gap Gold Project back in mid-August 2021. The bulk sampling operation was halted shortly after commencement by a major rain event which dumped unseasonal amounts of high rainfall on the project area. After waiting weeks for the ground to dry the area received further rainfall in November making the ground impossible to work safely. A decision was made late in November to defer any further mining operations until warmer weather was encountered.

The company plans to re-commence bulk sample mining during the first quarter of 2022 after the Christmas-New year holiday period.

Processing of this bulk sample is an important step ahead of full-scale production activities, as it affords the Company the opportunity to test and refine the Gekko plant.

Classic will look to extract between 5,000 – 7000 tonnes (t) of ore at between 4 and 6g/t Au for between 645 and 1,100 contained ounces of gold (Au) which is a very small portion of the current 93koz Mineral Resource. Approvals have been obtained to excavate up to 49,000t from Kat Gap under the terms of the underlying (granted) Exploration tenure.

Gekko gold processing plant

The crushing and gravity components of the Gekko gold processing plant were commissioned back in May 2021 at the Company's testing site in Gngara WA prior to disassembly and transport to Kat Gap.

The Company plans to re-assemble the Gekko gold recovery plant on-site during the first half of 2022 once formal mining approvals have been received from DMIRS. Ore from the bulk sample will be treated through the crushing and gravity circuits to fine tune the plant prior to full scale open pit production.

Fraser Range Project

The Company has continued its Earn-in & Joint Venture Agreement with Independence Newsearch Pty Ltd, a 100%-owned subsidiary of Independence Group NL (ASX:IGO), allowing for free-carried exploration of the Fraser Range Project.

COMPETENT PERSON STATEMENT

The information in this announcement that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dean Goodwin a competent person who is a Member of the Australian Institute of Geoscientists (AIG). Mr Goodwin has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Goodwin consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

SUBSEQUENT EVENTS

Please refer to Note 2 of the financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under s.307C of the Corporations Act 2001 is included on page 8 of the half-year financial report.

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



John Lester
Non-Executive Chairman

16 March 2022

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AUDIT PTY LTD

Auditor's Independence Declaration

To those charged with the governance of Classic Minerals Limited

As auditor for the review of Classic Minerals Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Rafay Nabeel
Audit Director

16 March 2022

ELDERTON

AUDIT PTY LTD

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Classic Minerals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Classic Minerals Limited (the 'Company'), which comprises the condensed statement of financial position as at 31 December 2021, the condensed statement of profit or loss and comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(a) giving a true and fair view of the Classic Minerals Limited's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty related to Going Concern

We draw attention to the Basis of Preparation note on page 17 of the financial report, which described that the ability of the company to continue as a going concern is dependent on the debt and equity finance. As a result, there is a material uncertainty related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Our opinion is not modified in respect of this matter.

Responsibility of Management for the Financial Report

The directors of the Classic Minerals Limited 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*

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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.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the 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.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd



Rafay Nabeel

Audit Director

16 March 2022

Perth

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**CONDENSED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**



	Note	Half-Year Ended 31 Dec 2021	Half-Year Ended 31 Dec 2020 <i>Restated*</i>
		\$	\$
Research & development rebate		2,814,245	1,943,418
Other income	4	90,256	98,112
Employee benefits and consultant expenses		(498,598)	(458,914)
Advertising and marketing expenses		(231,813)	(297,292)
Legal expenses and professional fees		(570,801)	(190,485)
Depreciation and amortisation expenses	5	(233,281)	(119,642)
Amortisation of intangible asset		-	(125,000)
Exploration expenses		(4,336,548)	(3,612,127)
Financing charges		(1,836,819)	(339,202)
Travel expenses		(46,134)	(9,680)
Occupancy expenses		(24,699)	(59,406)
Loss on asset disposal		(12,801)	(9,370)
Administration expenses	5	(862,059)	(1,495,736)
Loss before income tax expense		(5,749,052)	(4,675,324)
Income tax (expense) / benefit		-	-
Loss for the period		(5,749,052)	(4,675,324)
Other comprehensive income		-	-
Total comprehensive loss for the period		(5,749,052)	(4,675,324)
Basic and diluted loss per share (cents)		(0.02)	(0.04)

