



# **M3 Mining Limited**

**ABN 98 644 548 434**

**Annual Report - 30 June 2021**

Directors	Russell Davis - Non-Executive Chairman Simon Eley - Executive Director Ariel Edward (Eddie) King - Non-Executive Director
Company secretary	Benjamin Donovan
Registered office	Level 1, 3 Ord Street West Perth WA 6005
Principal place of business	Level 1, 3 Ord Street West Perth WA 6005
Share register	Automic Level 5, 126 Phillip Street Sydney NSW 2000 Australia P(Australia): 1300 288 664 P (Overseas): +61 2 9698 5414 W: <a href="http://www.automicgroup.com.au">www.automicgroup.com.au</a>
Auditor	William Buck Audit (WA) Pty Ltd Level 3, 15 Labouchere Road South Perth WA 6151
Solicitors	GTP Legal 68 Aberdeen Street Northbridge WA 6003
Stock exchange listing	M3 Mining Limited shares are listed on the Australian Securities Exchange (ASX code: M3M)
Website	<a href="http://www.m3mining.com.au">www.m3mining.com.au</a>
Company information	Incorporated in Western Australia, 22 September 2020

**M3 Mining Limited**  
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**30 June 2021**



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The Directors of M3 Mining Limited ("Company") present their report, together with the financial statements, on the Company for the period 22 September 2020 to 30 June 2021.

### **Directors**

The following persons were Directors of the Company during the whole of the financial period and up to the date of this report, unless otherwise stated:

Russell Davis - Non-Executive Director (appointed 16 November 2020)

Simon Eley - Executive Director

Ariel Edward King - Non-Executive Director (appointed 16 November 2020)

Christopher Connelly - Non-Executive Director (resigned 16 November 2020)

Stacey O'Neill - Non-Executive Director (resigned 16 November 2020)

### **Principal activities**

The principal activity of the Company during the course of the financial period was the exploration and evaluation of mineral resources over two projects being the Victoria Bore and the Edjudina Gold project.

### **Dividends**

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

### **Review of operations**

The loss for the Company after providing for income tax amounted to \$733,518.

### ***Victoria Bore***

The Victoria Bore Copper Project located in the Pilbara region of WA. Victoria Bore is the Company's flagship base metals project and was mined in the 1950's producing high grade copper ore with grades averaging 32.7% from near surface workings. Samples taken from the old mine area support these grades with samples containing up to 49% copper. M3 Mining has identified two strong conductors generated from an MLEM survey, one of which is centred on the mine workings and in part possibly associated with this high-grade mineralisation. A lack of historical exploration drilling at depth or along strike provides excellent targets for the initial drilling program.

### ***Edjudina Gold Project***

The Edjudina Gold Project located 150km northeast of Kalgoorlie in the Eastern Goldfields in Western Australia, a region actively explored by major mining companies and hosting multiple tier 1 world class gold deposits. The Edjudina Project contains historical workings and zones of outcropping mineralisation, however because of soil cover that obscures large parts of the tenements, the project is considered not to have been adequately explored in the past. The structural setting of the project being located adjacent to the major Keith-Kilkenny Fault zone provides excellent target opportunities.

### **Significant changes in the state of affairs**

The Company was incorporated in Western Australia on 22 September 2020.

There were no other significant changes in the state of affairs of the Company during the financial period.

### **Matters subsequent to the end of the financial period**

On 26 July 2021 the Company completed their IPO issuing 23,000,000 fully paid ordinary shares at an issue price of \$0.20 per share raising \$4,600,000 (before costs), with listing on the ASX on 29 July 2021. The Lead Manager under the Prospectus was issued 2,000,000 options exercisable at \$0.25 expiring on 30 June 2024.

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

### **Likely developments and expected results of operations**

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

### **Environmental regulation**

The Company holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulation with respect to the rehabilitation of areas disturbed during the course of its exploration activities. However, the Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

### **Information on Directors**

**Name:** **Russell Davis**  
**Title:** Non-Executive Director - appointed 16 November 2020  
**Experience and expertise:** Russell Davis is a geologist with over 40 years' experience in the mineral resources business. He has worked on the exploration and development of a range of commodities for several international and Australian companies, holding senior technical and corporate positions including chief mine geologist, exploration manager and managing director.

**Other current directorships:** Mr Davis was a founding Director of Gold Road Resources Limited in 2005 and continued as an Executive then Non-executive Director until June 2016. Mr Davis was also founding Director of Syndicated Metals Limited in 2007 and Managing Director up to March 2012. Chairman of Hammer Metals Ltd, since January 2014.  
**Former directorships (last 3 years):** Nil  
**Interests in shares:** 1,528,125  
**Interests in options:** 1,000,000 options exercisable at \$0.25 on or before 30 June 2024

**Name:** **Simon Eley**  
**Title:** Executive Director - appointed 22 September 2020  
**Experience and expertise:** Simon Eley is a solicitor with considerable experience in the resource sector. Mr Eley was the founding director of Egan Street Resources and led the acquisition of the Rothsay gold project. Egan Street was acquired by Silver Lake Resources in 2019 for an implied value of \$72 million. He has held the chairman role of several of ASX and NASDAQ listed companies. Mr Eley also led the team that acquired the Central Murchison Gold Project and subsequently became an executive director of Aragon Resources Limited, where he managed the progress of Aragon's core asset, the Central Murchison gold project. Mr Eley's experience also includes international oil and gas operations, as well as iron ore and coal projects, capital raisings, commercial agreements, dispute resolution, corporate management, strategy, acquisitions and divestments.

