



**LUNNON  
METALS**

**LUNNON METALS LIMITED  
(FORMERLY ACH NICKEL PTY LTD)**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2021**

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**CORPORATE DIRECTORY****Board of Directors**

Mr. Liam Twigger	<i>Non-Executive Chairperson</i>
Mr. Edmund Ainscough	<i>Managing Director</i>
Mr. Ian Junk	<i>Non-Executive Director</i>
Mr. Ashley McDonald	<i>Non-Executive Director</i>

**Company Secretary**

Jessamyn Lyons

**Registered Office**

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35 Outram Street  
West Perth, WA 6005  
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West Perth, WA 6005  
Telephone: +61 8 6245 2050

**Share Registry**

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Level 2  
St Georges Terrace  
Perth WA 6000

**Securities Exchange**

Australian Securities Exchange  
Website: [www.asx.com.au](http://www.asx.com.au)  
ASX Code: LM8

**Principal Place of Business**

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Telephone: +61 8 9226 0887  
Email: [info@lunnonmetals.com.au](mailto:info@lunnonmetals.com.au)  
Website: <https://lunnonmetals.com.au/>

**Auditors**

Armada Audit and Assurance Pty Ltd  
18 Sangiorgio Court  
Osborne Park, WA 6017

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## **CHAIRMAN'S LETTER**

Dear Fellow Shareholder,

We are pleased to present the 2021 Annual Report for Lunnon Metals Limited ("Lunnon"), our first as a publicly listed company on the Australian Stock Exchange since we commenced trading on 16<sup>th</sup> June this year.

Whilst it is only a short period since Lunnon listed, nonetheless it has been a busy and transformational year for your company. 12 months ago, the company, then named ACH Nickel Pty Ltd, was a private entity earning into a Joint Venture arrangement with St Ives Gold Mining Co. Pty Ltd ("St Ives"), a wholly owned subsidiary of global gold producer Gold Fields Ltd and owner and operator of the St Ives gold mine, in its 40<sup>th</sup> year of continuous operations that have delivered over 15 million ounces of gold.

Your company had spent close to six years farming-in to the assets surrounding two historical WMC Resources Ltd ("WMC") nickel mines, Foster and Jan, that collectively mined over 90,000 tonnes of nickel metal for WMC in the 1980s and 1990s, before both closing prior to their sale by WMC to Gold Fields Ltd.

That transaction in late 2001 resulted in Foster and Jan and the 19 mining leases surrounding them not being sold as part of a major nickel divestment programme as WMC made a strategic pivot away from direct mine ownership in Kambalda and instead focused on the offtake of nickel ore and downstream processing for nickel destined for the steel industry.

The ASX listed companies that did purchase nickel mines at that point in time, Mincor Resources Ltd, Independence Group NL and Sally Malay Resources (now Panoramic Resources Ltd), went on to enjoy great success through hard work and aggressive exploration on nickel assets that revealed themselves to be an excellent source of new and extensional discoveries of nickel metal.

Those discoveries, coupled with nickel price highs in 2007/2008 (nickel peaked at a A\$28.70/lb) set up those companies for the coming years and they all remain key players in the Australian nickel sector.

Some 20 years later, your company diligently executed a series of transformative transactions in 2020 and 2021 that restructured the Joint Venture and led to the acquisition of the residual 49% interest in the assets that now positions Lunnon to hopefully replicate those companies' success stories.

In taking ownership of 100% of the mineral rights at the Kambalda Nickel Project (subject to select retained rights to gold held by St Ives), the company raised \$15 million in its recent IPO and has already commenced a carefully planned, thoughtful discovery programme seeking to apply modern exploration techniques to an under-explored area.

It does so at an exciting time for nickel – a commodity that many academics, companies and national governments believe has a key role to play in a net zero emissions, carbon defocused future. Indicative of the importance of nickel at a historical moment in this so-called "*green industrial revolution*", Nickel West BHP Ltd (which is in essence the old WMC) recently announced a supply deal with Tesla regarding nickel in sulphate for the emerging electric vehicle battery sector. Nickel West BHP Ltd noted that it now sells over 85% of its nickel to the EV battery sector, a far cry from its 100% steel industry focus back in 2000!

## **CHAIRMAN'S LETTER (CONTINUED)**

The coming 12 months will be filled with regular news of the progress of your company towards the goals it set for itself in the Prospectus at IPO. There will be lots of hard work and an unwavering focus on technical excellence to seek out new nickel mineralisation, all with the objective of growing Lunnon's existing JORC 2012 compliant Mineral Resource of 39,000 tonnes of nickel metal.

As Mincor Resources Ltd, Independence Group NL and Panoramic Resources Ltd demonstrated, the potential rewards are worth this effort!

In closing, whilst Lunnon has only a short history as a public company, its staff and founding shareholders have worked professionally and diligently on the Company's ground in various roles and for various companies for up to 30 years – and for Lunnon directly since late 2014. I would like to extend my thanks on behalf of all shareholders to them for this work and the knowledge, experience and skills that this now brings to bear for our Company.

I would also like to record my gratitude to our new major shareholder, St Ives, not only for their support during the previous Joint Venture period and the transaction steps that positioned Lunnon to list on the ASX, but also for entrusting these special assets in Lunnon's hands, confident that the custodianship that WMC and then Gold Fields showed over 55 years would be maintained by Lunnon staff. I would also like to acknowledge the hard work and commitment of our Managing Director, Ed Ainscough who has led from the front and lives and reflects the values of the Company.

Lastly, I would like to extend my thanks to the communities in which we operate, especially in Kambalda and Kalgoorlie. Hopefully, Lunnon can soon take its place as an important contributor to these communities as we seek to discover lots more.....

.....**nickel, in the heart of Kambalda.**



Liam Twigger  
Non-Executive Chairman  
Lunnon Metals Limited

## OPERATIONS REVIEW

### KAMBALDA NICKEL PROJECT

During the year, Lunnon Metals Limited ("Lunnon" or "the Company") crystallised a 51% interest in the Kambalda Nickel Project ("KNP") via an existing Joint Venture Agreement with St Ives Gold Mining Co. Pty Ltd ("St Ives"), a wholly owned subsidiary of global gold major Gold Fields Ltd ("Gold Fields"), and a significant Western Australian gold producing operation in its own right.

Lunnon then subsequently acquired the residual 49% interest in the KNP from St Ives by issuing shares to that entity as part of its Initial Public Offering ("IPO"). Lunnon now holds 100% of the mineral rights at KNP, subject to select rights retained by St Ives pertaining to gold in certain excluded areas, rights relating to offtake of any gold ore produced in the future and rights relating to ongoing access to operating infrastructure located on the tenements. Full details of the Company's IPO and the transactions involved are detailed in the Prospectus announced to the Australian Stock Exchange ("ASX") on 11 June 2021.

### Location

KNP, shown in its regional location in Figure 1, features approximately 23km<sup>2</sup> comprising 19 contiguous mining tenements situated within the Kambalda Nickel District, which extends for more than 70km south from the township of Kambalda. This world-renowned nickel district has produced in excess of 1.4 million tonnes of nickel metal since its discovery in 1966 by WMC Resources Ltd ("WMC").

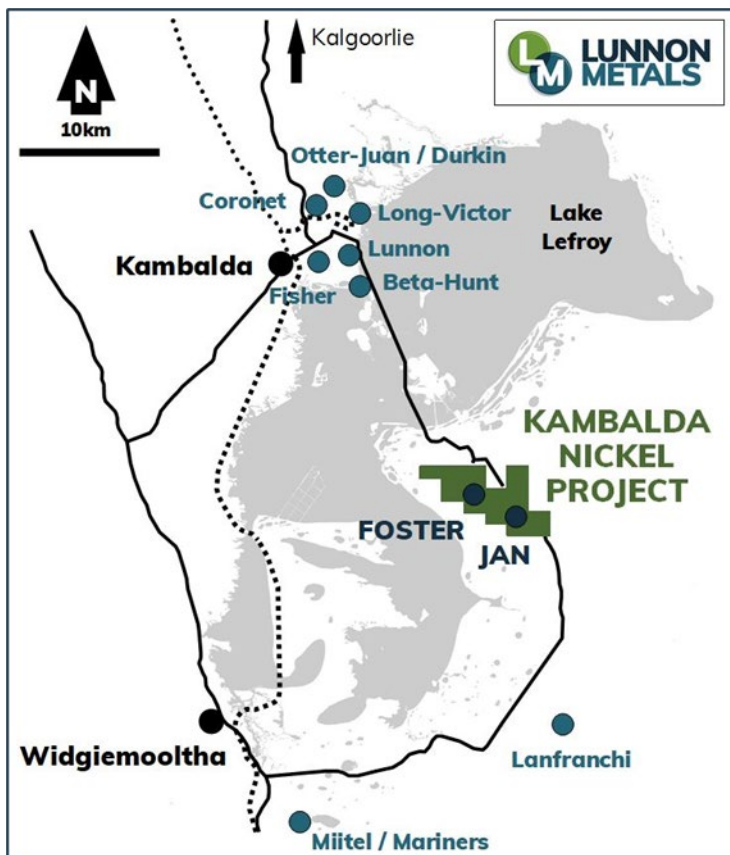


Figure 1: Regional Location of the Kambalda Nickel Project

## **OPERATIONS REVIEW (CONTINUED)**

Activities in the first quarter of the financial year included initial investigations into possible engineering approaches to dewater the top levels of the Foster Mine, with a conceptual target of 250m below surface sufficient to intersect the 6 Level Pump Chamber, a key part of the underground pumping setup during the WMC operational life of the mine. Discussions were held with a range of pumping contractors and site visits made to review, cost and rank the various suggested plans. This initiative was placed on hold when the Company finalised agreement with its then joint venture partner, St Ives, to seek an ASX listing of the Company.

During the September quarter, the Company continued its Historical Drill Core Retrieval Programme with 45 historical diamond drill holes (approximately 1,500m in total) retrieved from the Gold Fields St Ives' core farm "graveyard" and racked up for geological check logging, duplicate sampling, specific gravity determinations, magnetic susceptibility logging, and cutting and sampling where warranted.

From September 2020 onwards, the Company spent almost the entirety of the remaining period of the financial year preparing and then engaged in activities directly related to the corporate transactions that preceded the IPO and associated \$15.0 million capital raising. As a consequence no substantive on-ground exploration activities occurred during the March or June quarters in particular.

Upon the successful listing of the Company on the ASX on 16 June 2021, site based activities immediately resumed with a focus on preparations for the safe mobilisation of drilling equipment and personnel to the KNP Foster site.

### **Drilling Programme**

The Company engaged Blue Spec Drilling Pty Ltd ("Blue Spec") late in June 2021 as its contractor to undertake reverse circulation ("RC") and diamond drilling at KNP. Blue Spec is a Kalgoorlie based, international drilling company with operations throughout Australia and South America and a fleet of 20 multipurpose drill rigs. Blue Spec is providing all necessary supervision, labour, materials, transport, plant and equipment required to execute the Company's surface RC and diamond drilling programme.

Lunnon's focus at the start of the 2021/2022 financial year was to work with Blue Spec to ensure a safe and efficient mobilisation of the fleet to Kambalda, which allowed that programme to commence on 26 July 2021. This was a significant first step in testing the portfolio of nickel and gold exploration targets presented in the Company's Prospectus.

### **Portfolio Review and Targeting**

As part of the Company's preparation for IPO, staff completed a comprehensive review and assessment of all available geochemical, geophysical and nickel and gold assay data to develop and then rank the portfolio of resultant targets. The highest ranking targets were then scheduled for an aggressive exploration programme that formed the basis of the work programme and Use of Funds presented in the Prospectus.



## OPERATIONS REVIEW (CONTINUED)

As a consequence of the engagement of the drill contractor Blue Spec late in the financial year period, drilling activity had not commenced before year end. This commenced in late July with the initial targets to be tested as illustrated in the following Figure 2:

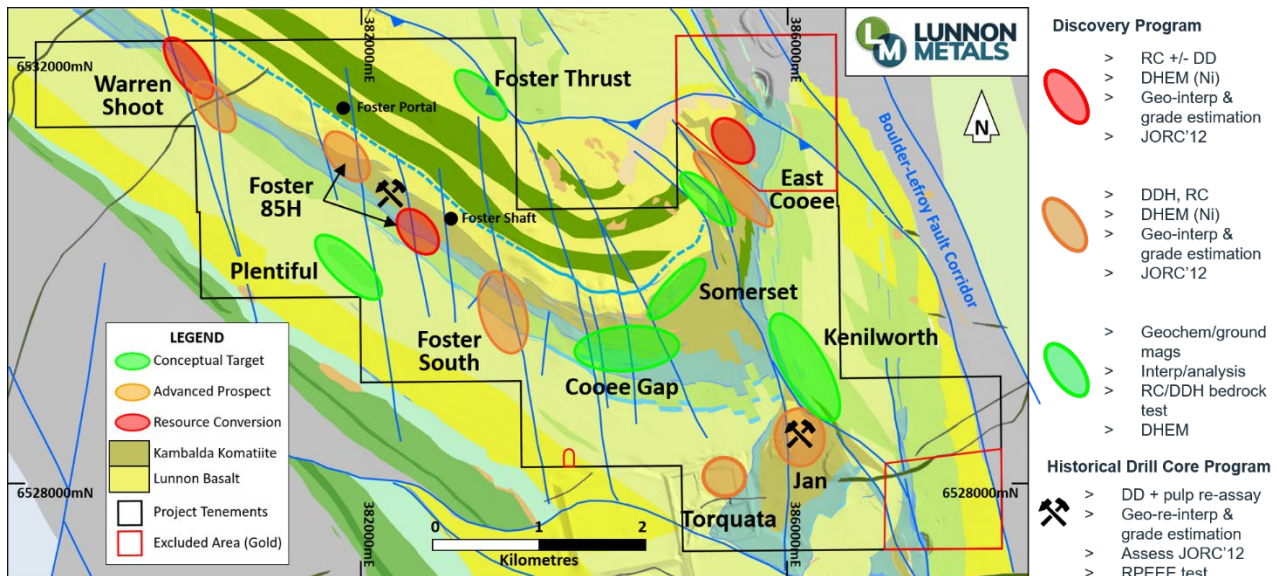


Figure 2 : Plan View of Kambalda Nickel Project highlighting location of named Exploration Targets (image contained in announcement to ASX dated 16 June 2021)

## Discussion on exploration approach

The full portfolio of currently identified nickel and gold targets will be the subject of an aggressive and ongoing drilling campaign throughout financial year 2021/2022. Surface exploration activities will use a combination of RC and diamond drilling methods, subject to the relevant depth below surface of the target, to test both empirical and conceptual nickel targets.