* See Note 1

This condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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CONDENSED STATEMENT OF FINANCIAL POSITION
A\$ AT 31 DECEMBER 2021



	Note	31 Dec 2021 \$	30 Jun 2021 \$
Current Assets			
Cash and cash equivalents	6	174,327	2,249,206
Trade and other receivables	7	78,213	77,494
Other current assets	8	85,400	122,664
Total Current Assets		337,940	2,449,364
Non-Current Assets			
Exploration and evaluation	9	2,910,000	2,910,000
Right of use asset	10	446,156	74,166
Plant and equipment	11	6,395,363	5,406,579
Total Non-Current Assets		9,751,519	8,390,745
Total Assets		10,089,459	10,840,109
Current Liabilities			
Trade and other payables	12	4,373,985	4,646,458
Provisions		110,051	121,328
Lease liability	10	118,894	59,851
Borrowings	13	4,335,927	5,822,370
Total Current Liabilities		8,938,857	10,650,007
Non-Current Liability			
Lease liability	10	357,275	21,218
Total Non-Current Liability		357,275	21,218
Total Liabilities		9,296,132	10,671,225
Net Assets/(Liabilities)		793,327	168,884
Equity			
Issued capital	14(a)	58,373,034	51,995,750
Reserves	14(b)	3,113,193	3,116,982
Accumulated losses		(60,692,900)	(54,943,848)
Total Equity		793,327	168,884

This condensed statement of financial position should be read in conjunction with the accompanying notes.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**



	Issued capital \$	Share-based payment reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2020 (restated*)	35,866,038	3,014,676	(41,229,916)	(2,349,202)
Loss for the period (restated*)	-	-	(4,675,324)	(4,675,324)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the period (restated*)	-	-	(4,675,324)	(4,675,324)
Transactions with owners recorded directly in equity				
Options issued	-	23,215	-	23,215
Shares issued (net of expenses)	11,090,741	-	-	11,090,741
Balance as at 31 December 2020 (restated*)	46,956,779	3,037,891	(45,905,240)	4,089,430
Balance at 1 July 2021	51,995,750	3,116,982	(54,943,848)	168,884
Loss for the period	-	-	(5,749,052)	(5,749,052)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	(5,749,052)	(5,749,052)
Transactions with owners recorded directly in equity				
Exercise of options	307	-	-	307
Share based payment	-	(3,789)	-	(3,789)
Shares issued (net of expenses)	6,376,977	-	-	6,376,977
Balance as at 31 December 2021	58,373,034	3,113,193	(60,692,900)	793,327

* See Note 1

This condensed statement of changes in equity should be read in conjunction with the accompanying notes.

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**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**



	Half-Year Ended 31 Dec 2021	Half-Year Ended 31 Dec 2020 <i>Restated*</i>
	\$	\$
Cash flow from operating activities		
Receipt of research and development rebate	2,814,245	1,943,418
Other income	90,233	97,888
Payments to suppliers and employees	(5,314,065)	(4,351,934)
Interest paid	(589,456)	(312,395)
Interest received	23	224
Net cash outflow from operating activities	(2,999,020)	(2,622,799)
Cash flow from investing activities		
Purchase of intangible asset	-	(505,000)
Proceeds from sale of assets	-	106,000
Purchase of plant and equipment	(728,001)	(3,061,334)
Purchase of prospects	(190,000)	(150,000)
Net cash outflow from investing activities	(918,001)	(3,610,334)
Cash flow from financing activities		
Proceeds from issued capital and options	4,110,605	7,898,951
Capital raising costs	(138,000)	(278,493)
Repayment of borrowings	(4,061,835)	(1,343,881)
Repayment of lease liability	(26,357)	-
Transaction costs related to borrowings	(676,307)	(108,000)
Proceeds from short term borrowings	2,864,289	300,000
Net cash outflow from financing activities	2,072,395	6,468,577
Net increase / (decrease) in cash and cash equivalents	(1,844,626)	235,444
Cash and cash equivalents at beginning of period	2,018,953	488,608
Cash and cash equivalents at end of period	174,327	724,052

* See Note 1

This condensed statement of cash flows should be read in conjunction with the accompanying notes.