**Other current directorships:** Celamin Holdings Ltd - Managing Director  
Westar Resources Ltd - Non-Executive Chairman  
**Former directorships (last 3 years):** Egan Street Resources Limited - Non-Executive Director  
**Interests in shares:** 2,256,251  
**Interests in options:** 1,500,000 options exercisable at \$0.25 on or before 30 June 2024

**Name:** **Ariel Edward King**  
**Title:** Non-Executive Director - appointed 16 November 2020  
**Experience and expertise:** Eddie King holds a Bachelor of Commerce and Bachelor of Engineering (Mining Systems) from The University of Western Australia. Mr King's past experience includes being manager for an investment banking firm, where he specialised in the technical and financial analysis of bulk commodity and other resource projects for investment and acquisition. Mr King was also a corporate adviser and representative for a stockbroking firm where he managed capital raisings and originated acquisitions for a number of ASX listed companies.  
**Other current directorships:** Ragnar Metals Ltd (ASX: RAG)  
Eastern Iron Limited (ASX: EFE)  
Queensland Pacific Metals Limited (ASX: QPM).  
**Former directorships (last 3 years):** Lindian Resources Limited (ASX: LIN)  
Bowen Coking Coal Limited (ASX: BCB)  
Axxis Technology Group Ltd (ASX: AYG) (renamed to ECS Botanics Limited (ASX: ECS)  
European Cobalt Limited (ASX: EUC) (renamed to Aston Minerals Limited (ASX: ASO)  
Six Sigma Metals Ltd (ASX: S16)  
Sultan Resources Limited (ASX: SLZ).  
**Interests in shares:** 600,000  
**Interests in options:** 2,000,000 options exercisable at \$0.25 on or before 30 June 2024

**Name:** **Christopher Connelly**  
**Title:** Non-Executive Director - appointed 22 September 2020 - resigned 16 November 2020  
**Experience and expertise:** Chris is an experienced finance executive.  
**Other current directorships:** Nil  
**Former directorships (last 3 years):** N/A  
**Interests in shares:** N/A

**Name:** **Stacey O'Neill**  
**Title:** Non-Executive Director - appointed 22 September 2020 - resigned 16 November 2020  
**Experience and expertise:** Stacey provided accounting support services to a number of clients.  
**Other current directorships:** Nil  
**Former directorships (last 3 years):** N/A  
**Interests in shares:** N/A

Other current directorships quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Former directorships (last 3 years) quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Interests in shares and options are as at the date of this report.

#### **Company secretary**

**Benjamin Donovan** - appointed 25 March 2021

Ben Donovan is a member of the Governance Institute of Australia and provides corporate advisory, IPO and consultancy services to a number of companies. Mr Donovan is currently a company secretary of several ASX listed and public unlisted companies and has gained experience across resources, agritech, biotech, media and technology industries. He has extensive experience in listing rules compliance and corporate governance, having served as a Senior Adviser at the ASX in Perth for nearly 3 years, where he managed the listing of nearly 100 companies on the ASX. In addition, Mr Donovan has experience in the capital markets having raised capital and assisted numerous companies on achieving an initial listing on the ASX, as well as for a period of time, as a private client adviser at a boutique stock broking group.

Qualifications: Bachelor of Commerce (Law and Finance) & Finance (Honours), AGIA ACG

**Stacey O'Neill** - resigned 31 March 2021

### **Meetings of Directors**

The number of meetings of the Company's Board of Directors ('the Board') held during the period ended 30 June 2021, and the number of meetings attended by each Director were:

	Attended	Held
Russell Davis	2	2
Simon Eley	4	4
Ariel Edward King	2	2
Christopher Connelly	2	2
Stacey O'Neill	2	2

Held: represents the number of meetings held during the time the Director held office.

### **Remuneration report (audited)**

The remuneration report details the key management personnel remuneration arrangements for the Company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

#### ***Principles used to determine the nature and amount of remuneration***

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

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

#### *Non-executive Directors remuneration*

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

The Constitution provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting of Shareholders or, until so, by the Directors. The aggregate remuneration for Non-Executive Directors has been set by the Board at an amount not to exceed \$500,000 per annum.

#### *Executive remuneration*

The Company aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Directors based on individual and business unit performance, the overall performance of the Company and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Company and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the Company's direct competitors.

#### ***Details of remuneration***

##### *Amounts of remuneration*

Details of the remuneration of key management personnel of the Company are set out in the following tables.