Subject to the outcome of these initial holes, near surface targets will then receive both follow up, closer spaced RC drilling to define potential nickel mineralisation coupled with select diamond drilling to ensure both structural, metallurgical and geotechnical data is collected to assist the future analysis and reporting of any discovered nickel mineralisation.

A significant proportion of these holes will also undergo Down Hole Transient Electro-Magnetic surveys ("DHTEM"). DHTEM survey is widely recognised as a fundamental tool in brownfields nickel exploration and resource delineation. In terms of the exploration process, these surveys can assist progress targets from early stage anomalies through to reported Mineral Resources rapidly, if successful. DHTEM surveys will be completed on the majority of proposed new drilling.

Lunnon highlights that a significant number of strategically located historical drill holes originally completed by WMC did not undergo DHTEM at the time of their original drilling. As such, where practical, these holes will be re-entered and surveyed with this technique, maximising the value of the significant historical investment in surface drilling by WMC. Figure 3 below highlights this opportunity with the darker grey zones illustrated on the lighter grey Lunnon Basalt contact surface representing a 50m buffer around any historical pierce point on that surface.



## OPERATIONS REVIEW (CONTINUED)

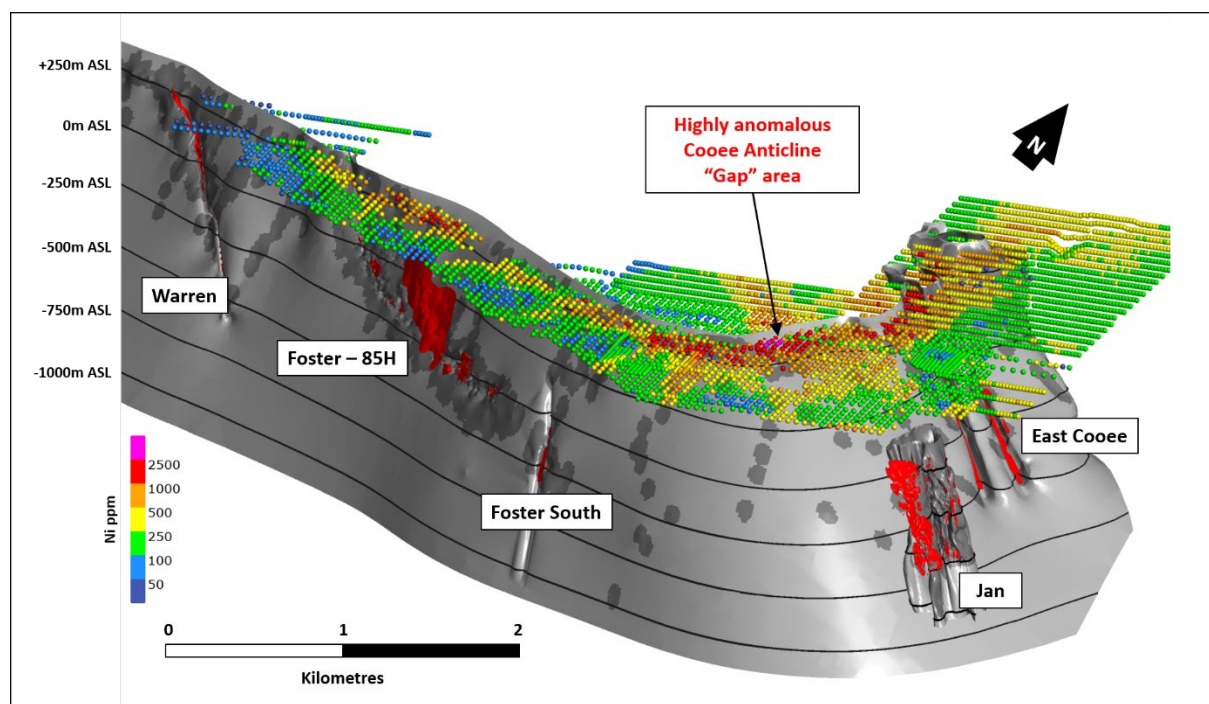


Figure 3 : Nickel in Soils geochemical data (Ni ppm) combined with 3D interpreted contact between the Lunnon Basalt (in the footwall of potential nickel mineralisation) and the Kambalda Ultramafic in the hangingwall – dark grey areas represent 50m buffer around historical drilling pierce points

## OPERATIONS REVIEW (CONTINUED)

### MINERAL RESOURCES

During the year the Company continued its Historical Drill Core Retrieval Programme involving the review and analysis of potential historical nickel mineralisation remaining at the Foster and Jan Shaft nickel mines, closed in 1996 and 1986 respectively. Nickel mineralisation on the 85H and Warren nickel shoots, as recorded in historical diamond drill core data at the Foster nickel mine, was a particular focus. Figure 4 below illustrates the location of the Company's Mineral Resource relative to the historical workings of the Foster Nickel Mine as at 30 June 2021.

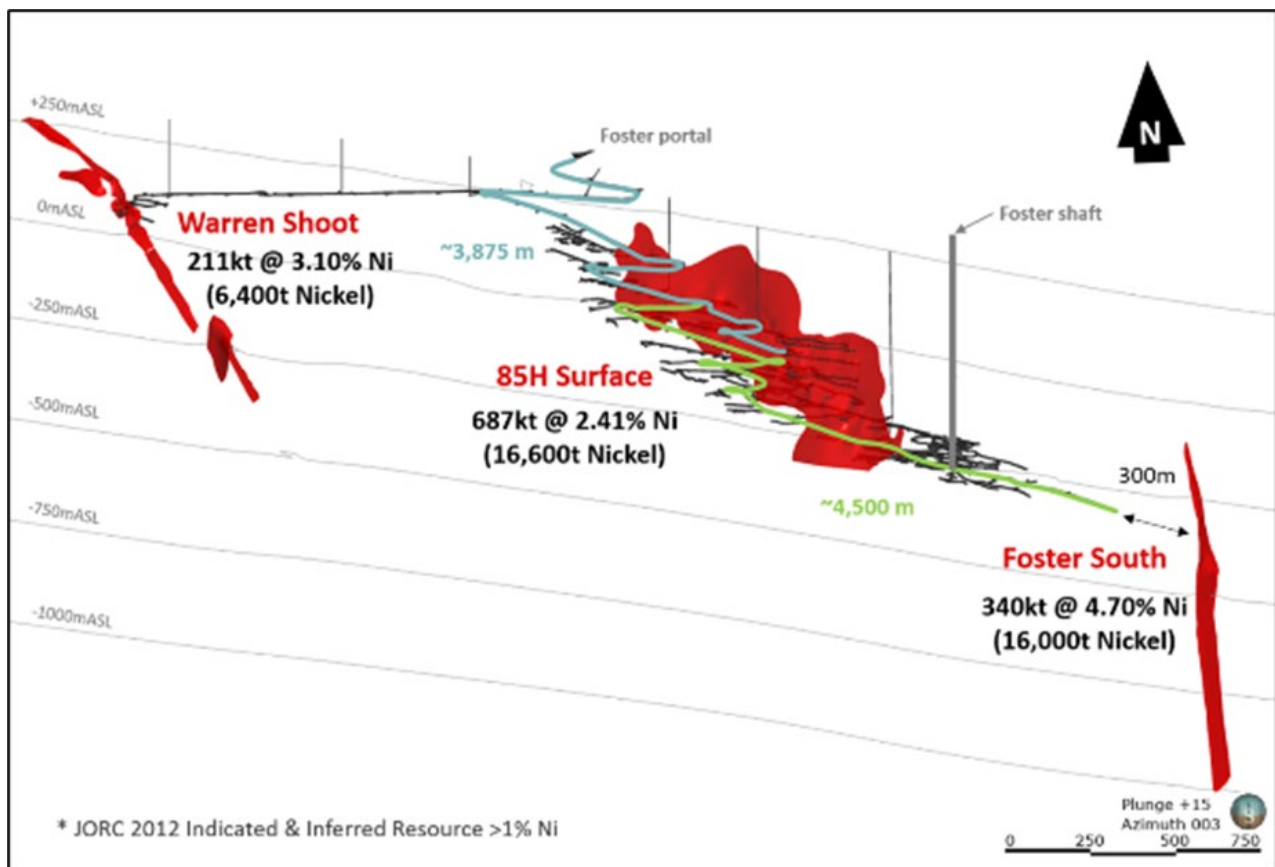


Figure 4: Perspective (view down from SW to NE) of the Foster Nickel mine workings and the relative location of Lunnon's JORC 2012 Mineral Resources

This programme is designed to verify the historical data and potentially report a Mineral Resource in accordance with JORC 2012 Guidelines and saw the Company complete the following work during the year:

- duplicate sampling with Quality Assurance Quality Control (i.e. insertion of certified reference material or sample standards);
- density determinations;
- check geological logging;
- mineralisation characterisation for metallurgical considerations;
- historical section and plan reviews;
- review of paper geology logs, assays and surveys cross referencing with the digital database; and
- establish Reasonable Prospects of Eventual Economic Extraction ("RPEEE") criteria for reporting as per JORC 2012 requirements.

## OPERATIONS REVIEW (CONTINUED)

### MINERAL RESOURCES (CONTINUED)

By the end of the year, Mineral Resource estimates prepared in accordance with the JORC 2012 Guidelines were reported at the Warren, 85H and South nickel surfaces, all located at the Foster nickel mine. Geological interpretations were completed by the Company while the nickel and associated mineral grade estimates were completed by an external consulting company, Cube Consulting Pty Ltd.

Table 1 below details the breakdown of these JORC 2012 Mineral Resources and compares them to the total reportable at the end of the previous financial year (June 2020) in Table 2.

June 2021		Indicated			Inferred			Total		
Shoot	Cut-off (Ni %)	Tonnes	Ni%	Ni metal	Tonnes	Ni%	Ni metal	Tonnes	Ni%	Ni metal
85H	1%	387,000	3.3	12,800	300,000	1.3	3,800	687,000	2.4	16,600
Foster South	1%	223,000	4.7	10,500	116,000	4.8	5,500	340,000	4.7	16,000
Warren	1%	136,000	2.7	3,700	75,000	3.7	2,700	211,000	3.1	6,400
<b>Total</b>		<b>746,000</b>	<b>3.6</b>	<b>27,000</b>	<b>491,000</b>	<b>2.4</b>	<b>12,000</b>	<b>1,238,000</b>	<b>3.2</b>	<b>39,000</b>

Table 1: 30 June 2021 Mineral Resource Table

June 2020		Indicated			Inferred			Total		
Shoot	Cut-off (Ni %)	Tonnes	Ni%	Ni metal	Tonnes	Ni%	Ni metal	Tonnes	Ni%	Ni metal
85H	1%	187,978	4.3	8,074	135,193	2.6	3,486	323,172	3.6	11,561
Foster South	1%	223,000	4.7	10,500	116,000	4.8	5,500	340,000	4.7	16,000
Warren	1%	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>410,978</b>	<b>4.5</b>	<b>18,574</b>	<b>251,193</b>	<b>3.6</b>	<b>8,986</b>	<b>663,172</b>	<b>4.2</b>	<b>27,561</b>

Table 2: June 30 2020 Mineral Resource Table

## **OPERATIONS REVIEW (CONTINUED)**

## **MINERAL RESOURCES (CONTINUED)**

### **Historical Estimates**

As required by Listing Rule 5.14, having publicly reported historical estimates in accordance with Listing Rule 5.12 in its Prospectus lodged with the ASX on 11 June 2021, the Company provides the following report in regard progress made in evaluating the previously reported historical estimates and the status of any further evaluation and/or exploration work required to verify the historical estimates in accordance with Appendix 5A of the Listing Rules Chapter 5 (JORC Code – 2012 Edition).

The Company's Historical Drill Core Retrieval Programme is the key method by which it plans to evaluate the historical estimates, firstly at Foster Mine and then subsequently at the Jan Shaft Mine. A dedicated additional staff member has been recruited to progress this programme which will continue to be a core focus of the Company's activity programme at KNP. In the coming 12 month period the Company is planning to evaluate a number of the nickel surfaces documented at the Foster Mine which all have the potential to contribute nickel metal in Mineral Resource estimated and reported in accordance with the JORC 2012 Guidelines.

In total WMC documented over 55 individual nickel surfaces at the Foster Mine which themselves were subdivided into over 160 sub-surfaces or sub-blocks dependent on the stratigraphic host to the nickel mineralisation and its position both in the mine and with respect to the main komatiite-basalt contact. To date, the programme has been successfully applied to the Foster South, 85H and Warren (13 sub-surfaces) nickel shoots.

In the coming 12 months it is planned to investigate the N14C, the N18C, the N71C and the N75C. These surfaces are located in the area of the mine termed the Foster Main and are located on the upper trough margin or flanking areas, proximal to the 85H surface, which has already undergone this process and been reported as a Mineral Resource in accordance with the JORC 2012 Guidelines.

A key part of the assessment of the individual surfaces once an estimation has been completed, is to apply the RPEEE test required by the JORC 2012 Guidelines. Lunnon notes that as potential new sources of nickel are estimated to the relevant current standard collectively the RPEEE test is progressively more confidently able to be satisfied as a critical mass of metal in Mineral Resource becomes available.