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1. BASIS OF PREPARATION

These condensed consolidated financial statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

These half-year 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 financial statements for the year ended 30 June 2021 and any public announcements made by Classic Minerals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

Prior year errors were identified as an omission since 30 June 2018 financial report. Forrestania Intellectual Properties acquired from Dean Goodwin in November 2017 of \$1,000,000 was not recognized as intangible assets and not amortised over its expected life. Rather than recognizing the intangible assets, the Company recognized the cost as exploration expenditures in the period where invoices were received. As a result, the comparative figures have been adjusted for this error, which impacts the following line items:

	31 December 2020		
	\$ Original	\$ Adjustment	\$ Restated
Loss for the period	(5,055,324)	380,000	(4,675,324)
Intangible asset	-	125,000	125,000
Trade and other payables	2,413,830	170,000	2,583,830
Accumulated losses	(45,860,240)	(45,000)	(45,905,240)
Basic loss per share (cents)	0.04	0.00	0.04
Net cash outflow from operating activities	(3,127,799)	505,000	(2,622,799)
Net cash outflow from investing activities	(3,105,334)	(505,000)	(3,610,334)
Exploration expenses	(4,117,127)	505,000	(3,612,127)
Amortisation of intangible asset	-	(125,000)	(125,000)
Adjustment of loss for the period		380,000	

1. BASIS OF PREPARATION (continued)

New and amended standards adopted by the Company

Standards and Interpretations applicable in the period ended 31 December 2021

The Directors have reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to the Company and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to accounting policies.

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1. BASIS OF PREPARATION (continued)

Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Company recognised a loss of \$5,749,052 for the period ended 31 December 2021 (31 December 2020: \$4,675,324).

The net working capital position of the Company at 31 December 2021 was a deficit of \$8,600,917 (30 June 2021: \$8,200,643). The Company has expenditure commitments relating to exploration expenditure obligations for their projects of \$710,443 which potentially could fall due in the next twelve months.

As disclosed in Note 13, the Company has shareholders loans owing as at 31 December 2021 which are payable on various dates in January - March 2022 totalling \$4,045,000 plus accrued interest of \$413,558. The Company has received letters from Greywood Holdings Pty Ltd, one of the financiers stating that the loans will not be called upon until such time the Company has the financial capacity to repay the loans. The loans will be extended and continue to accrue interest until full repayment is made. Directors are confident extensions can be obtained on other shareholders loans due within 1 year until the Company has capacity to repay the funds, as has been the case in prior periods.

The Directors have prepared a cashflow forecast which indicates that the Company need to raise additional capital to meet all commitments and workings capital requirements for the period 12 months from the date of signing this report. The ability of the Company to continue as a going concern is dependent on:

- The ability of the Company to raise capital from equity markets as required; and
- Containing cash outflows based on working capital requirements.

The above conditions represent a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

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2. SUBSEQUENT EVENTS

On 4 January 2022, the Company made fully repayment of \$15,000 short-term loan from Aneles Consulting Services Pty Ltd which was due on 16 January 2022.

The Company entered into agreement with Aneles Consulting Services Pty Ltd for the advanced \$15,000 short-term loan on 6 January 2022, which matures on 6 February 2022 and carries an interest rate of 3% per month. The loan is secured against the Company's assets under Personal Property Securities Register (PPSR). The loan is subsequently payable on 6 March 2022.