The key management personnel of the Company consisted of the following Directors of the Company:

- Russell Davis - Non-Executive Chairman
- Simon Eley - Executive Director
- Ariel Edward King - Non-Executive Director
- Christopher Connelly - Non-Executive Director
- Stacey O'Neill - Non-Executive Director



	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments	Total	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave		Equity-settled
<b>30 June 2021</b>	\$	\$	\$	\$	\$	\$	
<i>Non-Executive Directors:</i>							
Russell Davis	-	-	-	-	-	115,400	115,400
Ariel Edward King	-	-	-	-	-	230,800	230,800
Christopher Connelly	-	-	-	-	-	-	-
Stacey O'Neill	-	-	-	-	-	-	-
<i>Executive Directors:</i>							
Simon Eley	-	-	-	-	-	173,100	173,100
	-	-	-	-	-	519,300	519,300

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration	Performance
	30 June 2021	30 June 2021
<i>Non-Executive Directors:</i>		
Russell Davis	-	100%
Ariel Edward King	-	100%
Christopher Connelly	-	-
Stacey O'Neill	-	-
<i>Executive Directors:</i>		
Simon Eley	-	100%

### **Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Russell Davis  
Title: Non-Executive Chairman  
Agreement commenced: 27 July 2021  
Details: Services agreement to be paid a fee of \$24,000 per annum (inclusive of statutory superannuation)

Name: Simon Eley  
Title: Executive Director  
Agreement commenced: 27 July 2021  
Details: Executive services agreement to be a paid a fee of \$36,000 per annum (inclusive of statutory superannuation). The agreement may be terminated:  
\* by either party without cause with 3 months written notice, or in the cause of the Company, immediately with payment in lieu of notice;  
\* by the Company with 3 months notice or immediately with payment in lieu of notice if the executive is unable to perform its duties under the agreement for two consecutive months or a period aggregating to three months in a 12 month period;  
\* by either party with 3 months written notice if the executive's role become redundant

Name: Ariel Edward King  
 Title: Non-Executive Director  
 Agreement commenced: 27 July 2021  
 Details: Services agreement to be paid a fee of \$24,000 per annum (inclusive of statutory superannuation)

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

### **Share-based compensation**

#### *Issue of shares*

There were no shares issued to Directors and other key management personnel as part of compensation during the period ended 30 June 2021.

#### *Options*

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other key management personnel in this financial period or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date	Expiry date	Exercise price	Fair value per option at grant date
Russell Davis	1,000,000	26 May 2021	26 May 2021	30 June 2024	\$0.250	\$0.115
Simon Eley	1,500,000	26 May 2021	26 May 2021	30 June 2024	\$0.250	\$0.115
Ariel Edward King	2,000,000	26 May 2021	26 May 2021	30 June 2024	\$0.250	\$0.115

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by Directors and other key management personnel as part of compensation during the period ended 30 June 2021 are set out below:

Name	Number of options granted during the period 30 June 2021	Number of options vested during the period 30 June 2021
Russell Davis	1,000,000	1,000,000
Simon Eley	1,500,000	1,500,000
Ariel Edward King	2,000,000	2,000,000

***Additional disclosures relating to key management personnel***

***Shareholding***

The number of shares in the Company held during the financial period by each Director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the period	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the period
<i>Ordinary shares</i>					
Russell Davis *	-	-	1,128,125	-	1,128,125
Simon Eley **	-	-	1,856,250	-	1,856,250
Ariel Edward King	-	-	200,000	-	200,000
Christopher Connelly	-	-	-	-	-
Stacey O'Neill	-	-	-	-	-
	-	-	3,184,375	-	3,184,375

\* 750,000 shares were issued in consideration for the sale of the Edjudina Project to (Strada D'Oro Pty Ltd)

\*\* 750,000 shares were issued in consideration for the sale of the Victoria Bore Project (Simon Eley)

***Option holding***

The number of options over ordinary shares in the Company held during the financial period by each Director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
<i>Options over ordinary shares</i>					
Russell Davis	-	1,000,000	-	-	1,000,000
Simon Eley	-	1,500,000	-	-	1,500,000
Ariel Edward King	-	2,000,000	-	-	2,000,000
Christopher Connelly	-	-	-	-	-
Stacey O'Neill	-	-	-	-	-
	-	4,500,000	-	-	4,500,000

***Loans to key management personnel and their related parties***

There were no loans provided or received from key management personnel and their related parties during the period.

***This concludes the remuneration report, which has been audited.***

**Shares under option**

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
26 May 2021	30 June 2024	\$0.250	5,800,000
29 July 2021	30 June 2024	\$0.250	2,000,000
			7,800,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

### **Shares issued on the exercise of options**

There were no ordinary shares of the Company issued on the exercise of options during the period ended 30 June 2021 and up to the date of this report.

### **Indemnity and insurance of officers**

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### **Indemnity and insurance of auditor**

The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

### **Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

### **Non-audit services**

Other non-audit services of \$6,600 provided by William Buck Consulting (WA) Pty Ltd (a related entity to William Buck Audit (WA) Pty Ltd), relate to the Investigating Accountant's Report included in the Company's Prospectus.

The Directors are satisfied that the provision of non-audit services in the period is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of the non-audit services provided means that auditor independence was not compromised.

### **Auditor's independence declaration**

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

### **Auditor**

William Buck Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

**M3 Mining Limited**  
**Directors' report**  
**30 June 2021**



This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read "R. Davis", written over a horizontal line.

