



# Eastern Metals Limited

ABN 29 643 902 943

C/-Boardroom Pty Ltd

Level 12

225 George Street

Sydney NSW 2000

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## Appendix 4E

### PRELIMINARY FINAL REPORT

Financial Report (unaudited) of Eastern Metals Limited (the Company) for the period commencing 2 September 2020 (incorporation) and ended 30 June 2021

*Results for announcement to the market*

	up / (down)	Period ended 30 June 2021
	%	\$000
Revenue from ordinary activities	Not applicable	-
Profit / (loss) from ordinary activities after tax attributable to members	Not applicable	<b>(829)</b>
Net profit / (loss) for the period attributable to members	Not applicable	<b>(829)</b>

Details of individual and total dividends or distributions and dividend or distribution payments.

#### Period ended 30 June 2021

	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
Interim dividend			
Final dividend	Nil	Nil	Nil

Record date for determining entitlements to the dividends (if any): Not applicable

There are no dividend or distribution reinvestment plans in operation.

**30 June 2021**

Net tangible assets per share **1.54 cents deficiency**

There are no entities over which control has been gained or lost during the period by the Company.

The Company has no associates or joint venture entities.

Other than the matters disclosed in this Preliminary Final Report (Appendix 4E) for the financial period ended 30 June 2021, there is no significant information needed by an investor to make an informed assessment of the Company's financial performance and financial position.

The Company is an Australian entity required to report under Australian accounting standards.

Eastern Metals Limited is an early-stage mineral exploration company. There was no material revenue from ordinary activities for the financial period ended 30 June 2021. The \$829,000 net loss for the financial period ended 30 June 2021 includes a non-cash share-based payments expense totalling \$627,000.

This Preliminary Final Report (Appendix 4E) for the financial period ended 30 June 2021 is based on accounts which are in the process of being audited by RSM Australia Partners.



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*Financial Report (unaudited) for  
the period commencing 2  
September 2020 (incorporation)  
and ended 30 June 2021*

# Corporate Directory

## Directors

Robert (Bob) Duffin – Non-Executive Chairman

Wayne Rossiter – CEO & Managing Director

Cathy Moises – Deputy Chair and Lead  
Independent Non-Executive  
Director

Dr Jason Berton – Independent Non-Executive  
Director

## Company Secretary and Chief Financial Officer

Ian Morgan

## Registered Office

Level 12, 225 George Street

Sydney NSW 2000

## Telephone

+1300 737 760 or +61 2 9290 9600

## Email

[info@easternmetals.com.au](mailto:info@easternmetals.com.au)

## Website

[www.easternmetals.com.au](http://www.easternmetals.com.au)

## Securities Exchange (to be confirmed)

Australian Securities Exchange (ASX)

ASX Code: EMS

## Securities Registry

Boardroom Pty Ltd

Level 12

225 George Street

SYDNEY NSW 2000

Telephone

1300 737 760 (in Australia)

+61 2 9290 9600 (International)

## Auditor

RSM Australia Partners

Level 13

60 Castlereagh Street

SYDNEY NSW 2000

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## Directors' Report

The Directors present their report, together with the financial statements of Eastern Metals Limited ('the Company') at the end of and during the period ended 30 June 2021.

### Directors

The Directors of the Company at any time during or since the end of the financial period are:

*Bob Duffin BSc (Hons), MSc (Hons), Grad Dip Mgt, FAusIMM (Non-Executive Chairman)*

Appointed 2 September 2020

He is a company director with more than 45 years' experience in resource exploration, project assessment, mining investment analysis, and company management.

Bob commenced his career with the Geological Survey of New South Wales and has held senior positions in the exploration divisions of Peko-Wallsend Limited and MIM Holdings Limited, two of Australia's largest mining companies at the time. He is a former managing director of an international resource exploration consulting and contracting firm, and general manager of a listed mining investment company. He has lived and worked in mining communities, including periods in Kalgoorlie in Western Australia and Mount Isa in Queensland, where he worked on exploration programs for many commodities, including copper, other base metals, gold, uranium and iron ore. He later worked as a mining analyst with three stockbroking firms and was head of research at one of Australia's leading brokers in the 1980s.

Bob is a former Non-Executive Director of several listed companies, including Centennial Coal, Midwest Corporation, Ferrowest, Burmine, Austmin Gold, Mt Lyell, the UK resources investment company Europa Minerals Group, and Mancala, a mining contractor. Most recently, he was Chairman of WPG Resources Limited.

*Wayne Rossiter BE (Mining), CA, MAppFin, MAusIMM, GMAICD CEO & Managing Director*

Appointed 2 September 2020

He is a mining engineer and chartered accountant. Wayne has held senior finance and management roles in resource and energy companies, developing knowledge and experience in transitioning companies from the exploration stage through to development and into production. His range of experience includes precious metals, gold, iron ore, underground coal gasification, coal seam gas, coal, and conventional oil and gas, with global experience covering Australia, Africa, China, Indonesia, the USA, the UK, the former Soviet Republic of Georgia and the Middle East.