As the Company completes each surface, or group of surfaces subject to the geological context, it will, if results warrant, estimate a Mineral Resource and update the market on a continuous basis via announcements lodged on the ASX and thereafter in its subsequent Annual Reports.

## **OPERATIONS REVIEW (CONTINUED)**

### **Competent Person's Statement**

The information in this Annual Report that relates to geology, nickel mineralisation and Mineral Resources is based on and fairly represents information compiled and reviewed by Mr. Aaron Wehrle, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr. Wehrle is a full time employee of Lunnon Metals Ltd, a shareholder and holder of employee options; he has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Wehrle consents to the inclusion in the Annual Report of the matters based on his information in the form and context in which it appears.

The information that relates to the historical estimates at the KNP, is based on information compiled by Mr. Aaron Wehrle and Mr. Edmund Ainscough. Mr. Ainscough and Mr. Wehrle are both Members of The Australasian Institute of Mining and Metallurgy, full time employees of Lunnon Metals, are shareholders and holders of employee options; they have 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 Persons as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Ainscough and Mr. Wehrle state that this information is an accurate representation of the available data and studies for the historical estimates and consent to the inclusion of these matters based on their information in the form and context in which it appears. As required, the Company highlights that:

- The estimates are historical estimates and are not reported in accordance with the JORC code, 2012;
- A competent person has not done sufficient work to classify the historical estimates as Mineral Resources or Ore Reserves in accordance with the JORC Code, 2012; and
- It is uncertain that following evaluation and/or further exploration work that the historical estimates will subsequently be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code, 2012.

The historical estimates are based on work completed by WMC Resources Ltd (WMC) prior to mine closure in 1994. The historical estimates use terminology developed by WMC and applied at their Kambalda nickel mines as follows:

- UGOR, or Unfactored Geological Ore Reserve – a polygonal estimate calculated by WMC's in-house computer system at the time which incorporated drill intercept intervals selected and categorised to multiple different and separately interpreted nickel surfaces by the mine based geological staff together with the associated true width and SG of these intercepts to estimate a tonnage and average grade for each such identified block within manually digitised "areas of influence" i.e. blocks, panels etc.
- FGOR – Factored Geological Ore Reserve – this calculation was based on the UGOR above with the addition of a minimum mining width estimate, as defined by the width of the mining production methodology to be applied to extract the nickel metal mineralisation, often and typically (in the case of Foster and Jan Shaft) by airleg shrink stoping, airleg cut and fill and jumbo cut and fill methods; this estimation was typically performed in a "round table" meeting with the involvement and input of relevant mining production staff such as the shift boss/foreman, underground mine engineer and mine manager etc. The FGOR factors were originally predicated on airleg mining and adapted over time to allow or accommodate for jumbo development;

## **OPERATIONS REVIEW (CONTINUED)**

### **Competent Person's Statement (continued)**

- PMR – Planned Mining Reserve - the final step in WMC's annual estimation process was to attempt to reconcile tonnes and nickel metal content allocated to the mine by the central concentrator processing facility in Kambalda against the annual mining performance claimed to be delivered; this step thus attempted to accommodate or incorporate unplanned ore loss and mining dilution. This resulted in a further application of modifying factors to the FGOR to derive the PMR, against which the following year's budget forecast would be made and mine performance judged.

The Company considers the historical estimates are directly relevant and in quantum, material, to the Company and represent the most accurate known estimation of the nickel mineralisation available and pertinent to those parts of the two historical mines until such time as the Company has completed the necessary work to update the estimation under the JORC 2012 Guidelines.

The Competent Persons have sufficient direct knowledge and also completed sufficient further investigations to satisfy themselves as to the reliability of the historical estimates and their suitability for reporting under Chapter 5 rules. The WMC procedural steps listed above represent the best summary of the work programs on which the historical estimates were based and the mining and processing parameters that were used to prepare them and there are no known other estimates that are relevant to the reported mineralisation.

The Company has work programs planned and previously applied (to the Foster 85H, South and Warren Shoot mineralization) which will be applied to the historical estimates with the objective of reporting them as Mineral Resources, if warranted, under the JORC 2012 Guidelines within the next two-year period.

### **Disclaimer**

References in this Annual Report may have been made to certain previous ASX announcements, which in turn may have included exploration results and Mineral Resources. For full details, please refer to the said announcement on the said date. The Company is not aware of any new information or data that materially affects this information. Other than as specified in this Annual Report and mentioned in said announcements, the Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcement(s), and in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcement.

## **DIRECTORS' REPORT**

The Directors present their Report on Lunnon Metals Limited (the Company) for the financial year ended 30 June 2021 and the auditor's report thereon.

### **Directors**

The names of the Directors who held office during the reporting year or since the end of the reporting year and up to the date of this Report are:

Liam Twigger	Non-Executive Chairperson (appointed on 25 February 2021)
Edmund Ainscough	Managing Director (appointed on 22 January 2015)
Ian Junk	Non-Executive Director (appointed on 18 August 2014)
Ashley McDonald	Non-Executive Director (appointed on 24 February 2021)
Darren Hedley	Non-Executive Director (resigned on 24 February 2021)
Tao Li	Non-Executive Director (resigned on 31 January 2021)
Yanhui Liu	Non-Executive Director (resigned on 7 September 2020)

### **Company Secretary**

Ms Jessamyn Lyons was appointed as Company Secretary on 11 November 2020.

### **Principal Activities**

The Company is a mineral resource exploration and development company. It was established to undertake a farm-in and joint venture agreement with Gold Fields Ltd subsidiary, St Ives, as recorded in the Option and Joint Venture Agreement in relation to the then termed Foster and Jan Nickel/Gold Project, executed with that company on 9th October 2014. Operations in the reporting period continued to focus on the Company's farm-in activities at Kambalda and included on ground exploration and geoscience activities at the project together with the administrative support of the Company's West Perth Office.

### **Review of Operations**

A review of the Company's exploration projects and activities during the year is discussed in the Operations Review section included in this Annual Report.

The operating loss of the Company for the financial year after providing for income tax amounted to \$2,531,887 (2020: \$1,448,577).

### **Dividends**

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



**DIRECTORS' REPORT (CONTINUED)****Corporate and Significant Changes in Affairs**

On 6 October 2020, the net debt owed to a major shareholder, Bolong (Australia) Investment Management Pty Ltd (hereafter "Bolong") of \$3,734,375 was waived by Bolong and converted to equity at \$0.1771 per share issued pro rata to founding shareholders pro rata to their then ownership percentages.

On 7 October 2020, the Company signed a Convertible Note Deed (Note) with Aurora Prospects Pty Ltd and Mainglow Pty Ltd to provide funding of \$1,100,000 to the Company. The Note bore interest at the rate of 8% per annum. The Note had a redemption date of 4 months, which was the 9th February 2021. On 13th January 2021, the Convertible Note, together with accrued interest of \$23,126, was converted to equity at a price of \$0.1662 per share. A total of 6,757,758 new shares were issued to Aurora Prospects Pty Ltd and Mainglow Pty Ltd, split equally between the two note holders.

The Company executed a 3rd Deed of Variation with St Ives that allowed for the Company to crystallize its initial 51% interest in the Joint Venture by way of invitation to admission to the ASX involving an IPO of shares in the Company.

The Company then subsequently acquired the residual 49% interest in the KNP from St Ives by issuing 44,711,062 shares to that entity as part of its IPO. The Company now holds a 100% of the mineral rights at KNP, subject to select rights retained by St Ives to gold in certain excluded areas, rights relating to off take of any gold ore produced in the future and rights relating to ongoing access to operating infrastructure located on the tenements. Full details of the Company's IPO and the transactions involved are detailed in the Prospectus announced to the ASX on 11 June 2021.

On 16 June 2021, the Company commenced quotation on ASX having raised \$15 million via the issue of 50,000,000 ordinary shares at \$0.30 per share under an initial public offer.

**Likely Developments and Expected Results of Operations**

The Company will continue its mineral exploration and development activity at and around its principal exploration projects, being the KNP.

**Safety and Environment Regulation**

The Company is aware of its safety and environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

**Proceedings on behalf of the Company**

No persons have applied for leave pursuant to s.237 of the Corporation Act 2001 to bring, or intervene in, proceedings on behalf of the Company.

## DIRECTORS' REPORT (CONTINUED)

### Share Options

Share options outstanding at the date of this report:

Type	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
Unlisted (i)	3,875,000	23 March 21	22 March 2026	\$0.05	Tranche I - \$0.1404 Tranche II - \$0.1324 Tranche III - \$0.1305
Unlisted (ii)	1,426,738	22 April 21	24 months from date of issue	\$0.45	\$0.1052

- (i) Options issued to the Directors and senior employees, exercisable at \$0.05 each, expiring 22 March 2026. The relevant options were granted under the Incentive Option Plan and are subject to vesting conditions and a three-year disposal restriction (subject to limited exceptions). Refer Note 17 Options Reserve for details.
- (ii) Options issued to the Lead Manager, each exercisable at \$0.45, expiring 24 months from the date of issue) Refer Note 17 Options Reserve for details.

The holders of such options do not have the right, by virtue of the option, to participate in any share or other interest issue of any other body corporate or registered scheme.

### Shares issued on the exercise of Options

Shares were issued to the following Director and senior employees following the exercise of options.

	Grant date	Exercise price	Number of shares issued on exercise of options
Edmund Ainscough	6 Oct 20	\$0.01	695,221
Aaron Charles Wehrle	6 Oct 20	\$0.01	224,718
John Wang (former employee)	6 Oct 20	\$0.01	463,481
Edmund Ainscough	13 Jan 21	\$0.01	177,087
Aaron Charles Wehrle	13 Jan 21	\$0.01	71,649
John Wang (former employee)	13 Jan 21	\$0.01	117,910

### Shares Options that expired/lapsed

No share options expired or lapsed during or since the end of the financial year.

## DIRECTORS' REPORT (CONTINUED)

### Information on Directors and Company Secretary (including the Director's interests at the date of this report)

#### **Liam Twigger**

Non-Executive Chairman (appointed on 25 February 2021)

#### Qualifications and Experience

*B.Econ, CPA,  
GDipBus*

Liam is the Managing Director and Principal of PCF Capital Group, a licensed and independent investment banking and corporate advisory business based in Perth, Western Australia. Subsequent to the year end, Liam became Deputy Chairman of Argonaut when PCF Capital merged with that company. Liam is also Chairman of SolGold Plc, a London and TSX listed resources company focussed on the discovery, definition and development of copper and gold deposits in Ecuador. He is also a Non-Executive Director of the Western Australian Government owned Gold Corporation (trading as the Perth Mint). Liam holds a Graduate Diploma in Business, a Bachelor of Economics and is a Certified Practicing Accountant. The Board considers Mr Twigger is currently an independent Director.

#### Interest in securities

600,000 Fully Paid Ordinary Shares  
475,000 Unlisted Options (exercisable at \$0.05 expiring 22/3/2026)

#### Directorships held in other listed entities

Non-Executive Director of SolGold plc (TSX and LSE: SOLG) from 17 June 2019 and Chairman from 5 August 2020

#### **Edmund Ainscough**

Managing Director (appointed on 22 January 2015)

#### Qualifications and Experience

*B.Sc (Hons)  
(Geology),  
FGeoISoc, MAusIMM*

Ed led the acquisition of joint venture rights to the Foster/Jan Nickel Project (in 2014) and the acquisition of the Great Southern project (in 2016) from Silver Lake Resources now owned by Medallion Metals Ltd, of which he is also a Non-Executive Director. A geologist by training, he has extensive operational experience (gold, copper and tin) in Australia, Africa, the UK and New Zealand. He was previously a senior member of the Gold Fields executive team in Australia where he held a key business development role reporting to the Executive Committee until 2008. He was the last Chief Geologist for WMC at the St Ives Gold Mine, overseeing a \$25 million per annum drill budget and the addition of over 2.0 million ounces to reserves during his tenure. Prior to founding Lunnon Metals Ltd's forebear, ACH Nickel, he was at PCF Capital Group where he advised resource sector companies on corporate, merger and acquisition, and valuation assignments.

#### Interest in securities

1,629,742 Fully Paid Ordinary Shares  
1,700,000 Unlisted Options (exercisable at \$0.05 expiring 22/3/2026)

#### Directorships held in other listed entities

Non-Executive Director of Medallion Metals Ltd (ASX: MM8) from 10 November 2015

**DIRECTORS' REPORT (CONTINUED)**
**Ian Junk**

Non-Executive Director (appointed on 18 August 2014)

## Qualifications and Experience

*B.Eng (Hons) (Mining),  
MAusIMM*

Ian has a Bachelor of Engineering (Mining) (Hons) from the WA School of Mines and has a detailed understanding and long history with nickel mining in Kambalda. In the past, having worked as a Mine Manager at various Kambalda nickel mines for Western Mining Corporation (WMC), he then played an integral role in the revitalisation of many WMC Kambalda nickel mines when they were divested in the early 2000s. Ian, along with his brother Leigh, and their company Donegal Resources, initiated the joint venture with Mincor Resources at the Miitel, Mariners, Wannaway and Redross nickel mines, and subsequently executed another joint venture with Panoramic Resources at the Lanfranchi nickel mine. Donegal Resources also managed and operated the Carnilya Hill nickel mine when that was sold by WMC to View Resources. Mr. Junk has played significant roles in the exploration, development and commissioning of various other mining operations around Australia, through his own mining entities and contracting companies. The Board considers Mr. Junk is not currently an independent Director.