---

Russell Davis  
Chairman

30 September 2021

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF M3 MINING LIMITED**

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

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

*William Buck*

William Buck Audit (WA) Pty Ltd  
ABN 67 125 012 124

*CM*

Conley Manifis  
Director

Dated this 30<sup>th</sup> day of September 2021

**ACCOUNTANTS & ADVISORS**

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**M3 Mining Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the period ended 30 June 2021**



	Incorporation to	
	Note	30 June 2021
		\$
<b>Revenue</b>		
Interest income		132
<b>Expenses</b>		
Corporate and administration	5	(108,677)
Exploration expenditure incurred and expensed		(36,053)
Project evaluation		(35,000)
Share-based payments expense		(553,920)
<b>Loss before income tax expense</b>		<b>(733,518)</b>
Income tax expense	6	-
<b>Loss after income tax expense for the period attributable to the owners of M3 Mining Limited</b>	<b>14</b>	<b>(733,518)</b>
Other comprehensive income for the period, net of tax		-
<b>Total comprehensive income for the period attributable to the owners of M3 Mining Limited</b>		<b>(733,518)</b>
		<b>Cents</b>
Basic loss per share	25	(11.57)
Diluted loss per share	25	(11.57)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**M3 Mining Limited**  
**Statement of financial position**  
**As at 30 June 2021**



	Note	30 June 2021
		\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	7	1,955,039
Other receivables	8	5,007
<b>Total current assets</b>		<b>1,960,046</b>
<b>Non-current assets</b>		
Exploration and evaluation	9	15,000
<b>Total non-current assets</b>		<b>15,000</b>
<b>Total assets</b>		<b>1,975,046</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	10	67,057
Other liabilities	11	1,364,003
<b>Total current liabilities</b>		<b>1,431,060</b>
<b>Total liabilities</b>		<b>1,431,060</b>
<b>Net assets</b>		<b>543,986</b>
<b>Equity</b>		
Issued capital	12	608,184
Reserves	13	669,320
Accumulated losses	14	(733,518)
<b>Total equity</b>		<b>543,986</b>

*The above statement of financial position should be read in conjunction with the accompanying notes*



**M3 Mining Limited**  
**Statement of changes in equity**  
**For the period ended 30 June 2021**



	Issued capital \$	Share based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 22 September 2020	-	-	-	-
Loss after income tax expense for the period	-	-	(733,518)	(733,518)
Other comprehensive income for the period, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(733,518)</b>	<b>(733,518)</b>
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 12)	693,584	-	-	693,584
Share-based payments (note 23)	-	553,920	-	553,920
Shares issued for exploration acquisition	30,000	-	-	30,000
Options issued for capital raising costs	(115,400)	115,400	-	-
<b>Balance at 30 June 2021</b>	<b>608,184</b>	<b>669,320</b>	<b>(733,518)</b>	<b>543,986</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**M3 Mining Limited**  
**Statement of cash flows**  
**For the period ended 30 June 2021**



	Incorporation to
	Note 30 June 2021
	\$
<b>Cash flows from operating activities</b>	
Payments to suppliers and employees	(102,680)
Interest received	132
<b>Net cash used in operating activities</b>	<b>22 (102,548)</b>
<b>Net cash from investing activities</b>	<b>-</b>
<b>Cash flows from financing activities</b>	
Proceeds from issue of shares	890,000
Proceeds from shares not issued	1,364,003
Share issue transaction costs	(196,416)
<b>Net cash from financing activities</b>	<b>2,057,587</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,955,039</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>7 1,955,039</b>

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

## **Note 1. General information**

The financial statements cover M3 Mining Limited ("Company") as an individual entity. The financial statements are presented in Australian dollars, which is M3 Mining Limited's functional and presentation currency.

M3 Mining Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1, 3 Ord Street  
West Perth WA 6005

A description of the nature of the Company's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 September 2021. The Directors have the power to amend and reissue the financial statements.

## **Note 2. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below.

### **New or amended Accounting Standards and Interpretations adopted**

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### **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').

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

### **Revenue recognition**

The Company recognises revenue as follows:

#### *Interest*

Interest revenue 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.

#### *Other revenue*

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

## **Note 2. Significant accounting policies (continued)**

### **Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Other receivables**

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### **Exploration and evaluation assets**

#### *Exploration and evaluation assets acquired*

Exploration and evaluation assets comprise of acquisition of mineral rights (such as joint ventures) and fair value (at acquisition date) of exploration and expenditure assets 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:

## **Note 2. Significant accounting policies (continued)**

- 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.

### *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 not 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 then any capitalised exploration and evaluation expenditure is 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.

### **Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### **Employee benefits**

#### *Share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

## **Note 2. Significant accounting policies (continued)**

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant 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, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

### **Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### **Issued capital**

Ordinary shares are classified as equity.

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

## **Note 2. Significant accounting policies (continued)**

### **Earnings per share**

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of M3 Mining Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

#### *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.

### **Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### **Comparatives**

There are no comparatives as the company incorporated on 22 September 2020.

### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2021. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## **Note 3. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Share-based payment transactions*

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

#### *Estimation of useful lives of assets*

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### **Note 3. Critical accounting judgements, estimates and assumptions (continued)**

#### *Income tax*

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

#### *Recovery of deferred tax assets*

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

#### *Exploration and evaluation costs*

The ultimate recoverability of the value of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale, of the underlying mineral exploration properties.

The Company undertakes at each reporting date, a review for indicators of impairment of these assets. Should an indicator of impairment exist, there is significant estimation and judgments in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of estimation and judgement that are considered in this review included:

- Recent drilling results and reserves/resources estimates;
- Environmental issues that may impact the underlying tenements;
- The estimated market value of assets at the review date;
- Independent valuations of underlying assets that may be available;
- Fundamental economic factors such as mineral prices, exchange rates and current and anticipated operating cost in the industry; and
- The Company's market capitalisation compared to its net assets.

Information used in the review process is rigorously tested to externally available information as appropriate.

Changes in these estimates and assumptions as new information about the presence or recoverability of an ore reserve becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the profit or loss.

### **Note 4. Operating segments**

The Board has determined that the Company has one reportable segment, being mineral exploration in Australia. As the Company is focused on mineral exploration, the Board monitors the Company based on actual versus budgeted results. This internal reporting framework is the most relevant to assist the Board in making decisions regarding the Company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

All of the Company's assets are located in one geographical segment being Australia.



**Note 5. Corporate and administration**

	<b>30 June 2021</b>
	<b>\$</b>
Share registry & ASX compliance fees	1,093
Contractors and consultancy	28,351
Legal fees	18,525
Audit fees	15,036
Insurance	36,418
Travel, accommodation and conferences	7,600
Other	1,654
	108,677

**Note 6. Income tax expense**

	<b>30 June 2021</b>
	<b>\$</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>	
Loss before income tax expense	(733,518)
Tax at the statutory tax rate of 30%	(220,055)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	
Share based payments expense	166,176
Revenue losses and other deferred tax balances not recognised	43,379
Other non-allowable items	10,500
Income tax expense	-

	<b>30 June 2021</b>
	<b>\$</b>
<i>Unrecognised deferred tax assets at 30%<sup>1</sup></i>	
Deferred tax assets not recognised comprises temporary differences attributable to:	
Carry forward revenue losses	42,836
Capital raising costs	47,140
Exploration and evaluation	9,329
Provisions and accruals	3,000
Total deferred tax assets not recognised	102,305

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

The tax benefits of the above Deferred Tax Assets will only be obtained if:

- (a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the company in utilising the benefits.

**Note 6. Income tax expense (continued)**

<sup>1</sup>The corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

**Note 7. Current assets - cash and cash equivalents**

	<b>30 June 2021</b>
	<b>\$</b>
Cash at bank	1,955,039

**Note 8. Current assets - other receivables**

	<b>30 June 2021</b>
	<b>\$</b>
GST receivable	5,007

**Note 9. Non-current assets - exploration and evaluation**

	<b>30 June 2021</b>
	<b>\$</b>
Exploration and evaluation	15,000

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

	<b>\$</b>
Balance at 22 September 2020	-
Acquisition of exploration and evaluation assets	30,000
Expensing of acquisition costs*	(15,000)
Balance at 30 June 2021	15,000

\* Acquisition costs expensed relate to the Victoria Bore application pending grant.

The ultimate recovery of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest at an amount greater than or equal to carrying value.

The acquisition of exploration and evaluation assets from the related parties is subject to a buy-back clause, as described in note 20.

**Note 10. Current liabilities - trade and other payables**

	<b>30 June 2021</b>
	\$
Trade payables	57,057
Other payables	10,000
	<hr/> 67,057

Refer to note 16 for further information on financial instruments.

**Note 11. Current liabilities - other liabilities**

	<b>30 June 2021</b>
	\$
Other current liabilities	1,364,003
	<hr/> 1,364,003

Funds received in advance from shareholders for the IPO.

**Note 12. Equity - issued capital**

	<b>30 June 2021</b>
	Shares \$
Ordinary shares - fully paid (net of transactions costs)	13,925,003 608,184
	<hr/> 13,925,003 608,184

*Movements in ordinary share capital*

Details	Date	Shares	\$
Balance	22 September 2020	3	-
Seed capital upon incorporation		9,300,000	390,000
Shares issued to acquire exploration assets		1,500,000	30,000
Seed funding		3,125,000	500,000
Less: capital raising costs		-	(311,816)
		<hr/>	<hr/>
Balance	30 June 2021	13,925,003	608,184
		<hr/>	<hr/>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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

## Note 12. Equity - issued capital (continued)

### Movements in issued options

	Opening balance 22 September 2020	Granted in period	Exercised in period	Expired/ cancelled in period	Closing balance 30 June 2021
Exercisable at \$0.25 on or before 30 June 2024	-	5,800,000	-	-	5,800,000

### Capital risk management

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

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Company may issue new shares to raise cash.