The Company amended repayment date of \$180,000 short-term loan from Greywood Holdings Pty Ltd which was due on 12 January 2022. The loan is subsequently payable on 12 March 2022.

The Company entered into agreement with Gold Processing Equipment Pty Ltd for the advanced \$5,500 short-term loan on 14 January 2022, which matures on 14 February 2022 and carries an interest rate of 3% per month. The loan is unsecured.

The Company entered into agreement with Aneles Consulting Services Pty Ltd for the advanced \$6,000 short-term loan on 18 January 2022, which matures on 18 February 2022 and carries an interest rate of 3% per month. The loan is secured against the Company's assets under Personal Property Securities Register (PPSR).

The Company amended repayment date of \$300,000 short-term loan from Gold Processing Equipment Pty Ltd which was due on 20 January 2022. The loan is subsequently payable on 20 March 2022.

The Company entered into agreement with Gold Processing Equipment Pty Ltd for the advanced \$5,000 short-term loan on 24 January 2022, which matures on 24 February 2022 and carries an interest rate of 3% per month. The loan is unsecured.

The Company amended repayment date of \$200,000 short-term loan from Greywood Holdings Pty Ltd which was due on 25 January 2022. The loan is subsequently payable on 25 March 2022.

The Company amended repayment date of \$500,000 short-term loan from CTRC Pty Ltd which was due on 25 January 2022. The loan is subsequently payable on 25 March 2022.

The Company amended repayment date of \$400,000 short-term loan from Foskin Pty Ltd which was due on 29 January 2022. The loan is subsequently payable on 29 March 2022.

The Company amended repayment date of \$500,000 short-term loan from Greywood Holdings Pty Ltd which was due on 3 February 2022. The loan is subsequently payable on 3 April 2022.

2. SUBSEQUENT EVENTS (continued)

On 4 February 2022 the Company issued 108,720,000 shares as debt settlements.

On 16 February 2022 the Company entered into a binding heads of agreement in which Tribitragge Holdings Pty Ltd must pay \$300,000 for an 80% interest in the lithium and associated minerals rights on the Company's tenements M74/249 and E74/467, and commit to a minimum spend of \$500,000 in exploration expenditures in the first 24 months. The Company shall retain a 20% free carried interest to "Decision to Mine" at which point a joint venture will be established with Tribitragge Holdings Pty Ltd as manager pursuant to which each party will be required to contribute its percentage shares of joint venture expenditure or have its interest diluted in accordance with a standard industry dilution formula.

No other circumstances or events have arisen subsequent to the end of the period, that have had, or are likely to have, a material impact on the financial statements.

3. OPERATING SEGMENTS

The Company has only one operating segment. This is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

The Company operates in one operating and geographic segment being mineral exploration and evaluation in Western Australia for the half-year periods ended 31 December 2021 and 31 December 2020.

4. OTHER INCOME

	31 Dec 2021	31 Dec 2020
	\$	\$
Other income	90,232	97,888
Interest income	24	224
	90,256	98,112

For the period ended 31 December 2021, other income includes receipts of fuel tax credit and SGC amnesty refund.

For the period ended 31 December 2020, other income includes government grant relates to JobKeeper and Cash Flow Boost received from Australian Government.

**CONDENSED NOTES TO THE CONSOLIDATED
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5. ADMINISTRATION EXPENSES AND DEPRECIATION AND AMORTISATION EXPENSES

	31 Dec 2021	31 Dec 2020
	\$	\$
(a) Administration expenses		
Share-based payment expenses	270,355	1,025,297
Insurance expenses	72,343	44,649
Telephone expenses	7,410	7,580
Other administration expenses	511,951	418,210
	<u>862,059</u>	<u>1,495,736</u>
(b) Depreciation and amortisation expenses		
Amortisation related to right of use asset	77,787	27,812
Depreciation related to plant and equipment	155,494	91,830
	<u>233,281</u>	<u>119,642</u>

6. CASH AND CASH EQUIVALENTS

	31 Dec 2021	30 June 2021
	\$	\$
Cash at bank	174,327	2,018,953
Undeposited fund	-	230,253
	<u>174,327</u>	<u>2,249,206</u>

Undeposited fund represents fund of borrowing from Radium Capital which was received in the Company's bank account on 2 July 2021.