## Interest in securities

9,678,565 Fully Paid Ordinary Shares

## Directorships held in other listed entities

Nil

**Ashley McDonald**

Non-Executive Director (appointed on 24 February 2021)

## Qualifications and Experience

*B.Comm, LLB*

Ashley is the nominee for Gold Fields Limited. He is currently Vice President Corporate Development for Gold Fields and has played a key role in a number of the company's key growth transactions including acquiring the Granny Smith, Lawlers and Darlot gold mines from Barrick in 2013, acquiring a 50% interest in the Gruyere gold mine in 2016 and evaluating the various funding options for Gold Fields key development asset Salares Norte (capex US\$830M) in Chile in 2020. An experienced and skilled M+A practitioner with strong financial and analytical skills, Mr. McDonald is also a legal practitioner with more than 20 years' experience in Corporate and Resources Law and was part of the legal team that assisted Gold Fields in its acquisition of St Ives and Agnew in 2001. Mr. McDonald is an admitted legal practitioner holding a Bachelor of Laws (Hons) and Bachelor of Commerce (Accounting) from Murdoch University. The Board considers Mr. McDonald is not currently an independent director.

## Interest in securities

Nil

## Directorships held in other listed entities

Nil

**DIRECTORS' REPORT (CONTINUED)**
**Mr. Yanhui Liu**

Non-Executive Director (resigned on 7 September 2020)

Experience

Mr. Liu is the owner of Dalian Bolong New Materials Co. Ltd ("Bolong") based in Liaoning Province, China. Bolong is a large and multi-discipline company with varied interests including the operation of several metal alloy factories as well as majority ownership of the emerging Rongke Power. Through Rongke Power, Bolong has a significant Research and Development investment in the production of vanadium flow batteries with offshore investments and facilities in the United States. Dalian is a city of 8 million in north-east China and is the country's biggest and most active port city.

Interest in securities

Nil (at date of resignation)

**Dr. Tao Li**

Non-Executive Director (resigned on 31 January 2021)

Experience

Dr Tao Li is a specialist in geotechnical and mining engineering and currently the Principal and Director of TL Geotechnics & Mining. He provides technical and business advice to Australian, Canadian and Chinese mining companies. He worked for 7 years in the Chinese mining industry and for the next 23 years was an internal advisor to the Australian mining industry as an engineer, manager and group manager for organisations such as Mount Isa Mines, WMC Resources, Gold Fields Ltd and Newcrest Mining.

In recent years he has focused on business and project development – the Ridges Iron Ore Project being a recent success.

Interest in securities

6,096,475 Ordinary Shares (at date of resignation)

**Mr. Darren Hedley**

Non-Executive Director (resigned on 24 February 2021)

Experience

Mr. Hedley has held a variety of executive roles in the mining industry including Executive Director of Kimberley Metals Group, Managing Director of ASX Listed Australasian Resources Ltd as well as corporate and operational management positions at both Gold Fields Ltd and WMC Resources.

Mr. Hedley, together with Mr. Junk, was instrumental in identifying, securing and then funding the \$60 million development of the Ridges Iron Ore Project (Kimberley, WA) sold to private Chinese interests for an undisclosed sum in 2012. Darren is a mining engineer by background with experience in both small and large operating environments – underground and open pit.

Interest in securities

9,678,565 Ordinary Shares (at date of resignation)

## DIRECTORS' REPORT (CONTINUED)

### Jessamyn Lyons

Company Secretary (appointed on 11 November 2020)

#### Qualifications and Experience

Jessamyn is a Chartered Secretary, an Associate of the Governance Institute of Australia and holds a Bachelor of Commerce from the University of Western Australia with majors in Investment Finance, Corporate Finance and Marketing. Ms. Lyons is also a Director of Everest Corporate and Company Secretary of Dreadnought Resources Limited (ASX:DRE), Doriemus PLC (ASX:DOR), Alchemy Resources Limited (ASX:ALY), Stealth Global Holdings Ltd (ASX:SGI), Ragnar Metals Limited (ASX:RAG) and Joint Company Secretary of Los Cerros Limited (ASX:LCL). Ms. Lyons also has 15 years of experience working in the stockbroking and banking industries and has held various positions with Macquarie Bank, UBS Investment Bank (London) and more recently, Patersons Securities.

### Meetings of Directors and Committees

During the financial year 5 meetings of Directors were held. Attendances by each Director during the year are stated in the following table.

	Number Eligible to Attend	Number Attended
Mr L Twigger	1	1
Mr E Ainscough	5	5
Mr I Junk	5	5
Mr A McDonald	1	1
Mr Y Liu	1	1
Mr T Li	4	4
Mr D Hedley	4	4

Refer page 14 for dates of appointment and resignation.

**DIRECTORS' REPORT (CONTINUED)****Indemnification of Directors and Auditors**

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

- except as may be prohibited by the Corporations Act 2001 a Director or Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Director or officer of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

Since the beginning of the financial year the Company has paid insurance premiums of \$56,836 exclusive of GST (2020: nil) in respect of directors and officers liability and corporate reimbursement, for directors and officers in the Company. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever the outcome; and other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty.
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty.

**Non-Audit Services**

The Board of Directors is satisfied that the provision of non-audit services during the year as disclosed in Note 5 is compatible with the general standard of independence for auditors. The Directors are satisfied that non-audit services did not compromise the external auditor's independence for the following reasons: all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and the nature of the services provided do not compromise the general principles relating to auditor independence under all relevant independence rules.

**Auditor's Independence Declaration**

Section 307C of the Corporations Act 2001 requires our auditors, Armada Audit and Assurance Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence declaration is set out on page 30 and forms part of this Directors' Report for the year ended 30 June 2021.



## **DIRECTORS' REPORT (CONTINUED)**

### **REMUNERATION REPORT**

The information in this remuneration report has been audited as required by s308(3C) of the *Corporations Act 2001*.

#### **Key Management Personnel ("KMP")**

KMP have authority and responsibility for planning, directing and controlling the activities of the Company. KMP comprise the Directors of the Company and key executive personnel:

Liam Twigger	Non-Executive Chairperson (appointed on 25 February 2021)
Edmund Ainscough	Managing Director (appointed on 22 January 2015)
Ian Junk	Non-Executive Director (appointed on 18 August 2014)
Ashley McDonald	Non-Executive Director (appointed on 24 February 2021)
Darren Hedley	Non-Executive Director (resigned on 24 February 2021)
Tao Li	Non-Executive Director (resigned on 31 January 2021)
Yanhui Liu	Non-Executive Director (resigned on 7 September 2020)
Mr. Aaron Wehrle	Exploration and Geology Manager (appointed on 17 December 2014)

#### **Remuneration Policy**

The remuneration policy of Lunnon Metals Limited has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. By providing components of remuneration that are indirectly linked to share price appreciation (in the form of options and/or performance rights), executive, business and shareholder objectives are aligned. The Board of Lunnon Metals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company, as well as create goal congruence between directors and shareholders. The Board's policy for determining the nature and amount of remuneration for Board members is as follows:

##### *Managing Director and Other Key Management Personnel*

The remuneration policy and the relevant terms and conditions has been developed by the Board of Directors. In determining competitive remuneration rates, the Board reviews local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Reviews are performed to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

The Company is an exploration and development entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry.

**DIRECTORS' REPORT (CONTINUED)****REMUNERATION REPORT (CONTINUED)***Managing Director's Executive Services Agreement*

The Company has entered into an executive services agreement with Mr Edmund Ainscough under which he will be the Managing Director of the Company with no fixed term. He will be entitled to a salary of \$275,000 per annum plus superannuation. He will not be entitled to any additional director fees. The Company may terminate the agreement without cause with six months' notice (or payment in lieu), which may be deemed to be triggered if there is a material diminution of Mr Ainscough's role in the three months following a change of control. Mr Ainscough can terminate with three months' notice. The agreement is otherwise on standard terms for agreements of this nature.

*Exploration & Geology Manager's Executive Services Agreement*

The Company has entered into an executive services agreement with Aaron Wehrle under which he will be the Exploration & Geology Manager of the Company with no fixed term. He will be entitled to a salary of \$225,000 per annum plus superannuation. The Company may terminate the agreement without cause with six months' notice (or payment in lieu), which may be deemed to be triggered if there is a material diminution of Mr Wehrle's role in the three months following a change of control. Mr Wehrle can terminate with three months' notice. The agreement is otherwise on standard terms for agreements of this nature.

During the financial year, the Company did not engage any remuneration consultants. The Board's remuneration policies are outlined below:

*Fixed Remuneration*

All executives receive a base cash salary which is based on factors such as length of service and experience as well as other fringe benefits. If entitled, all executives also receive a superannuation guarantee contribution required by the government, and do not receive any other retirement benefits.

*Short-term Incentives (STI)*

Under the Company's current remuneration policy, executives can from time to time receive short-term incentives in the form of cash bonuses. No short-term incentives were paid in the current financial year. The Board is responsible for assessing whether Key Performance Indicators ("KPI's") are met. The Board considers market rates of salaries for levels across the Company, which have been based on industry data provided by a range of industry sources.

*Long-term Incentives (LTI)*

Executives are encouraged by the Board to hold shares in the Company, and it is therefore the Company's objective to provide incentives for participants to partake in the future growth of the Company and, upon becoming shareholders in the Company, to participate in the Company's profits and dividends that may be realised in future years.

## **DIRECTORS' REPORT (CONTINUED)**

### **REMUNERATION REPORT (CONTINUED)**

#### *Non-Executive Directors*

The Board's policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. In determining competitive remuneration rates, the Board review local and international trends among comparative companies and the industry generally. Typically, the Company will compare non-executive remuneration to companies with similar market capitalisations in the exploration and resource development business group.

The Company has entered into Non-Executive Director appointment letters with Messrs Liam Twigger, Ian Junk and Ashley McDonald pursuant to which they have been appointed as Non-Executive Directors of the Company on the following terms:

- (Fees): Director fees of \$75,000 per annum are payable by the Company to Mr Twigger. Messrs Junk and McDonald will not be accepting any fees; and
- (Term): Appointments are subject to provisions of the Constitution and the ASX Listing Rules relating to retirement by rotation and re-election of Directors and will automatically cease at the end of any meeting at which Messrs Twigger, Junk and McDonald are not re-elected as Directors by Shareholders.

A Non-Executive Directors' fee pool limit is \$300,000 per annum.

#### *Incentive Option Plan*

Key Management Personnel are entitled to participate in the Company's Incentive Option Plan, which is designed to give each option holder an interest in preserving and maximising shareholder value. Such grants are determined by an informal assessment of an individual's performance, level of responsibilities and the importance of his/her position and contribution to the Company. The vesting of the options is determined at the Board's discretion.

Incentive options issued during the year are detailed in Note 17 Options Reserve of the financial statements.

#### **Relationship between Remuneration of Key Management Personnel and Earnings**

During the Company's exploration and development phases of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the exploration and development of its resource projects. Accordingly, the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore, there was no relationship between the Board's policy for determining, or in relation to, the nature during the current and previous financial years.

#### **Relationship between Remuneration of Key Management Personnel and Shareholder Wealth**

As discussed above, the Company is currently undertaking exploration activities and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until sometime after the successful commercialisation, production and sales of commodities from its projects. Accordingly, the Board does not consider earnings during the current and previous financial years when determining the nature and amount of remuneration of KMP.

## DIRECTORS' REPORT (CONTINUED)

### REMUNERATION REPORT (CONTINUED)

#### Statutory performance indicators

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Company's financial performance over the last five years as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to key management personnel. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2021	2020	2019	2018	2017
Loss for the year	\$2,531,887	\$1,448,577	\$1,110,600	\$700,094	\$804,999
Loss per share (cents)	5.59	8.55	6.56	4.13	4.77
Share price at listing	\$0.30	n/a	n/a	n/a	n/a
Share price at year end	\$0.4550	n/a	n/a	n/a	n/a

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the Key Management Personnel of the Company:

#### 2021

Key Management Person	Short-Term Benefits			Post-Employment Benefits	Long-Term Benefits	Equity-Settled Share-Based Payments		
	Salary, Fees and Leave	Profit Share and Bonuses	Other	Super-annuation	Other	Shares (Options exercised)	Options	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Mr. L Twigger	25,000	-	-	2,375	-	-	3,462	<b>30,837</b>
Mr. E Ainscough	275,000	-	-	26,125	-	147,311	12,389	<b>460,825</b>
Mr. I Junk	-	-	-	-	-	-	-	-
Mr. A McDonald	-	-	-	-	-	-	-	-
Mr. Y Liu	-	-	-	-	-	-	-	-
Mr. T Li	-	-	-	-	-	-	-	-
Mr. D Hedley	-	-	-	-	-	-	-	-
Mr. A Wehrle	204,167	-	-	19,396	-	49,912	12,389	<b>285,864</b>
	504,167	-	-	47,896	-	197,223	28,240	<b>777,526</b>

Refer page 14 for dates of appointment and resignation.

# DIRECTORS' REPORT (CONTINUED)

## REMUNERATION REPORT (CONTINUED)

2020

Key Management Person	Salary, Fees and Leave \$	Short-Term Benefits			Post-Employment Benefits	Long-Term Benefits	Equity-Settled Share-Based Payments		Total \$
		Profit Share and Bonuses \$	Non-Monetary \$	Other \$			Shares \$	Options \$	
Mr. E Ainscough	275,000	-	-	-	26,125	-	-	-	301,125
Mr. I Junk	-	-	-	-	-	-	-	-	-
Mr. Y Liu	-	-	-	-	-	-	-	-	-
Mr. T Li	-	-	-	-	-	-	-	-	-
Mr. D Hedley	-	-	-	-	-	-	-	-	-
Mr. A Wehrle	200,000	-	-	-	19,000	-	-	-	219,000
	475,000	-	-	-	45,125	-	-	-	520,125

### Key Management Personnel Equity Holdings

#### Fully Paid Ordinary Shares of the Company Held by Each Key Management Person

2021	Balance at start of year (or appointment) No.	IPO application No.	Received on the exercise of options No.	Conversion of Loan* (or resignation) No.	Balance at end of year (or resignation) No.
Key Management Person					
Mr. L Twigger	-	600,000	-	-	600,000
Mr. E Ainscough	524,100	233,334	872,308	-	1,629,742
Mr. I Junk	2,707,852	-	-	6,970,713	9,678,565
Mr. A McDonald	-	-	-	-	-
Mr. Y Liu	-	-	-	-	-
Mr. T Li	2,620,504	-	-	3,475,971	6,096,475
Mr. D Hedley	2,707,852	-	-	6,970,713	9,678,565
Mr. A Wehrle	169,406	50,000	296,367	-	515,773
	8,729,714	883,334	1,168,675	17,417,397	28,199,120

\*Refer to Notes 13 Borrowings and Note 15 Convertible Notes for more details.