## Note 13. Equity - reserves

	30 June 2021 \$
Share-based payments reserve	669,320

### Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

### Movements in reserves

Movements in each class of reserve during the current financial period are set out below:

	Share-based payments \$	Total \$
Balance at 22 September 2020	-	-
Options issued to directors and company secretary	553,920	553,920
Options issued to lead manager	115,400	115,400
Balance at 30 June 2021	669,320	669,320

#### Note 14. Equity - accumulated losses

	30 June 2021
	\$
Retained profits at the beginning of the financial period	-
Loss after income tax expense for the period	(733,518)
<hr/>	
Accumulated losses at the end of the financial period	(733,518)
<hr/>	

#### Note 15. Equity - dividends

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

#### Note 16. Financial instruments

##### **Financial risk management objectives**

The main risk that the Company is exposed to is liquidity risk.

Risk management is carried out by the Board of Directors ('the Board'). The Board meets when required to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to minimise potential adverse effect on financial performance. Risk Management initiatives are addressed by the Board when required.

##### **Liquidity risk**

Vigilant liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Company manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows.

##### **Remaining contractual maturities**

The following tables detail the Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

30 June 2021	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	57,057	-	-	-	57,057
Other payables	-	10,000	-	-	-	10,000
<hr/>						
Total non-derivatives		67,057	-	-	-	67,057
<hr/>						

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

##### **Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 17. Key management personnel disclosures**

*Directors*

The following persons were Directors of M3 Mining Limited during the financial period:

Russell Davis	Non-Executive Chairman
Simon Eley	Executive Director
Ariel Edward King	Non-Executive Director
Christopher Connelly	Non-Executive Director
Stacey O'Neill	Non-Executive Director

*Compensation*

The aggregate compensation made to Directors and other members of key management personnel of the Company is set out below:

	<b>30 June 2021</b>
	\$
Share-based payments	519,300

**Note 18. Remuneration of auditors**

During the financial period the following fees were paid or payable for services provided by William Buck Audit (WA) Pty Ltd, the auditor of the Company:

	<b>30 June 2021</b>
	\$
<i>Audit services - William Buck Audit (WA) Pty Ltd</i>	
Audit or review of the financial statements	15,036
<i>Other services - William Buck Consulting (WA) Pty Ltd</i>	
Investigating Accountants Report	6,600
	<b>21,636</b>

**Note 19. Commitments**

	<b>30 June 2021</b>
	\$
<i>Capital commitments</i>	
Committed at the reporting date but not recognised as liabilities, payable:	
Exploration and evaluation	87,920
Committed at the reporting date but not recognised as liabilities, payable:	
Within one year	87,920

**Note 20. Related party transactions**

*Key management personnel*

Disclosures relating to key management personnel are set out in note 17 and the remuneration report included in the Directors' report.

**Note 20. Related party transactions (continued)**

*Transactions with related parties*

During the period the Company acquired one of the Victoria Bore Project tenements from Simon Eley and acquired the Edjudina Project from Strada D'Oro Pty Ltd (Vendors). The Vendors' relationship with the Company is as follows:

- Simon Eley is an Executive Director of the Company; and
- Strada D'Oro Pty Ltd is an entity which the Non-Executive Chairman, Russell Davis has an interest in as a director and shareholder.

**Note 20. Related party transactions (continued)**

The Company provided the following consideration to the Vendors for the projects:

- 750,000 fully paid ordinary shares were issued to Simon Eley's nominee for the Victoria Bore Project, valued at \$0.02 per share for total consideration of \$15,000. As these exploration assets relate to tenement applications as at balance date, these costs have been expensed during the period; and
- 750,000 fully paid ordinary shares were issued to Strada D'Oro Pty Ltd for the Edjudina Project, valued at \$0.02 per share for total consideration of \$15,000.

**Note 21. Events after the reporting period**

On 26 July 2021 the Company completed their IPO issuing 23,000,000 fully paid ordinary shares at an issue price of \$0.20 per share raising \$4,600,000 (before costs), with listing on the ASX on 29 July 2021. The Lead Manager under the Prospectus was issued 2,000,000 options exercisable at \$0.25 expiring on 30 June 2024.

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

**Note 22. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>30 June 2021</b>
	<b>\$</b>
Loss after income tax expense for the period	(733,518)
Adjustments for:	
Share-based payments	568,920
Change in operating assets and liabilities:	
Increase in other receivables	(5,007)
Increase in trade and other payables	67,057
<b>Net cash used in operating activities</b>	<b>(102,548)</b>

**Note 23. Share-based payments**

*Issue of options*

An Employee Incentive Securities Plan has been established by the Company, whereby the Company may, at the discretion of the Board, grant options over ordinary shares in the Company to certain key management personnel, employees and contractors of the Company.



**Note 23. Share-based payments (continued)**

Set out below are summaries of options granted:

	Number of options 30 June 2021	Weighted average exercise price 30 June 2021
Outstanding at the beginning of the financial period	-	
Granted	5,800,000	\$0.250
Forfeited	-	\$0.000
Exercised	-	\$0.000
Expired	-	\$0.000
<b>Outstanding at the end of the financial period</b>	<b>5,800,000</b>	<b>\$0.250</b>
<b>Exercisable at the end of the financial period</b>	<b>5,800,000</b>	<b>\$0.250</b>

The weighted average share price during the financial period was \$0.25.