7. TRADE AND OTHER RECEIVABLES

	31 Dec 2021	30 June 2021
	\$	\$
Other receivables (i)	185,654	184,935
Bonds and security deposits	24,937	24,937
Less: Provision for doubtful debt	(132,378)	(132,378)
	<u>78,213</u>	<u>77,494</u>

- (i) \$176,503 (30 June 2021: \$176,503) of this balance relates to receivable from Stock Assist Pty Ltd against which a provision for doubtful debt of \$132,378 (30 June 2021: \$132,378) is applied.

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**CONDENSED NOTES TO THE CONSOLIDATED
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8. OTHER CURRENT ASSETS

	31 Dec 2021	30 June 2021
	\$	\$
Prepaid expenses	85,400	122,664
	<u>85,400</u>	<u>122,664</u>

The Company capitalised some prepaid expenses relating to insurance, investor relations and marketing expenses, and software subscription as at the reporting date. These prepaid expenses are expensed to the statement of profit or loss as goods received or services rendered.

9. EXPLORATION AND EVALUATION ASSETS

	31 Dec 2021	30 June 2021
	\$	\$
Forrestania Project	1,250,000	1,250,000
Fraser Range Project	250,000	250,000
Kat Gap Project	1,410,000	1,410,000
	<u>2,910,000</u>	<u>2,910,000</u>

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

	31 Dec 2021	30 June 2021
	\$	\$
Movement in exploration and evaluation assets		
Opening balance	2,910,000	1,826,540
Addition	-	1,110,000
Written-off to exploration expenses	-	(26,540)
Ending balance	<u>2,910,000</u>	<u>2,910,000</u>

10. RIGHT OF USE ASSET

	31 Dec 2021	30 June 2021
	\$	\$
Property	446,156	74,166
	<u>446,156</u>	<u>74,166</u>

The Company leased commercial property as their head office and premises for storage. In pursuant to AASB 16 *Leases*, these leases were recognised as a right-of-use asset and a corresponding lease liability in the financial statements. The right-of-use asset is depreciated over the lease period on a straight-line basis.

**CONDENSED NOTES TO THE CONSOLIDATED
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11. PLANT AND EQUIPMENT

	Plant & Equipment	Motor Vehicles	Work in Progress	TOTAL
Cost	\$	\$	\$	\$
Balance at 30 June 2021	818,497	1,217,083	5,401,709	7,437,289
Additions	70,376	137,707	1,023,995	1,232,078
Disposals	-	(112,407)	-	(112,407)
Transfer from work in progress	-	-	-	-
Balance at 31 December 2021	888,873	1,242,383	6,425,704	8,556,960
Accumulated Depreciation				
Balance at 30 June 2021	204,264	329,737	-	534,001
Depreciation	54,339	101,155	-	155,494
Disposals	-	(24,607)	-	(24,607)
Balance at 31 December 2021	258,603	406,285	-	664,888
Net Book Value				
As at 30 June 2021	614,233	887,346	5,401,709	6,903,288
Provision for impairment losses	-	-	(1,496,709)	(1,496,709)
As at 30 June 2021	614,233	877,346	3,905,000	5,406,579
As at 31 December 2021	630,270	836,098	6,425,704	7,892,072
Provision for impairment losses	-	-	(1,496,709)	(1,496,709)
As at 31 December 2021	630,270	836,098	4,928,995	6,395,363

The Company engaged independent valuer, Gordon Brothers Pty. Ltd., to make assessment on the value of processing plant, mobile plant and mine accommodation as classified in the Work in Progress as of 30 June 2021. The Appraisal Report dated 14 October 2021 determined the valuation amount of \$3,905,000 on the basis of Fair Market Value In Continued (FMVICU) by utilizing cost approach valuation method. The effective date of the revaluation is 14 October 2021. The Company provided provision for impairment losses of \$1,496,709 as of 30 June 2021 and 31 December 2021.