Most recently, Wayne is also an advisor at Novus Capital and he is former Chief Executive Officer of WPG Resources Limited.

## Directors' Report (continued)

*Cathy Moises BSc (Hons), Dip SIA Deputy Chair and Independent Non-Executive Director*

Appointed 26 July 2021

She is a geologist and mining investment analyst who has transitioned to corporate roles and a career more recently as an independent non-executive director of several listed companies. In her career as a mining analyst, she worked with McIntosh (now Merrill Lynch), County Securities (now Citigroup), Evans and Partners, and Patersons Securities, where she was head of research. She then moved to the corporate sector where she became head of investor relations and business development at Perseus Mining.

She is independent chair of Pacific Gold and an independent non-executive director of WA Kaolin, Arafura Resources, Australian Potash, Podium Minerals, and Pearl Gull. She is also an independent member of the investment committee at Argonaut Securities. Her key areas of industry experience include gold, base metals, mineral sands and the rare earths sector.

*Jason Berton BEc BSc (Hons) PhD Independent Non-Executive Director*

Appointed 26 July 2021

He is a geologist and company director. He started his career as an exploration and mine geologist at the Plutonic gold mine in Western Australia then moved to BHP Billiton in South Australia, where he worked on the Olympic Dam mine expansion project. He has also worked with SRK, an international firm of consulting geologists, and spent two years in private equity assessing resource sector investment opportunities. He is former Managing Director of Estrella Resources, and is a director of PolarX, where he played a major role in negotiating the acquisition of key tenements in North America.

Jason's honours thesis was focussed on the geology of the Lake Cargelligo area in New South Wales, close to the Company's Browns Reef deposit, and his doctorate was in structural geology. He has strong entrepreneurial and corporate skills, as well as a very firm understanding of structural geology and its role in the formation of metalliferous orebodies.

*Gary Jones, BSc FAusIMM Non-Executive Director*

Appointed 2 September 2020 Resigned 12 August 2021

He is a geologist with more than 50 years professional experience in mineral exploration and resource and reserve estimation for various type of mineral deposits including porphyry copper-gold, epithermal gold, base metals and iron ore. He is Managing Director of Geonz Associates Ltd, a leading New Zealand firm of consulting geologists, and has been an independent consultant to the mining industry for more than 30 years during which time he completed assignments in many parts of the world including Australia, Indonesia, North and South America, Canada, and New Zealand.

### Company Secretary and Chief Financial Officer

*Ian Morgan B Bus, M Com Law, Grad Dip App Fin, CA, AGIA, MAICD, F Fin*

Appointed 1 July 2021

Ian is a member of Chartered Accountants Australia and New Zealand and the Governance Institute of Australia, with over 35 years of experience. Ian provides secretarial and advisory services to a

# Directors' Report (continued)



range of companies, including holding the position of Company Secretary and CFO for other listed public companies.

## Nature of Operations and Principal Activities

The Company was incorporated on 2 September 2020 in anticipation of the Initial Public Offering by the Company and listing of its shares on the Australian Securities Exchange.

## Dividends

There were no dividends paid or declared by the Company to members during or since the end of the financial period.

## Review of Operations and Outlook<sup>1</sup>

Eastern Metals is a base and precious metals exploration company which owns three projects located in the Northern Territory and New South Wales. These are the Arunta Project in the Northern Territory, and the Cobar and Thomson Projects in New South Wales. Each of these Projects consists of from one to three granted exploration licences. Our flagship assets are the Home of Bullion project at Barrow Creek, part of our Arunta Project, and the Browns Reef zinc-lead-silver deposit, part of our Cobar Project. These flagship assets are classified as Advanced Exploration Projects under the Valmin Code.

Our team has spent several years searching for advanced mineral exploration assets with resource or near resource status, where we believe potential exists to increase the metal inventory with further well targeted exploration. Our team has enjoyed a level of prior success in securing projects such as these that are non-core assets of larger companies, but it has become more difficult in recent years with increasing competition for these prized assets. We were pleased when we identified two such projects owned by subsidiaries of Wesfarmers Limited, these are our Arunta Project which contains a copper-dominated massive sulphide resource at the Home of Bullion project, and Browns Reef in our Cobar Project, which is a zinc-dominated polymetallic sulphide deposit.

The total Identified Mineral Resource at Home of Bullion is 2.5 million tonnes averaging 1.8% copper, 2.0% zinc, 36g/t silver, 1.2% lead and 0.14g/t gold. We will be seeking to grow this resource, with further drilling. In addition, there are other base metals targets for early testing both along strike from Home of Bullion, and at Prospect D, as well as lithium potential in this tenement.