The weighted average remaining contractual life of options outstanding at the end of the financial period was 3 years.

The Company issued 5,800,000 options exercisable at \$0.25 on or before 30 June 2024, which vested on issue as show below:

- 1,000,000 Advisor options to the Lead Manager (Discovery Capital) in lieu for services provided for the seed capital raising;
- 4,800,000 incentive options to Directors and the Company Secretary as reasonable remuneration for future services to be provided to the Company.

Options were issued to Directors and the Company Secretary as follows:

	Number of options
Russell Davis	1,000,000
Simon Eley	1,500,000
Ariel Edward King	2,000,000
Ben Donovan	300,000
	<b>4,800,000</b>

For the options granted during the current financial period, the Black Scholes Option Pricing Model has been used with the valuation model inputs used to determine the fair value at the grant date, are as follows:

Assumption

Expected volatility	100%
Risk free interest rate (%)	0.10%
Expected life of Options	3 years
Exercise price	\$0.25
Grant date Share price (assume IPO price)	\$0.20
<b>Value per Option</b>	<b>\$0.1154</b>

The resultant value of \$115,400 for the 1,000,000 advisor options has been recorded as a cost of issuing shares and has been applied against the share capital raised through the seed funding and the Public Offer.

**Note 23. Share-based payments (continued)**

The resultant value of \$553,920 for the 4,800,000 Director and Company Secretary options has been recorded as a share based payment expense.

**Note 24. Non-cash investing and financing activities**

	<b>30 June 2021</b>
	\$
Shares issued for acquisition of exploration projects	30,000
Options issued to Directors and Company Secretary	553,920
Options issued to Lead manager in lieu for services for the seed capital raising	115,400
	<hr/>
	699,320

**Note 25. Earnings per share**

	<b>30 June 2021</b>
	\$
Loss after income tax attributable to the owners of M3 Mining Limited	(733,518)
	<hr/>
	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	6,339,318
Weighted average number of ordinary shares used in calculating diluted earnings per share	6,339,318
	<hr/>
	<b>Cents</b>
Basic loss per share	(11.57)
Diluted loss per share	(11.57)

As at reporting date, 5,800,000 Unlisted Options (which represent 5,800,000 potential Ordinary Shares) were considered non-dilutive as they would decrease the loss per share.

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 2 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 period 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.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

A handwritten signature in black ink, appearing to read "Russell Davis".

---

Russell Davis  
Chairman

30 September 2021

## M3 Mining Limited

Independent auditor's report to members

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of M3 Mining Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the period ended on that date; and
- (ii) 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Key Audit Matter

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

#### ACCOUNTANTS & ADVISORS

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## M3 Mining Limited

### Independent auditor's report to members

SHARE BASED PAYMENTS	
Area of focus Refer also to Remuneration Report on pages 6 to 10 and note 23	How our audit addressed it
<p>The Company entered into share-based payment arrangements, issuing options to executives and consultants to provide long term incentives to deliver long term shareholder returns.</p> <p>The Company issued 5,800,000 options exercisable at \$0.25 expiring on 30 June 2024. The options vested upon issue.</p> <p>These arrangements required significant judgements and estimations by management, including the following:</p> <ul style="list-style-type: none"> <li>- The evaluation of the grant date for these arrangements, and the evaluation of the fair value of the options as at the grant date; and</li> <li>- The evaluation of key inputs into the Black Scholes option pricing model, including the significant judgement of the forecast volatility of the share option over its exercise period.</li> </ul> <p>The results of these share based payment arrangements materially affect the disclosure.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>— Determining the grant dates, we evaluated what were the most appropriate dates based on the terms and conditions of the offers;</li> <li>— Evaluating the fair values of the share-based payment arrangement by agreeing assumptions to third party evidence; and</li> <li>— For the specific application of the Black Scholes model, we assessed the experience of management who advised the value of the arrangements. We retested some of the assumptions used in the model and recalculated those fair values. We considered that the forecast volatility applied in the model to be appropriately reasonable and within industry norms.</li> </ul> <p>We also reconciled the vesting of the share-based payment arrangements to disclosures.</p>

### Other Information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the period ended 30 June 2021 but does not include the financial report and the auditor's report thereon.

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

## **M3 Mining Limited**

### **Independent auditor's report to members**

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

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

#### **Responsibilities of the Directors for the Financial Report**

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

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

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

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf)

This description forms part of our independent auditor's report.

## M3 Mining Limited

Independent auditor's report to members

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 6 to 10 of the directors' report for the period ended 30 June 2021.

In our opinion, the Remuneration Report of M3 Mining Limited, for the period 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.

William Buck

William Buck Audit (WA) Pty Ltd  
ABN 67 125 012 124

CN

Conley Manifis  
Director  
Dated this 30<sup>th</sup> day of September 2021

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

The shareholder information set out below was applicable as at 28 September 2021.