**CONDENSED NOTES TO THE CONSOLIDATED
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12. TRADE AND OTHER PAYABLES

	31 Dec 2021	30 June 2021
	\$	\$
Trade and other creditors	3,742,980	3,758,865
Shares to be issued	11,000	355,050
Accrued expenses	116,044	357,865
Accrued interest on loans from shareholders	413,558	144,538
Accrued wages	90,403	30,140
	4,373,985	4,646,458

Trade payables are non-interest bearing and are normally settled on 30-60 days terms. As at 31 December 2021, the amount of trade payables was \$3,837,986 (30 June 2021: \$3,778,901) and the amount exceeding normal trading terms totaling \$1,467,946.71 (30 June 2021: \$2,331,192).

13. BORROWINGS

	31 Dec 2021	30 June 2021
	\$	\$
Loan from Aneles Consulting Services Pty Ltd - due on 16 January 2022	15,000	-
Loans from CTCRC Pty Ltd - due on 25 January 2022, 18 February 2022 and 25 February 2022 (30 June 2021: 13 July 2021, 18 August 2021 and 26 August 2021)	1,000,000	650,000
Loan from Foskin Pty Ltd - due on 29 January 2022 (30 June 2021: 29 July 2021)	400,000	400,000
Loan from Gold Processing Equipment Pty Ltd - due on 20 January 2022 (30 June 2021: 20 July 2021)	300,000	300,000
Loans from Greywood Holdings Pty Ltd - due on 12 January 2022, 25 January 2022, 3 February 2022 and 8 February 2022 (30 June 2021: 3 August 2021)	1,130,000	750,000
Loans from Klip Pty Ltd - due on 24 March 2022 (30 June 2021: 10 August 2021 and 24 September 2021)	700,000	1,000,000
Loans from Rotherwood Enterprises Pty Ltd - due on 24 March 2022 (30 June 2021: 10 August 2021 and 24 September 2021)	300,000	600,000
Loan from Whead Pty Ltd - due on 28 February 2022	200,000	-
Total loan from shareholders	4,045,000	3,700,000
Loan from Radium Capital (R&D) - due on 30 November 2022 (30 June 2021: 30 November 2021)	290,927	2,071,032
Loan from Hunter Premium Funding (Insurance)	-	51,338
	4,335,927	5,822,370

Short-term loans from Klip Pty Ltd, Rotherwood Enterprises Pty Ltd and Whead Pty Ltd are unsecured, while the other short-term loans from shareholders are secured against the Company's assets under Personal Property Securities Register (PPSR). These short-term loans from shareholders carry interest rate of 3% per month. Short-term loans from Greywood Holdings Pty Ltd are not expected to be called upon until such time the Company has the financial capacity to repay the loans. The loans will be extended and continue to accrue interest until full repayment is made.

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13. BORROWINGS (continued)

The loan facilities from Radium Capital were advanced against the expected R&D refund from the ATO claimed on or before 30 September 2022 (30 June 2021: 30 September 2021) and carries an interest rate of 14% p.a (30 June 2021: 14% p.a).