Refer page 14 for dates of appointments and resignation.

**DIRECTORS' REPORT (CONTINUED)**
**REMUNERATION REPORT (CONTINUED)**
**Options in the Company Held by Each Key Management Personnel**

<b>2021</b>	Balance at start of year (or appointment) No.	Granted during the year No.	Vested and exercised No.	Forfeited No.	Balance at end of year (or resignation) No.
<b>Key Management Person</b>					
Mr. L Twigger	-	475,000	-	-	475,000
Mr. E Ainscough	-	2,572,308	(872,308)	-	1,700,000
Mr. I Junk	-	-	-	-	-
Mr. A McDonald	-	-	-	-	-
Mr. Y Liu	-	-	-	-	-
Mr. T Li	-	-	-	-	-
Mr. D Hedley	-	-	-	-	-
Mr. A Wehrle	-	1,996,367	(296,367)	-	1,700,000
	-	5,043,675	(1,168,675)	-	3,875,000

Refer page 14 for dates of appointments and resignation.

**Terms and conditions of share-based payment arrangements - Options**

The terms and conditions for each grant of options affecting remuneration in the current or a future reporting period are as follows:

<b>Number</b>	<b>Grant date and Vesting date</b>	<b>Expiry date</b>	<b>Exercise price</b>	<b>Value per option at grant date</b>	<b>Total value at grant date</b>	<b>% vested and exercised</b>
1,383,420	6 Oct 2020	5 years	\$0.01	\$0.1713	\$236,955	100%
366,646	13 Jan 2021	5 years	\$0.01	\$0.1594	\$58,451	100%
1,291,667	23 March 2021 <sup>1</sup>	22 March 2026	\$0.05	\$0.1404	\$181,283	0%
1,291,667	23 March 2021 <sup>2</sup>	22 March 2026	\$0.05	\$0.1324	\$171,017	0% <sup>4</sup>
1,291,667	23 March 2021 <sup>3</sup>	22 March 2026	\$0.05	\$0.1305	\$168,562	0%

<sup>1</sup> The options will vest upon the Company declaring JORC Code compliant Mineral Resources (Indicated and Inferred) of not less than 80,000 tonnes of nickel metal at the Company's Kambalda Nickel Project.

<sup>2</sup> The options will vest upon the Company achieving a 20-tradingday volume weighted average price of Company shares traded on the Australian Securities Exchange ("VWAP") of \$0.45 per share.

<sup>3</sup> The options will vest upon the Company achieving a 20-tradingday volume weighted average price of Company shares traded on the Australian Securities Exchange ("VWAP") of \$0.60 per share.

<sup>4</sup> Subsequent to year end, 1,291,667 options have vested but not exercised.

Refer Note 17 Options Reserve for more details on the share-based payment arrangements.

**DIRECTORS' REPORT (CONTINUED)****REMUNERATION REPORT (CONTINUED)****Other Equity-Related KMP Transactions**

Apart from the details disclosed above, no Director or other KMP has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts or balances involving Directors' interests existing at year end.

**Loans to Key Management Personnel and/or Their Related Parties**

There are no loans made to Directors of Company and/or their related parties as at 30 June 2021 (2020: nil).

Loans with related parties are disclosed in Note 13 Borrowings and Note 15 Convertible Notes.

**Other Transactions with Key Management Personnel and/or Their Related Parties**

The Company leases an office in West Perth from an entity controlled by Director, Ian Junk. Total rental and outgoing payments made by the Company in relation to the lease since 1 September 2020 totalled \$42,267 (excluding GST).

Conversion of loans from related parties to ordinary shares during the year are disclosed in Note 13 Borrowings and Note 15 Convertible Notes.

There have been no other transactions involving with key management personnel and/or their related parties other than those described above.

**Voting and Comments Made at the Company's Annual General Meeting ('AGM')**

The Company will hold its first AGM in the 2022 financial year.

**END OF REMUNERATION REPORT****Financial Position**

The financial statements for the year ended 30 June 2021 have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

During the year, the Company recorded a loss of \$2,531,887 (2020: \$1,448,577) and had net cash outflows from operating activities of \$2,013,326 (2020: \$1,443,162). At reporting date, the Company had a working capital surplus of \$13,441,402 (2020: deficit of \$2,960,538).

The Directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

Based on the cash flow forecasts, the Directors are satisfied that the going concern basis of preparation is appropriate. In determining the appropriateness of the basis of preparation, the Directors have considered the impact of the COVID-19 pandemic on the position of the Company at 30 June 2021 and its operations in future periods.



**DIRECTORS' REPORT (CONTINUED)****Events Occurring after the Reporting Date**

No matters or circumstance have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company in future financial years.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of Directors made pursuant to section 298(2) of the *Corporations Act 2001* (Cth).



Edmund Ainscough  
Managing Director

Dated on this day in Perth: 2 September 2021

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

**LUNNON METALS LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there have been:

- i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii) No contraventions of any applicable code of professional conduct in relation to the audit.

*Armada Audit  
& Assurance*

**ARMADA AUDIT & ASSURANCE PTY LTD**



**Nigel Dias**  
Director  
Perth, 2 September 2021

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

	Note	2021 \$	2020 \$
<b>OTHER INCOME</b>			
Interest income	2	1,297	14,789
Government grant	2	37,500	62,500
		<u>38,797</u>	<u>77,289</u>
<b>EXPENSES</b>			
Audit, company secretarial and accounting fees		(131,778)	(5,500)
ASX, ASIC and share registry fees		(156,671)	(36,867)
Computer, software and database		(51,527)	(42,136)
Consultants, design and testing		(208,899)	(62,443)
Depreciation	9	(7,565)	-
Amortisation	11	(10,357)	-
Finance costs	14,15	(24,827)	-
Legal costs		(246,212)	(209,545)
MRF levies		(57,238)	(57,750)
Tenement rent and outgoings		(99,492)	(92,440)
Rental expenses		(56,693)	-
Samples and assays		(91,648)	(46,736)
Share-based payment expense	17	(323,646)	-
Employee costs	3	(984,085)	(789,406)
Other expenses		(120,046)	(183,043)
<b>TOTAL EXPENSES</b>		<u>(2,570,684)</u>	<u>(1,525,866)</u>
Loss before income tax expense		(2,531,887)	(1,448,577)
Income tax expense	4	-	-
<b>NET LOSS AFTER INCOME TAX EXPENSE</b>		<u>(2,531,887)</u>	<u>(1,448,577)</u>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<u>(2,531,887)</u>	<u>(1,448,577)</u>
Basic and diluted loss per share (cents per share)	18	<u>(5.59)</u>	<u>(8.55)</u>

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

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

	Note	2021 \$	2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	13,962,873	794,328
Trade and other receivables	7	88,877	23,730
Prepayments		55,819	-
Loan to a shareholder	8	-	100,000
		<u>14,107,569</u>	<u>918,058</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	139,569	-
Exploration and evaluation asset	10	13,731,344	-
Right-of-use of asset	11	51,784	-
		<u>13,922,697</u>	<u>-</u>
<b>TOTAL ASSETS</b>		<u>28,030,266</u>	<u>918,058</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	503,265	44,221
Borrowings	13	-	3,834,375
Lease liability	14	30,388	-
Provision for employee benefits		132,514	-
		<u>666,167</u>	<u>3,878,596</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liability	14	22,121	-
Provision for employee benefits		1,300	-
		<u>23,421</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>689,588</u>	<u>3,878,596</u>
<b>NET LIABILITIES</b>		<u>27,340,678</u>	<u>(2,960,538)</u>
<b>EQUITY</b>			
Issued capital	16	35,359,311	3,000,000
Options reserve	17	473,792	-
Accumulated losses		(8,492,425)	(5,960,538)
<b>TOTAL EQUITY</b>		<u>27,340,678</u>	<u>(2,960,538)</u>

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

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

	Note	CONTRIBUTED EQUITY	OPTIONS RESERVE	ACCUMULATED LOSSES	TOTAL
		\$	\$	\$	\$
<b>Balance at 30 June 2019</b>		3,000,000	-	(4,511,961)	(1,511,961)
Loss for the year		-	-	(1,448,577)	(1,448,577)
Total comprehensive loss for the year		-	-	(1,448,577)	(1,448,577)
<b>Balance at 30 June 2020</b>		3,000,000	-	(5,960,538)	(2,960,538)
Loss for the year		-	-	(2,531,887)	(2,531,887)
Total comprehensive loss for the year		-	-	(2,531,887)	(2,531,887)
<b>Transactions with owners in their capacity as owners:</b>					
Issue of shares (net of transaction costs)	16	27,484,309	-	-	27,484,309
Conversion of loans	16	4,857,501	-	-	4,857,501
Exercise of options		17,501	-	-	17,501
Issue of options	17	-	473,792	-	473,792
<b>Balance at 30 June 2021</b>		35,359,311	473,792	(8,492,425)	27,340,678

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

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

	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Government grant received		50,000	50,000
Payments to suppliers and employees		(2,062,922)	(1,507,951)
Interest received		1,297	14,789
Interest paid		(1,701)	-
Net cash used in operating activities	19(i)	(2,013,326)	(1,443,162)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of plant and equipment	9	(147,134)	-
Net cash used in investing activities		(147,134)	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	16	15,000,000	-
Capital raising costs	16	(778,864)	-
Exercise of options	16	17,501	-
Proceeds from convertible notes	15	1,100,000	-
Lease payments	14	(9,632)	-
Net cash provided by financing activities		15,329,005	-
Net increase/(decrease) in cash held		13,168,545	(1,443,162)
Cash at beginning of year		794,328	2,237,490
<b>CASH AT END OF REPORTING YEAR</b>	6	<b>13,962,873</b>	<b>794,328</b>

*The Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Corporate Information

The financial report covers Lunnon Metals Limited, formerly known as ACH Nickel Pty Ltd, (the "Company"). The financial report consists of the financial statements, notes to the financial statements and the Directors' declaration. Lunnon Metals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The Company was listed on the Australian Securities Exchange on 16 June 2021.

#### Registered Office

Level 3  
35 Outram Street  
West Perth, WA 6005  
PO Box 1240  
West Perth, WA 6005

#### Principal Place of Business

Suite 5  
11 Ventnor Avenue  
West Perth, WA 6005  
PO Box 470  
West Perth, WA 6872

The Company is principally engaged in exploration for nickel at Kambalda, Western Australia.

#### b) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements were authorised for issue by the Directors on 2 September 2021.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of financial assets, financial liabilities and selected non-current assets for which the fair value basis of accounting has been applied. The presentation currency of the Company is Australian dollars (AUD).

#### Significant Accounting Judgments and Key Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. Information about estimates and judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are:

##### (i) Share-based payments

The fair value of share-based payments as discussed in Note 17 Options Reserve. The fair values of options are determined using Option Pricing Models that take into account the exercise price, the term of the option, the impact of dilution, the share price at valuation date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Judgement has been exercised on the probability and timing of achieving milestones related to the options.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****b) Basis of Preparation (continued)****Significant Accounting Judgments and Key Estimates (continued)****(ii) Exploration and Evaluation Assets**

The Company's accounting policy for exploration and evaluation expenditure is set out at Note 1(p). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the statement profit or loss and other comprehensive income.

**(iii) Deferred Tax**

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

**(iv) Coronavirus (COVID-19)**

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to staffing and geographic regions in which the Company operates. 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 COVID-19 pandemic.

**Financial Position**

The financial statements for the year ended 30 June 2021 have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

During the year, the Company recorded a loss of \$2,531,887 (2020: \$1,448,577) and had net cash outflows from operating activities of \$2,013,326 (2020: \$1,443,162). At reporting date, the Company had a working capital surplus of \$13,441,402 (2020: deficit of \$2,960,538).

The Directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

Based on the cash flow forecasts, the Directors are satisfied that the going concern basis of preparation is appropriate. In determining the appropriateness of the basis of preparation, the Directors have considered the impact of the COVID-19 pandemic on the position of the Company at 30 June 2021 and its operations in future periods.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****c) Operating Segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM, which has been identified as the Board of Directors, is responsible for the allocation of resources to operating segments and assessing their performance.

Management has determined that the Company has one reporting segment being mineral exploration in the Eastern Goldfields of Western Australia.

**d) Financial Instruments**

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

**(i) Financial Assets**

Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price (excludes estimates of variable consideration) as defined in AASB 15 Revenue, as the contracts of the Company do not contain significant financing components. Impairment losses are recognised based on lifetime expected credit losses in profit or loss.

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment due to their short-term nature. A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for de-recognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****d) Financial Instruments (continued)*****(ii) Financial Liabilities and Equity***

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

All other loans including convertible loan notes are initially recorded at fair value, which is ordinarily equal to the proceeds received net of transaction costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

***(iii) Effective Interest Rate Method***

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**e) Impairment of Non-Financial Assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****f) Employee Benefits*****(i) Short-Term Employee Benefits***

Provision is made for the liability due to employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, sick leave and annual leave which will be settled after one year, have been measured at their nominal amount.

***(ii) Long-Term Employee Benefits***

Contributions are made to employee superannuation funds and are charged as expenses when incurred. All employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans or equivalent provide accumulated benefits. Contributions are made in accordance with the statutory requirements of each jurisdiction.

The liability for long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability.

***(iii) Share-Based Payments***

The Company may provide benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an appropriate Options Pricing Model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Lunnon Metals Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired, and
- (ii) the Company's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The amount charged or credited to the statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****f) Employee Benefits (continued)*****(iii) Share-Based Payments (continued)***

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

**g) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**h) Cash and Cash Equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less plus bank overdrafts. Bank overdrafts are shown on the statement of financial position as current liabilities under borrowings.