**Distribution of equitable securities**

Analysis of number of equitable security holders by size of holding:

Size of holding	Ordinary shares	
	Number of holders	shares issued
1 to 1,000	10	2,556
1,001 to 5,000	21	74,457
5,001 to 10,000	72	682,801
10,001 to 100,000	3313	13,619,506
100,001 and over	91	22,545,683
	<b>507</b>	<b>36,925,003</b>
<b>Holding less than a marketable parcel</b>	<b>15</b>	<b>14,067</b>

**Substantial holders**

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
RESMIN PTY LTD <SPE INVESTMENT A/C> AND SIMON ELEY	2,256,251	6.11



**Twenty largest quoted equity security holders**

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

		<b>Ordinary shares</b>	
		<b>Number held</b>	<b>% of total shares issued</b>
1	RESMIN PTY LTD <SPE INVESTMENT A/C>	2,006,250	5.43
2	BROWN BRICKS PTY LTD <HM A/C>	956,250	2.59
3	MR ZBIGNIEW WALDEMAR LUBIENIECKI	828,125	2.24
4	DAVIS FAMILY CAPITAL PTY LTD <THE DAVIS SUPER FUND A/C>	778,125	2.11
5	STRADA DORO PTY LTD	750,000	2.03
6	STEV SAND PTY LTD	675,000	1.83
6	MR BRIAN PETER BYASS	675,000	1.83
7	CANARY CAPITAL PTY LTD	600,000	1.62
7	LAKE SPRINGS PTY LTD <THE LAKE SPRINGS S/F A/C>	600,000	1.62
8	BLAMNCO TRADING PTY LTD	550,000	1.49
9	KING CORPORATE PTY LTD	500,000	1.35
10	AKM (WA) PTY LTD <THE AKM A/C>	443,750	1.20
11	MR PETER FRANCIS SCANLAN	425,000	1.15
12	HORIZON INVESTMENT SERVICES PTY LTD <THE HORIZON INVESTMENT A/C>	400,000	1.08
13	WINSOME MARY SANTA MARIA <THE SANTA FAMILY A/C>	393,750	1.07
13	MRS WINSOME MARY STAVRIANOU	393,750	1.07
13	KATARZYNA MIETHKE	393,750	1.07
14	MR LINDSAY GRANT FRANKER	375,000	1.02
14	MR MICHAEL FRANCIS MCMAHON & MRS SUSAN LESLEY MCMAHON <MCMAHON SUPER FUND A/C>	375,000	1.02
14	STEV SAND INVESTMENTS PTY LTD <STEVEN FORMICA FAMILY A/C>	375,000	1.02
15	CANARY CAPITAL PTY LTD <TRADING A/C>	350,000	0.95
15	ADVANTAGE VENTURES PTY LTD <THE ADVANTAGE VENTURES A/C>	350,000	0.95
15	MR EDMUND TECK HWANG LIM	350,000	0.95
16	GETMEOUTOFHERE PTY LTD <SINKING SHIP SUPER FUND A/C>	300,000	0.81
16	MEGASTONE PTY LTD <MEGASTONE A/C>	300,000	0.81
16	MR MEHDI MOHSENIN-MOSHIRI	300,000	0.81
16	MRS INGRID JARDINET STEPHENS	300,000	0.81
17	MR ANTHONY JOHN LOCANTRO	280,000	0.76
18	MR NATHAN LAWRENCE CAMMERMAN & MR JAMES EDWARD DILLON <THE SUPA DOOPER S/F A/C>	278,750	0.75
19	MR SIMON PETER ELEY	250,001	0.68
20	MR RICHARD PANG	250,000	0.68
20	WILGUS INVESTMENTS PTY LTD	250,000	0.68
20	CITYSIDE INVESTMENTS PTY LTD	250,000	0.68
<b>Total</b>		<b>16,302,501</b>	<b>44.15</b>
<b>Total issued capital</b>		<b>36,925,003</b>	<b>100.00</b>

### Unquoted equity securities

Unquoted Equity Security Holders with greater than 20% of an Individual class

	Options over ordinary shares	
	Number held	% of total options issued
<b>Unlisted options exercisable at \$0.25 on or before 30/06/2024</b>		
KING CORPORATE PTY LTD	2,000,000	25.64

### Buy-Back Plans

The Company does not have any current con-market buy-back plans.

### Voting rights

The voting rights attached to ordinary shares are set out below:

#### *Ordinary shares*

The voting rights attaching to ordinary shares are governed by the Constitution. On a show of hands every person present who is a Member or representative of a member shall have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each fully paid ordinary share held. None of the options have any voting rights.

There are no voting rights attached to any class of options or performance rights that are on issue.

### Restricted securities

There are no restricted securities currently on issue.

### Corporate Governance

Pursuant to the ASX Listing Rules, the Company's Corporate Governance Statement will be released in conjunction with this report. The Company's Corporate Governance Statement is available on the Company's website at: [www.m3mining.com.au](http://www.m3mining.com.au)

### Tenements

Description	Tenement number	Interest owned %
Victoria Bore Project	E08/3220 Applications: E08/3326 E08/3427 E08/3428 E08/3429 E08/3430 E08/3431, E08/3440	100
Edjudina Projection	E31/1140 E31/1141 E31/1168 E31/1249 P31/2113 Applications: E31/1258 E31/1265	100