14. ISSUED CAPITAL & RESERVES

(a) Issued Capital

	No. of shares	\$
Issue of ordinary shares during the period		
As at 1 July 2021	21,770,381,433	51,995,750
Shares placement (i)	3,839,935,897	4,315,417
Exercise of options (ii)	102,166	307
Shares issued for creditors payment (iii)	1,508,924,500	1,508,924
Shares issued for borrowing costs (iv)	391,935,500	391,936
Share-based expenses for difference between market value of shares and the value of the creditors paid	-	298,700
Less: Capital raising cost	-	(138,000)
As at 31 December 2021	27,511,279,496	58,373,034
As at 1 July 2020	9,352,942,427	35,866,038
Shares placement (v)	8,370,138,688	11,035,073
Exercise of options (vi)	39,506,177	80,686
Shares issued for creditors payment (vii)	3,684,394,141	3,926,839
Shares issued for borrowing costs (viii)	198,400,000	215,100
Shares issued for loan repayment (ix)	125,000,000	125,000
Share-based expenses for difference between market value of shares and the value of the creditors paid	-	1,418,507
Less: Capital raising cost	-	(671,493)
As at 30 June 2021	21,770,381,433	51,995,750

(i) The Company completed the following shares placement to raise capital for working capital and exploration activities:

- On 21 July 2021, the Company issued 300,000,000 shares at an average share price of 0.1 cents
- On 8 September 2021, the Company issued 1,834,935,897 shares at an average share price of 0.13 cents
- On 22 September 2021, the Company issued 1,000,000,000 shares at an average share price of 0.1 cents
- On 22 September 2021, the Company issued 500,000,000 shares at an average share price of 0.085 cents
- On 2 December 2021, the Company issued 205,000,000 shares at an average share price of 0.1 cents.

(ii) Exercise of options:

- On 21 July 2021, 23,000 options were exercised with an exercise price of 0.3 cents
- On 3 December 2021, 79,166 options were exercised with an exercise price of 0.3 cents.

14. ISSUED CAPITAL & RESERVES (continued)

(a) Issued Capital (continued)

- (iii) The Company issued the following shares to reduce its creditors balance:
- On 21 July 2021, the Company issued 270,000,000 shares at an average share price of 0.1 cents
 - On 22 September 2021, the Company issued 1,155,484,500 shares at an average share price of 0.1 cents
 - On 2 December 2021, the Company issued 83,440,000 shares at an average share price of 0.1 cents.
- (iv) The Company issued the following shares as part of loan establishment fees:
- On 21 July 2021, the Company issued 28,700,000 shares at an average price of 0.1 cents
 - On 22 September 2021, the Company issued 194,235,500 shares at an average price of 0.1 cents
 - On 2 December 2021, the Company issued 169,000,000 shares at an average price of 0.1 cents.
- (v) The Company completed the following shares placement to raise capital for working capital and exploration activities:
- On 23 July 2020, the Company issued 160,000,000 shares at an average share price of 0.125 cents
 - On 23 July 2020, the Company issued 200,000,000 shares at an average share price of 0.1 cents
 - On 23 July 2020, the Company issued 130,000,000 shares at an average share price of 0.2 cents
 - On 10 August 2020, the Company issued 2,037,213,719 shares at an average share price of 0.196 cents
 - On 12 August 2020, the Company issued 169,456,123 shares at an average share price of 0.196 cents
 - On 13 August 2020, the Company issued 7,653,061 shares at an average share price of 0.196 cents
 - On 5 October 2020, the Company issued 94,387,754 shares at an average share price of 0.196 cents
 - On 5 October 2020, the Company issued 150,000,000 shares at an average share price of 0.2 cents
 - On 20 November 2020, the Company issued 171,428,571 shares at an average share price of 0.175 cents
 - On 20 November 2020, the Company issued 1,199,999,460 shares at an average share price of 0.1 cents
 - On 30 December 2020, the Company issued 1,050,000,000 shares at an average share price of 0.1 cents
 - On 29 April 2021, the Company issued 1,600,000,000 shares at an average share price of 0.1 cents
 - On 17 June 2021, the Company issued 1,400,000,000 shares at an average share price of 0.1 cents.
- (vi) Exercise of options:
- On 13 August 2020, 37,832,090 options were exercised with an exercise price of 0.2 cents
 - On 18 March 2021, 324,003 options were exercised with an exercise price of 0.3 cents
 - On 29 April 2021, 20,834 options were exercised with an exercise price of 0.3 cents
 - On 17 June 2021, 1,329,250 options were exercised with an exercise price of 0.3 cents.