**i) Trade and Other Payables**

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****j) Revenue****(i) Interest Income**

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**(ii) Government Grants**

Government assistance revenue is recognised when it is received or when the right to receive payment is established.

**k) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of goods and service tax, except:

- I. where the amount of GST incurred is not recoverable from the Australian Tax Office. It is recognised as part of the cost of acquisition of an asset or as part of an item of the expense.
- II. receivables and payables are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**l) Income Taxes**

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary difference can be utilised. The amount of benefits brought to account or which may be released in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****m) Issued Capital**

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**n) Property, Plant and Equipment**

Prior to the Company's admission to the Australian Securities Exchange ("ASX"), all plant and equipment are initially measured at cost and are written off in profit or loss in line with ATO's various small business concessions for instant asset write off.

Upon admission to ASX, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end. Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:

Plant and equipment – 5 years

**o) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****p) Exploration and Evaluation Expenditure*****Exploration and evaluation asset acquired***

Exploration and evaluation assets comprise of the acquisition cost of mineral rights (such as joint ventures) and the fair value (at acquisition date) of exploration and expenditure assets acquired from other entities. As the assets are not yet ready for use they are not depreciated.

Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; or
- other facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the assets are demonstrable, exploration and evaluation assets are first tested for impairment and then reclassified to mine properties as development assets. The value of the Company's interest in exploration expenditure is dependent upon:

- the continuance of the Company's rights to tenure of the areas of interest;
- the result of future exploration; and
- the recoupment of cost through successful development and exploitation of the areas of interest,
- or alternatively, by their sale.

***Exploration and evaluation expenditure***

Exploration and evaluation expenditure incurred is expensed in respect of each identifiable area of interest until such a time where a JORC 2012 compliant resource is announced in relation to the identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated and approved by the Directors of the Company, any capitalised exploration and evaluation expenditure is then reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment annually in accordance with AASB 6. Where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units.

The Statement of Profit or Loss and Other Comprehensive Income will recognise expenses arising from excess of the carrying values of exploration and evaluation assets over the recoverable amounts of these assets. In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the period in which that assessment is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****q) Earnings per Share*****(i) Basic Earnings per Share***

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

***(ii) Diluted Earnings per Share***

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income 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.

**r) Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

**s) Lease liabilities**

The Company, as a lessee, will assess whether a contract is, or contains, a lease under AASB 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the contract is assessed to be, or contains, a lease, the Company will recognise a right-of-use asset (Note 1(r)) and a lease liability at the lease commencement date.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****s) Lease liabilities (continued)**

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**t) Adoption of new and revised standards**

In the year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual 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 the Company's accounting policies.

**u) New standards, interpretation and amendments issued by not yet effective**

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**NOTE 2: OTHER INCOME**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Interest income	1,297	14,789
Cash flow boost government incentive	37,500	62,500
	<u>38,797</u>	<u>77,289</u>

**NOTE 3: EMPLOYEE COSTS**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Salaries and wages	743,167	691,199
Superannuation	72,067	86,642
Termination payment	14,963	-
Provisions for annual leave and long service leave	133,814	-
Other benefits	20,074	11,565
	<u>984,085</u>	<u>789,406</u>

**NOTE 4: INCOME TAX EXPENSE**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Current tax expense	-	-
Deferred tax expense	-	-
	<u>-</u>	<u>-</u>
Loss before income tax expense	(2,531,887)	(1,448,577)
Tax at statutory tax rate of 26% (2020: 27.5%)	(658,291)	(398,359)
Effect of non-deductible expenses	84,879	2,585
Effect of non-assessable income	(9,750)	(17,188)
Effect of changes in unrecognised temporary differences	30,755	1,513
Effect of unused tax losses not recognised as deferred tax asset	552,407	411,449
Income tax expense	<u>-</u>	<u>-</u>
Unrecognised deferred tax assets:		
Tax losses - revenue	8,099,959	5,975,318
Other temporary differences	129,289	11,000
	<u>8,229,248</u>	<u>5,986,318</u>
At the rate of 26% (2020: 27.5%)	<u>2,139,604</u>	<u>1,646,237</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**NOTE 5: AUDITOR'S REMUNERATION**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Audit services - BDO	-	5,500
Audit services – Armada	15,500	-
Non-audit services – Armada	12,000	-
	<u>27,500</u>	<u>5,500</u>

**NOTE 6: CASH AND CASH EQUIVALENTS**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	162,873	92,913
Cash at bank - Investment	13,800,000	701,415
	<u>13,962,873</u>	<u>794,328</u>

**NOTE 7: TRADE AND OTHER RECEIVABLES**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Other receivables	4,533	-
GST paid	84,344	11,230
Other debtor – Cash flow boost	-	12,500
	<u>88,877</u>	<u>23,730</u>

**NOTE 8: LOAN TO A SHAREHOLDER**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Loan to Bolong (Australia) Investment Management Pty Ltd	-	100,000
	<u>-</u>	<u>100,000</u>

The short-term loan to Bolong (Australia) Investment Management Pty Ltd ("Bolong") was interest free and repayable on demand. The loan was net off against the \$3,834,375 loan (as per Note 14) from Bolong to the Company. On 6 October 2020, Bolong agreed to the conversion of the net \$3,734,375 amount outstanding into shares at \$0.1771 per share.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**NOTE 9: PROPERTY, PLANT AND EQUIPMENT**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Plant and equipment at cost	147,134	-
Less accumulated depreciation	(7,565)	-
	<u>139,569</u>	<u>-</u>
<b>Reconciliation:</b>		
Opening balance	-	-
Additions	147,134	-
Depreciation	(7,565)	-
Closing balance	<u>139,569</u>	<u>-</u>

**NOTE 10: EXPLORATION AND EVALUATION ASSET**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Opening balance	-	-
Exploration asset acquired <sup>1</sup>	13,731,344	-
Closing balance	<u>13,731,344</u>	<u>-</u>

<sup>1</sup>The Company executed a 3rd Deed of Variation with St Ives Gold Mining Co. Pty Ltd that allowed for the Company to crystallize its initial 51% interest in the Joint Venture by way of invitation to admission to the Australian Securities Exchange (ASX) involving an Initial Public Offering (IPO) of shares in the Company. The Company then subsequently acquired the residual 49% interest in the Kambala Nickel Project ("KNP") from St Ives by issuing shares to that entity as part of its Initial Public Offering ("IPO"). The Company now holds a 100% of the mineral rights at KNP, subject to select rights retained by St Ives to gold in certain excluded areas, rights relating to off take of any gold ore produced in the future and rights relating to ongoing access to operating infrastructure located on the tenements.

In accordance with the Company's accounting policy disclosed in Note 1(p) the acquisition cost of the residual 49% interest of the Foster and Jan Nickel project, has been capitalised in accordance with the requirements of AASB 6 *Exploration and Evaluation of Mineral Resources* (asset acquisition from another entity). The value attributable to the acquisition of the exploration and evaluation assets of \$13,413,319 is based on the value of the equity instruments granted at the time of issue, being 44,711,062 shares multiplied by \$0.30 per share.

Stamp duty of \$318,025 has been capitalised as part of exploration asset acquired.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**NOTE 11: RIGHT-OF-USE ASSET**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Right-of-use asset at cost	62,141	-
Less accumulated amortisation	(10,357)	-
	<u>51,784</u>	<u>-</u>
<b>Reconciliation:</b>		
Opening balance	-	-
Additions	62,141	-
Amortisation	(10,357)	-
Closing balance	<u>51,784</u>	<u>-</u>

**NOTE 12: TRADE AND OTHER PAYABLES**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Stamp duty payable	318,025	-
Trade payables	54,445	10,762
Accruals	31,671	11,000
Principal Insurance Funding	77,986	-
Employee costs payable	21,138	22,459
	<u>503,265</u>	<u>44,221</u>

**NOTE 13: BORROWINGS**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Current Loan</b>		
Loan from Bolong (Australia) Investment Management Pty Ltd	-	3,834,375
	<u>-</u>	<u>3,834,375</u>

The Company had borrowed funds from Bolong (Australia) Investment Management Pty Ltd ("Lender" or "Bolong"). The loan was able to be secured by the assets of the Company, however the Lender never elected to perfect security at any stage. The loan was repayable through the application of 70% of available cashflow from the Company's Project, on a listing date, upon the receipt of the proceeds of a transaction following the sale of all, or part of the Project or upon the receipt of proceeds of a transaction following a change of control of the Company, whichever came first. The loan incurred no interest. On 6 October 2020, Bolong agreed to the conversion of the net outstanding loan of \$3,734,375 (net of the sum of \$100,000 owing to the Company as per Note 8 Loan to a Shareholder), into shares at \$0.1771 per share, issued as per the agreement entitled Supplementary Agreement to Heads of Agreement. Further details of the conversion of the loan is detailed in Note 16(b)(<sup>1</sup>).



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**NOTE 14: LEASE LIABILITY**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Opening balance	-	-
Additions	62,141	-
Interest expense	1,701	-
Payments	(11,333)	-
Closing balance	<u>52,509</u>	<u>-</u>
Current	30,388	-
Non-Current	<u>22,121</u>	<u>-</u>
	<u>52,509</u>	<u>-</u>

The Company's West Perth office is leased under a lease agreement assigned to the Company on 2 September 2020 until 9 March 2023 with a two-year renewal option and rental of \$26,200 plus GST per year payable plus outgoings.

The lease liability is measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at 2 September 2020. The Company's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 10%.

**NOTE 15: CONVERTIBLE NOTES**

On 7 October 2020, the Company signed a Convertible Note Deed ("Note") with Aurora Prospects Pty Ltd, a company associated with Director Ian Junk and Mainglow Pty Ltd, a company associated with former Director Darren Hedley, to provide funding of \$1,100,000 to the Company. The Note bore interest at the rate of 8% per annum. The Note had a redemption date of 4 months and the outstanding principal including all unpaid interest shall be converted at \$0.1662 per share if not repaid before that time.

On 13 January 2021, the Note, together with accrued interest of \$23,126, was converted to equity at a price of \$0.1662 per share. A total of 6,757,758 new shares were issued to Aurora Prospects Pty Ltd and Mainglow Pty Ltd, split equally between the two note holders. The conversion of the Note is reflected in the movement in issued capital as detailed in Note 16 (b)(2).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**NOTE 16: ISSUED CAPITAL**
**(a) Share Capital**

	<b>30 June 2021</b>		<b>30 June 2020</b>	
	<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>
Fully paid ordinary shares	141,247,065	35,359,311	16,940,627	3,000,000

**(b) Movement in Issued Capital**

	<b>Date</b>	<b>No.</b>	<b>\$</b>
<b>Balance as at 30 June 2019</b>		16,940,627	3,000,000
<b>Balance as at 30 June 2020</b>		16,940,627	3,000,000
Issued to Mainglow Pty Ltd <sup>1</sup>	6 Oct 2020	3,591,834	636,075
Issued to Aurora Prospects Pty Ltd <sup>1</sup>	6 Oct 2020	3,591,834	636,074
Issued to Bolong (Australia) Investment Management Pty Ltd <sup>1</sup>	6 Oct 2020	10,427,913	1,846,670
Issued to Fan Rong Consulting Pty Ltd <sup>1</sup>	6 Oct 2020	3,475,971	615,556
Issued to Aurora Prospects Pty Ltd <sup>2</sup>	13 Jan 2021	3,378,879	561,563
Issued to Mainglow Pty Ltd <sup>2</sup>	13 Jan 2021	3,378,879	561,563
Exercise of options	9 Feb 2021	1,750,066	17,501
Shares issued under St Ives Offer <sup>3</sup>	3 Jun 2021	44,711,062	13,413,319
Placement <sup>4</sup>	8 Jun 2021	50,000,000	15,000,000
Capital raising costs <sup>5</sup>			(929,010)
<b>Balance as at 30 June 2021</b>		141,247,065	35,359,311

<sup>1</sup> By mutual agreement, and as recorded in the agreement entitled Supplementary Agreement to Heads of Agreement, given that Bolong had not met its obligations to provide the full amount of the Loan, all contributing shareholders agreed to a distribution of the equity issued in conversion of the Loan in a pro rata manner to ensure that the relative ownership of the Company did not change upon the Loan conversion share issuance. Consequently, by virtue of this share issue, the Company no longer owed Bolong the debt and it was passed as a pro rata debt between each founding shareholder and Bolong.

<sup>2</sup> The issue of shares to Aurora and Mainglow were a result of the conversion of a convertible note on 13 January 2021. Further details of the convertible note is detailed in Note 15 Convertible Notes.

<sup>3</sup> The Company issued 44,711,062 fully paid ordinary shares to St Ives Gold Mining Company Pty Ltd as consideration for the acquisition of the residual 49% interest in the Kambalda Nickel Project.

<sup>4</sup> The Company issued 50,000,000 fully paid ordinary shares under the Prospectus dated 22 April 2021 pursuant to the public offer.

<sup>5</sup> \$778,864 was paid in cash and the balance of \$150,146 (Refer Note 17) has been paid by way of options.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**NOTE 16: ISSUED CAPITAL (CONTINUED)**
**(c) Fully Paid Ordinary Shares**

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**NOTE 17: OPTIONS RESERVE**

	<b>30 June 2021</b>		<b>30 June 2020</b>	
	<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>
Beginning balance	-	-	-	-
Granted on 6 Oct 2020 <sup>1</sup>	1,383,420	236,955	-	-
Granted on 13 Jan 2021 <sup>2</sup>	366,646	58,451	-	-
Exercised on 9 Feb 2021 <sup>1, 2</sup>	(1,750,066)	-	-	-
Granted on 23 March 2021 <sup>3</sup>	3,875,000	28,240	-	-
Issued on 9 June 2021 <sup>4</sup>	1,426,738	150,146	-	-
Closing balance	5,301,738	473,792	-	-

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Share-based payments recognised:		
In the Statement of Profit of Loss and Other Comprehensive Income	323,646	-
As capital raising costs in Issued Capital (Note 16)	150,146	-
	<b>473,792</b>	<b>-</b>

The Options Reserve is used to recognise the fair value of options issued to Directors, employees, contractors and brokers.

**SHARE-BASED PAYMENTS**

<sup>1</sup>On 6 October 2020, the Company granted 1,383,420 options, exercisable at \$0.01 each, to employees under the Company's incentive option plan (Plan) dated 1 October 2020. The options vested immediately and were exercised and converted into 1,383,420 fully paid ordinary shares on 9 February 2021.

The total fair value of the options was estimated at \$236,955 as at the grant date using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**NOTE 17: OPTIONS RESERVE (CONTINUED)**
**SHARE BASED PAYMENTS (CONTINUED)**

Grant Date	6 October 2020
Expected Volatility	113.63%
Risk Free Interest Rate	0.33%
Expected Life of Options	5 years
Exercise Price	\$0.01
Share Price at Grant Date	\$0.1771
Fair Value at Grant Date	\$0.1713

The total fair value of the 1,383,420 options of \$236,955 was recognised in the Statement of Profit or Loss and Other Comprehensive income for the year.

<sup>2</sup>On 13 January 2021, the Company granted a further 366,646 options to employees under the Plan. The options are exercisable at \$0.01 each and vested immediately. The options were exercised and converted into 366,646 fully paid ordinary shares on 9 February 2021.

The total fair value of the options was estimated at \$58,541 as at the grant date using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

Grant Date	13 January 2021
Expected Volatility	113.63%
Risk Free Interest Rate	0.40%
Expected Life of Options	5 years
Exercise Price	\$0.01
Share Price at Grant Date	\$0.1662
Fair Value at Grant Date	\$0.1594

The total fair value of the 366,646 options of \$58,541 was recognised in the Statement of Profit or Loss and Other Comprehensive Income for the year.

<sup>3</sup>On 23 March 2021, 3,875,000 options exercisable at \$0.05 on or before 22 March 2026 were issued to Directors and employee under the Plan. Exercising of the options will be subject to the following vesting conditions:

- 1/3rd of the Options will vest upon the Company declaring JORC Code compliant Mineral Resources (Indicated and Inferred) of not less than 80,000 tonnes of nickel metal at the Company's Kambalda Nickel Project;
- 1/3rd of the Options will vest upon the Company achieving a 20-trading day volume weighted average price of Company shares traded on the Australian Securities Exchange ("VWAP") of \$0.45 per share (aligned with the Broker U/W Options); and
- 1/3rd of the Options will vest upon the Company achieving a 20-trading day VWAP of \$0.60 per share.

The relevant employees and directors have to remain employed in the Company until the relevant vesting conditions are satisfied.

The total fair value of the Tranche 1 options was estimated as at the grant date using the Black-Scholes model taking into account the terms and conditions below and the risk-free interest rate of 0.68% and volatility of 89.18%:

Number granted	Grant date	Exercise price	Expiry date	Fair value at grant date	Total fair value	% vested
1,291,667	23 March 21	\$0.05	22 March 26	\$0.1404	\$181,283	Nil

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**NOTE 17: OPTIONS RESERVE (CONTINUED)**
**SHARE BASED PAYMENTS (CONTINUED)**

The total fair value of the Tranche 2 and 3 options was estimated as at the grant date using the Trinomial Barrier Option model taking into account the terms and conditions below and the risk-free interest rate of 0.68% and volatility of 89.18%:

Number granted	Grant date	Exercise price	Expiry date	Fair value at grant date	Total fair value	% vested
1,291,667	23 March 21	\$0.05	22 March 26	\$0.1324	\$171,017	Nil
1,291,667	23 March 21	\$0.05	22 March 26	\$0.1305	\$168,562	Nil

The total fair value of the options is expensed over the estimated vesting periods. The share-based expense of \$28,240 was recognised in the Statement of Profit or Loss and Other Comprehensive Income for the year.

<sup>4</sup>On 22 April 2021, the Company granted 1,426,738 options to the Lead Manager pursuant to the Prospectus dated 22 April 2021. The options are exercisable at \$0.45 each on or before the date which is 24 months from the date of issue and vest immediately.

The total fair value of the options was estimated at \$150,146 as at the grant date using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

Grant Date	22 April 2021
Issue Date	9 June 2021
Expected Volatility	86.36%
Risk Free Interest Rate	0.08%
Expected Life of Options	24 months from date of issue
Exercise Price	\$0.45
Share Price at Grant Date	\$0.30
Fair Value at Grant Date	\$0.1052

The total fair value of the 1,426,738 options of \$150,146 was recognised as capital raising costs in the statement of changes in equity for the year.

Share options outstanding at 30 June 2021:

Number	Grant date	Expiry date	Exercise price
3,875,000	23 March 21	22 March 2026	\$0.05
1,426,738	22 April 21	9 June 2023	\$0.45

The share options outstanding at the end of the financial year had a weighted average remaining contractual life of 3.98 years and weighted average exercise price of \$0.16.

During the financial year, 1,750,066 options were exercised and converted into 1,750,066 fully paid ordinary shares. The options had an exercise price of \$0.01. No options lapsed during the financial year.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**NOTE 18: LOSS PER SHARE**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Loss attributable to shareholders	(2,531,887)	(1,448,577)
	<b>Number</b>	<b>Number</b>
Weighted average number of shares	45,268,454	16,940,627
	<b>Cents per share</b>	<b>Cents per share</b>
Basic and diluted loss per share	(5.59)	(8.55)

**NOTE 19: CASH FLOW INFORMATION**
**(i) Reconciliation of Cash Flow from Operations with Loss after income tax expense**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(2,531,887)	(1,448,577)
Add: Share-based payments	323,646	-
Add: Depreciation and amortisation	17,922	-
Add: Finance costs on convertible notes	23,126	-
Changes in assets and liabilities		
Increase in trade and other receivables	(120,966)	(8,752)
Increase in trade and other payables	141,019	14,167
Increase in provisions	133,814	-
Cash flows used in operating activities	(2,013,326)	(1,443,162)

**(ii) Non-Cash Flow from Investing Activities**

The Company issued 44,711,062 (\$13,413,319) fully paid ordinary shares to St Ives Gold Mining Company Pty Ltd as consideration for the acquisition of the residual 49% interest in the Kambalda Nickel Project. Refer Note 10 Exploration and Evaluation Asset and Note 16 Contributed Equity for more details.

**(iii) Non-Cash Flow from Financing Activities**

The Company issued 21,087,552 fully paid ordinary shares to settle a loan from Bolong of \$3,734,375. Refer Note 13 Borrowings and Note 16 Contributed Equity for more details.

The Company issued 6,757,758 fully paid ordinary shares to settle a Convertible Note Deed of \$1,123,126 including accrued interest. Refer Note 15 Convertible Notes and Note 16 Contributed Equity for more details.

The Company granted 1,426,738 options, valued at \$150,146 as capital raising costs. Refer Note 17 Options Reserve for more details.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 20: KEY MANAGEMENT PERSONNEL ("KMP") COMPENSATION

The names and positions of KMP for the Company are as follows:

Liam Twigger	Non-Executive Chairperson (appointed on 25 February 2021)
Edmund Ainscough	Managing Director (appointed on 22 January 2015)
Ian Junk	Non-Executive Director (appointed on 18 August 2014)
Ashley McDonald	Non-Executive Director (appointed on 24 February 2021)
Darren Hedley	Non-Executive Director (resigned on 24 February 2021)
Tao Li	Non-Executive Director (resigned on 31 January 2021)
Yanhui Liu	Non-Executive Director (resigned on 7 September 2020)
Mr. Aaron Wehrle	Exploration and Geology Manager (appointed on 17 December 2014)

Information regarding individual Directors and executives' compensation and some equity instruments disclosures as required by the *Corporations Regulations* 2M.3.03 is provided in the Remuneration Report.

	2021	2020
Key Management Personnel Compensation	\$	\$
Short-term employee benefits	504,167	475,000
Post-employment benefits	47,896	45,125
Share-based payments	225,463	-
	<u>777,526</u>	<u>520,125</u>

### NOTE 21: RELATED PARTY TRANSACTIONS

During the financial year, the Company granted the following options to key management personnel under the Company's incentive option plan (Plan).

	Number of Options	Total value at grant date	Expense to 30 June 21
Liam Twigger	475,000	\$63,848	\$3,462
Edmund Ainscough	2,572,308	\$375,818	\$159,700
Aaron Wehrle	1,996,367	\$278,419	\$62,301

The terms and conditions of the share options are disclosed in Note 17 Options Reserve.

The Company leases an office in West Perth from an entity controlled by Director, Ian Junk. Total rental and outgoing payments made by the Company in relation to the lease since 1 September 2020 totalled \$42,267 (excluding GST).

Conversion of loans from related parties to ordinary shares during the year are disclosed in Note 13 Borrowings and Note 15 Convertible Notes.

#### Loans to/from Related Parties

There are no loans made to Directors of Company and/or their related parties as at 30 June 2021 (2020: nil).

Loans with related parties are disclosed in Note 13 Borrowings and Note 15 Convertible Notes.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 22: FINANCIAL INSTRUMENTS

#### Financial Risk Management Objectives

The Company's risk management framework is supported by the Board and management. The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Management is responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk.

The Company has exposure to the following risks from their use of financial assets:

- Market risk
- Liquidity risk
- Credit risk

The overall financial risk management strategy focuses on the unpredictability of the equity markets and seeks to minimise the potential adverse effects due to movements in financial liabilities or assets. The Company holds the following financial instruments as at 30 June:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash and cash equivalents	13,962,873	794,328
Trade and other receivables	88,877	23,730
Loan to a shareholder	-	100,000
	<u>14,051,750</u>	<u>918,058</u>
<b>Financial Liabilities</b>		
Trade and other payables	503,265	44,221
Borrowings	-	3,834,375
Lease liability	52,509	-
	<u>555,774</u>	<u>3,878,596</u>

#### Market Risk

Market risk is the risk that changes in market prices, such as interest rates and commodity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return. There were no changes in the Company's market risk management policies from previous years.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**NOTE 22: FINANCIAL INSTRUMENTS (CONTINUED)**
**Interest Rate Risk**

The Company's exposure to interest rates primarily relates to the Company's cash and cash equivalents. The Company manages market risk by monitoring levels of exposure to interest rate risk and assessing market forecasts for interest rates. No disclosures on the sensitivity check as any reasonable movement of the interest rate would not have any significant impact to the financial statement.

		<b>2021</b>	<b>2020</b>
	<b>Interest rate</b>	<b>\$</b>	<b>\$</b>
<i>Variable Rate Instruments</i>			
Cash at bank	-	162,873	92,913
<i>Fixed Rate Instruments`</i>			
Bank term deposits	0.10%	13,800,000	701,415
		<u>13,962,873</u>	<u>794,328</u>

**Other Market Price Risk**

The Company operates within Australia and all transactions during the financial year are denominated in Australian dollars. The Company is not exposed to foreign currency risk at the end of the reporting period.

**Credit Risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### NOTE 22: FINANCIAL INSTRUMENTS (CONTINUED)

#### Liquidity Risk

Liquidity risk arises from the debts (financial liabilities being creditors and other payables) of the Company and the Company's subsequent ability to meet these obligations to repay its debts (financial liabilities) as and when they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has determined an appropriate liquidity risk management framework for the administration of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves and monitoring actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and debts (liabilities). There were no changes in the Company's liquidity risk management policies from previous years.

The following tables detail the Company's contractual maturity for its financial liabilities:

	Carrying Amount	Contractual Cash Flows	Less than 1 Year	2-5 Years	>5 Years
<b>30 June 2021</b>					
Trade and other payables	503,265	503,265	503,265	-	-
Lease liability	52,509	52,509	30,388	22,121	-
<b>Total</b>	<b>555,774</b>	<b>555,774</b>	<b>533,653</b>	<b>22,121</b>	<b>-</b>
<b>30 June 2020</b>					
Trade and other payables	44,221	44,221	44,221	-	-
Borrowings	3,834,375	3,834,375	3,834,375	-	-
<b>Total</b>	<b>3,878,596</b>	<b>3,878,596</b>	<b>3,878,596</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**NOTE 23: COMMITMENTS - TENEMENTS**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Committed but not recognised as liabilities:</i>		
Within one year	324,774	-
Between one to two years	324,774	-
After two years but not more than five years	974,320	-
	1,623,868	-

**NOTE 24: CONTINGENCIES AND COMMITMENTS**

There were no material contingent liabilities, contingent assets and other commitments at reporting date.

**NOTE 25: EVENTS SUBSEQUENT TO REPORTING DATE**

No matters or circumstance have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company in future financial years.

**DIRECTORS' DECLARATION**

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company 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 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors:



Edmund Ainscough  
Managing Director

Dated this day in Perth: 2 September 2021

**Independent Auditor's Report  
To the Members of Lunnon Metals Limited**

**Report on the Audit of the Financial report**

**Opinion**

We have audited the financial report of Lunnon Metals 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Lunnon Metals Limited is in accordance with the *Corporation Act 2001*, including:

- Giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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 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 report.

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

## Key Audit Matters

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

### Key audit matter

### How our audit addressed the key audit matter

#### Future Funding (Note 1(b))

#### Our procedures, amongst others, included:

The Company's primary activity is exploration for and evaluation of mineral resources which is primarily funded via equity raisings as the Company does not yet have any revenue generating activities.

During the year ended 30 June 2021, the Company recorded a loss of \$2,531,887 (2020: \$1,448,577) and had net cash outflows from operating activities of \$2,013,326 (2020: \$1,443,162). At reporting date, the Company had a working capital surplus of \$13,441,402 (2020: deficit of \$2,960,538).

The Directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

The adequacy of funding and liquidity as well as the relevant impact on the going concern assessment is a key audit matter due to the significance of management estimates and judgement to this estimate.

- Obtaining management's cash flow forecast. Evaluating the reliability and completeness of management's forecasts by comparing them to the Company's future plans and operating conditions;
- Verifying the working capital of the Company at the reporting date and subsequent to the reporting date;
- Checking that the Company has sufficient cash to meet its minimum exploration expenditure commitments;
- Confirming that management has the ability to reduce its discretionary costs and exploration costs to conserve the Company's cash reserves;
- Performing a sensitivity analysis on management's cash flow forecast by varying key assumptions within the forecast; and
- Obtaining ASX Announcements and other information subsequent to year end to assess the impact of any additional facts or information on management's assumptions.

## Exploration and Evaluation Assets (Note 10)

At 30 June 2021, the Company's carrying value of exploration and evaluation assets was \$13,731,344.

The exploration and evaluation assets are required to be assessed for impairment when facts and circumstances suggest that the carrying amount may exceed their recoverable amount. Any impairment losses are then measured in accordance with AASB 136 *Impairment of Assets*.

This area is a key audit matter as significant judgement is required in determining whether:

Facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*.

## Our procedures, amongst others, included:

- Confirming whether the rights to tenure for the areas of interest were current at the reporting date as well as confirming that the rights to tenure are expected to be renewed for tenements that will expire in the near future;
- Obtaining evidence of the Company's intention to carry out exploration and evaluation activities in the relevant areas of interest. This included checking future budgeted exploration expenditure, reading board minutes and checking related exploration work programmes;
- Assessing whether the Company has the ability to fund its planned exploration and evaluation activities;
- Evaluating Company documents such as announcements made by the Company to the ASX, geologist reports and board minutes to check whether exploration and evaluation activities in the relevant area of interest were unsuccessful; and
- Assessing the appropriateness of the accounting treatment and disclosure in terms of AASB 6.



### Share Based Payments (Note 17)

At 30 June 2021, the Company had recorded \$473,792 of share based payments. The fair value of options are determined using option pricing models that take into account the exercise price, the term of the option, the impact of dilution, the share price at valuation date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Judgement has been exercised on the probability and timing of achieving milestones related to the options.

This area is a key audit matter as the valuation of share based payments is subject to significant management estimates and judgements.

### Our procedures, amongst others, included:

- Verifying the key terms and conditions of the equity settled share based payments including number of equity instruments granted, exercise price and vesting conditions to the relevant agreements and award letters;
- Assessing the fair value of the share based payments by testing the key inputs used in option pricing model. This included checking the share price on grant date, exercise price, option life, volatility and risk free rate to supporting documentation and market information;
- Testing the accuracy of the share based payments amortisation over the relevant vesting periods;
- Assessing the Company's accounting treatment in accordance with AASB 2 *Share Based Payments*; and
- Assessing the related financial statement disclosures relating to share based payments.

### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and 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 the Australian Accounting Standards and the *Corporation Act 2001* and for such internal control as the directors determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. 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 have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

### Report on the Remuneration Report

#### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 28 of the directors' report for the year ended 30 June 2021.

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

### Responsibilities

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

*Armada Audit  
& Assurance*

**ARMADA AUDIT & ASSURANCE PTY LTD**



**Nigel Dias**

**Director**

**Dated 2 September 2021, Perth**

**ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. This information is current as at 17 August 2021.

**1. Registered office and principal administrative office**

The address of the registered office in Australia is C/- Everest Corporate, Level 3, 35 Outram Street West Perth, WA 6005.

The principal administrative office is Suite 5, 11 Ventnor Avenue, West Perth, WA 6005.

**2. Registered of securities are held at the following address:**

Automic Pty Ltd  
Level 2  
St Georges Terrace  
Perth WA 6000

**3. Restricted securities**

The Company has 64,646,909 fully paid ordinary shares under escrow (169,406 until 24/12/21, 848,501 until 9/2/22 and 63,629,002 for 24 months from date of quotation (16/06/2021)). The company has 3,601,738 unlisted options under escrow for 24 months from date of quotation. There are 20,850,728 securities under voluntary escrow for 12 months from date of issue (378,657 issued 9/2/21 and 20,472,071 issued 25/2/21).

**4. On-market buy back**

At the date of this report, the Company is not involved in an on-market buy back.

**5. Shareholding**
**a. Distribution of shareholders**

Category (size of holding)	Number of Shareholders
1 – 1,000	16
1,001 – 5,000	51
5,001 – 10,000	51
10,001 – 100,000	370
100,001 – and over	113
	<hr/> 601 <hr/>

**b. Less than marketable parcels of shares**

As at market close on 17 August 2021, an unmarketable parcel of shares in the Company is any shareholding of \$500 or less, based on the closing price of \$0.60 per share. This represents 1,781 ordinary shares in the Company, held by 9 shareholders.

**c. Voting rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

Options over ordinary shares do not carry voting rights.

**ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONTINUED)**
**d. 20 Largest shareholders – ordinary shares**

Rank	Shareholder	Holding	% Held
1.	St Ives Gold Mining Company Pty Ltd	44,711,062	31.65%
2.	Bolong (Australia) Investment Management Pty Ltd	18,289,426	12.95%
3.	Aurora Prospects Pty Ltd <The Aurora Family A/C>	9,678,565	6.85%
	Mainglow Pty (Ltd) <Hedley Family No 1 A/C>	9,678,565	6.85%
4.	Fan Rong Mineral Consulting Pty Ltd <Fan Rong Family AC>	6,096,475	4.32%
5.	Zero Nominees Pty Ltd	2,461,667	1.74%
6.	National Nominees Pty Ltd	1,652,139	1.17%
7.	Nub Holdings Pty Ltd <Nub Operating A/C>	1,629,742	1.15%
8.	BT Portfolio Services Limited <Warrell Holdings S/F A/C>	1,600,000	1.13%
9.	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	1,333,334	0.94%
10.	Budworth Capital Pty Ltd <Rolling Hills Capital A/C>	1,200,000	0.85%
11.	Urban Land Nominees Pty Ltd	1,166,667	0.83%
12.	Troca Enterprises Pty Ltd <Coulson Superfund A/C>	1,155,000	0.82%
13.	BNP Paribas Nominees Pty Ltd Hub 24 Custodial Serv Ltd <DRP A/C>	1,056,826	0.75%
14.	Precision Opportunities Fund Ltd <Investments A/C>	1,000,000	0.71%
	Seascope Capital Pty Ltd	1,000,000	0.71%
15.	JJ Metals Resources Pty Ltd <JJ Resources Fam A/C>	930,791	0.66%
16.	Nero Resource Fund Pty Ltd <Nero Resource Fund A/C>	650,001	0.46%
17.	Orimco Resource Investments Pty Ltd	616,667	0.44%
18.	Scorpius Holdings Pty Ltd ATF The Twigger Family Trust	600,000	0.42%
19.	Aaron Charles Wehrle <Wehrle Investment A/C>	465,773	0.33%
20.	Mrs Tara Elizabeth Kiley & Mr Adam Lee Kiley <Kiley Family A/C>	416,667	0.30%
<b>Total Top 20 Shareholders</b>		<b>107,389,367</b>	<b>76.03%</b>

**e. Substantial holders of fully paid ordinary shares**

	Number of fully paid ordinary shares held
St Ives Gold Mining Company Pty Ltd	44,711,062
Bolong (Australia) Investment Management Pty Ltd	18,289,426
Aurora Prospects Pty Ltd <The Aurora Family A/C>	9,678,565
Mainglow Pty (Ltd) <Hedley Family A/C>	9,678,565
	<b>82,357,618</b>

**6. Company Secretary**

The name of the Company Secretary is Jessamyn Lyons.

**7. Securities exchange listing**

Quotation has been granted for all the ordinary shares of the Company on the Australian Securities Exchange ('LM8').

**ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONTINUED)**
**8. Unquoted securities**

Terms	Number of options	Number of holders
Unquoted options Expiry 22/03/26 Exercise Price \$0.05	1,700,000	1
Unquoted options Expiry 22/03/26 escrowed 24 months Exercise Price \$0.05	2,175,000	2
Unquoted options Expiry 21/01/26 escrowed 24 months Exercise Price \$0.45	1,426,738	1
	<hr/> 5,301,738	<hr/> 4

**9. Unquoted securities holdings greater than 20%**

	Number of unlisted options held
Mr Edmund Ainscough (Managing Director)	1,700,000
Aaron Charles Wehrle (Exploration and Geology Manager)	1,700,000
Zero Nominees Pty Ltd (Lead Manager)	1,426,738
	<hr/> 4,826,738

**TENEMENTS SCHEDULE**

Tenement	Location	Nature of Interest*	Interest at beginning of the year	Interest at end of year
M15/1546	Western Australia	Granted, all mineral rights excepting rights to gold in the "Excluded Areas"	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1548	Western Australia	Granted, all mineral rights excepting rights to gold in the "Excluded Areas"	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1549	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1550	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1551	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1553	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1556	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1557	Western Australia	Granted, all mineral rights excepting rights to gold in the "Excluded Areas"	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1559	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1568	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1570	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping

**TENEMENTS SCHEDULE (CONTINUED)**

Tenement	Location	Nature of Interest*	Interest at beginning of the year	Interest at end of year
M15/1571	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1572	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1573	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1575	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1576	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1577	Western Australia	Granted, all mineral rights excepting select rights to gold held by St Ives Gold Mining Co. Pty Ltd	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1590	Western Australia	Granted, all mineral rights excepting rights to gold in the "Excluded Areas"	0%	100% legal & beneficial interest pending lodgement of transfers and stamping
M15/1592	Western Australia	Granted, all mineral rights excepting rights to gold in the "Excluded Areas"	0%	100% legal & beneficial interest pending lodgement of transfers and stamping

\*St Ives Gold Mining Pty Ltd's rights in the "Excluded Areas" and its select rights to gold in the remaining tenements are described in detail in the Company's Solicitor Report attached to the Prospectus submitted to the ASX dated 22 April 2021 and announced on 11 June 2021.



## TENEMENTS SCHEDULE (CONTINUED)

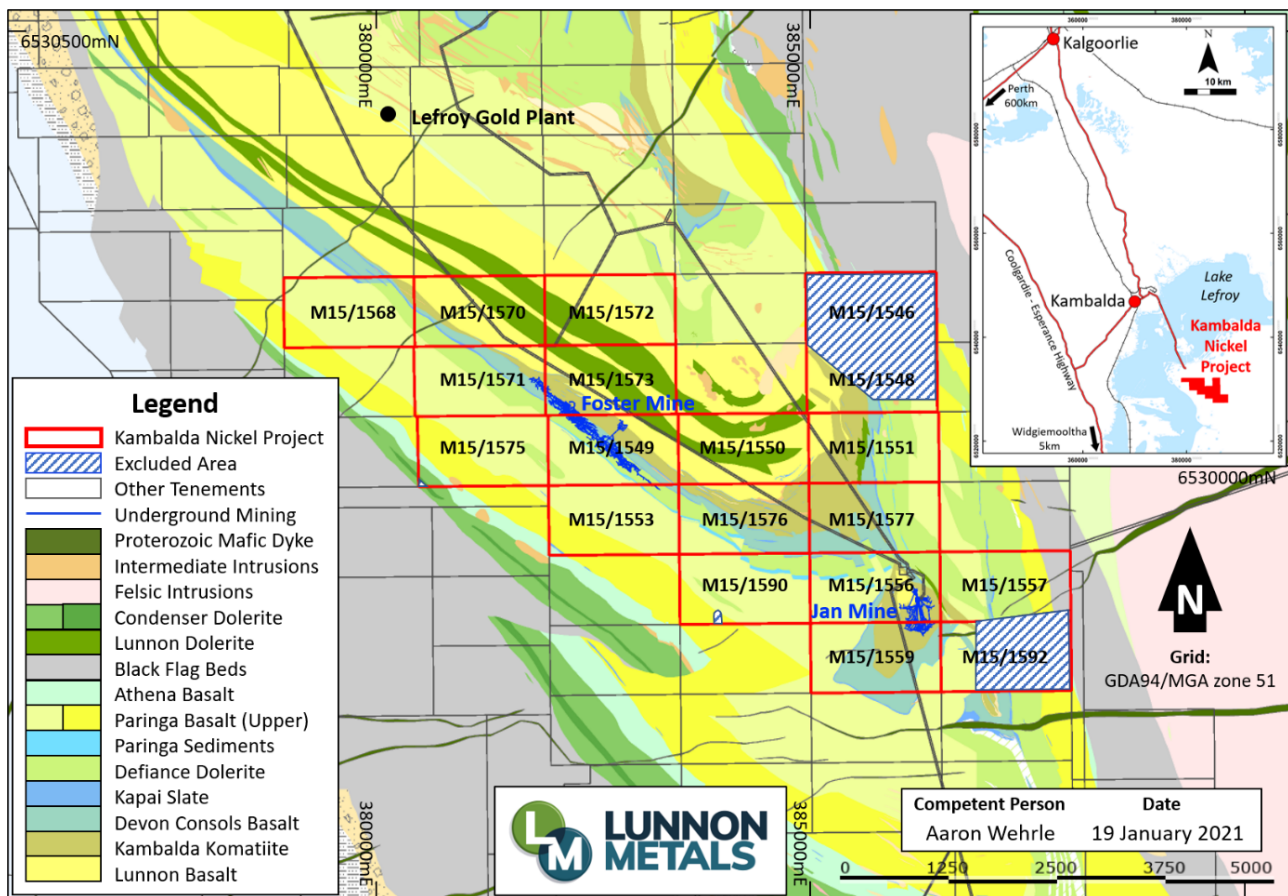


Figure 5: Tenement Map as released in the Solicitor's Report appended to the Company's Prospectus dated 22 April 2021 and announced to the ASX on 11 June 2021 – illustrating tenement IDs with historical mines and surface interpretative geology shown.