14. ISSUED CAPITAL & RESERVES (continued)

(a) Issued Capital (continued)

- (vii) The Company issued the following shares to reduce its creditors balance:
- On 23 July 2020, the Company issued 40,000,000 shares at an average share price of 0.1 cents
 - On 23 July 2020, the Company issued 19,200,000 shares at an average share price of 0.125 cents
 - On 12 August 2020, the Company issued 91,836,734 shares at an average share price of 0.196 cents
 - On 12 August 2020, the Company issued 176,250,000 shares at an average share price of 0.1 cents
 - On 13 August 2020, the Company issued 45,918,367 shares at an average share price of 0.196 cents
 - On 13 August 2020, the Company issued 573,750,000 shares at an average share price of 0.1 cents
 - On 5 October 2020, the Company issued 52,700,000 shares at an average share price of 0.2 cents
 - On 20 November 2020, the Company issued 52,700,000 shares at an average share price of 0.2 cents
 - On 20 November 2020, the Company issued 360,000,000 shares at an average share price of 0.1 cents
 - On 30 December 2020, the Company issued 400,000,000 shares at an average share price of 0.1 cents
 - On 18 January 2021, the Company issued 300,000,000 shares at an average share price of 0.1 cents
 - On 19 February 2021, the Company issued 505,199,040 shares at an average share price of 0.1 cents
 - On 29 April 2021, the Company issued 604,420,000 shares at an average share price of 0.1 cents
 - On 25 May 2021, the Company issued 264,000,000 shares at an average share price of 0.1 cents
 - On 17 June 2021, the Company issued 198,420,000 shares at an average share price of 0.1 cents.
- (viii) The Company issued the following shares as part of loan establishment fees:
- On 20 November 2020, the Company issued 20,000,000 shares at an average share price of 0.1 cents
 - On 30 December 2020, the Company issued 16,700,000 shares at an average share price of 0.2 cents
 - On 19 February 2021, the Company issued 16,700,000 shares at an average share price of 0.1 cents
 - On 29 April 2021, the Company issued 85,000,000 shares at an average share price of 0.1 cents
 - On 17 June 2021, the Company issued 60,000,000 shares at an average share price of 0.1 cents
- (ix) On 20 November 2020, the Company issued 125,000,000 shares at a share price of 0.1 cents to repay the loan from Aneles Consulting Services Pty Ltd for the purchase of a vehicle.

14. ISSUED CAPITAL & RESERVES (continued)

(b) Reserves

Option reserve	No. of options	\$
As at 1 July 2021	5,906,682,445	1,149,482
Options issued (i)	96,000,000	35,023
Exercise of options (ii)	(102,166)	-
Expiry of options	(99,333,334)	-
Movement fair value of unissued options	-	(38,812)
As at 31 December 2021	5,903,246,945	1,145,693
Performance rights reserve	No. of rights	\$
As at 1 July 2021	-	1,967,500
Performance rights issued	-	-
As at 31 December 2021	-	1,967,500
Total reserves		3,113,193

- (i) The Company issued the following options as part of establishment fees with an exercise price of 0.3 cents and expiry date of 3 February 2024:
- 36,000,000 options were issued on 22 September 2021
 - 60,000,000 options were issued on 2 December 2021
- (ii) During the period ended 31 December 2021 the following options were exercised at 0.3 cents per option:
- 23,000 options were exercised on 21 July 2021
 - 79,166 options were exercised on 3 December 2021

15. FAIR VALUES OF FINANCIAL INSTRUMENTS

Recurring fair value measurements

The Company does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

Fair values of financial instruments not measured at fair value

Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to equal their fair value.

16. CONTINGENCIES

There has been no change in contingent liabilities since the last annual reporting date.

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**DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Board



**John Lester
Non-Executive Chairman**

16 March 2022

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