Our Cobar Project includes the Browns Reef deposit where the Exploration Target is 27 to 37 million tonnes averaging between 1.3-1.4% zinc, 0.6- 0.7% lead, 9-10g/t silver and 0.2-0.3% copper. The potential quantity and grade of this Exploration Target are conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

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<sup>1</sup> Refer to the Company's Prospectus dated 18 August 2021

## Directors' Report (continued)

We have identified targets both within and outside the existing Exploration Target zone at Browns Reef that we are excited about, and we have taken out two additional exploration licences as well in this area.

Our Thomson Project, where we hold two exploration licences, is quite different to the other two projects in that the targets are in the basement rocks beneath younger cover. Limited drilling by other exploration companies and interpretation by public authorities suggests the basement rocks could be similar to those in the Cobar area. Past drilling has returned anomalous levels of base metal values close to the source of subtle but well-defined magnetic anomalies, but we believe that many of the anomalies have not been thoroughly tested by previous drill holes. Subtle but well-defined magnetic anomalies are common features of orebodies in the Cobar area. Our approach here will be to work up targets through careful analysis of the high-quality data already available, and possibly seek external funding for the high cost, potentially high reward drilling.

There are “walk-up” drilling targets in all three Project areas. The Board believes that early testing of these targets enhances the scope for achieving exploration success, in preference to greenfield exploration which can be costly and time-consuming. That way, we hope to build shareholder value early in the life of the Company.

Our Directors, Management and Principal Consultants have vast experience with these types of base and precious metal assets. Our commodity exposure, principally copper along with other base and precious metals, positions us well for meeting the demand for these metals driven in part by the growing electric vehicle market, as well as for the more traditional industrial uses of base metals. Our team's collective experience with the mineral systems of the Northern Territory and Central Western New South Wales has been built up over more than 50 years. Our knowledge of polymetallic and gold deposits, and our team's track record in these environments, fills me with much confidence. I hope you, as a potential investor in the Company, will come to share my enthusiasm.

Eastern Metals is an early-stage mineral exploration company.

### Corporate

#### *Financial*

The Company incurred a \$828,711 loss after tax for the period ended 30 June 2021.

#### Events Subsequent to the Reporting Date

On 9 July 2021, the Company issued 3,750,000 options for an exercise price of \$0.30 each to the Company's key managements persons and consultants.

During the period ended 30 June 2021, Eastern Metals Limited received application monies totalling \$420,000 from applicants for the issue of 5,250,000 of the Company's ordinary fully paid shares (**Shares**). The Shares were issued on 26 July 2021.

Also on 26 July 2021, the Company issued:

1. 126,000 Shares for advisory services to the Company, totalling \$25,200; and

## Directors' Report (continued)

2. 11,666,667 Shares to repay the Company's converting note outstanding at 30 June 2021 (\$700,000).

On 18 August 2021, the Company issued a Prospectus for the offer (**Offer**) of a minimum of 22,500,000 Shares at an issue price of \$0.20 each to raise \$4,500,000 (**Minimum Subscription**) and a maximum of 30,000,000 Shares at an issue price of \$0.20 each to raise up to \$6,000,000 (**Maximum Subscription**). One attaching option was offered to be issued for each three Shares issued.

The Company successfully completed the Initial Public Offering (IPO), raising the Maximum Subscription of \$6,000,000 before transaction costs.

On 11 October 2021, the Company issued 30,000,000 Shares and 10,000,000 options to the IPO investors.

On 11 October 2021, the Company issued 4,500,000 options to the IPO Lead Manager and its nominees.

All options outstanding expire three years from the date of the Company's successful ASX listing.

Other than the items mentioned above, no other matters or circumstances have arisen since the end of the period which significantly affected, or may significantly affect, the operations of the Company, the results of these operations or the Company's state of affairs in future financial periods.

### Environmental Regulation

The Board believes that the Company has adequate systems in place for the management of its environmental requirements.

Based on results of enquiries made, the Directors are not aware of any significant breaches during the period covered by this report.

### Directors' Meetings

During the period 2 September 2020 to 30 June 2021, there were three Board meetings where Directors were eligible to attend and attended in person or by alternate during the financial period by each of the Directors of the Company:

Director	Eligible to Attend	Attended
Robert Duffin	4	4
Wayne Rossiter	4	4
Gary Jones	4	4
Cathy Moises	-	-
Jason Berton	-	-

There were no meetings of the Audit Committee during the period ended 30 June 2021

# Directors' Report (continued)

## Movements in Securities Held by Directors

The movement during the financial period in the number of securities of the Company held, directly, indirectly or beneficially, by each specified Director, including their personally related entities, is as follows:

### A. Shares

Director	Issued at 2 September 2020	Share Splits	Balance at 30 June 2021
	Number	Number	Number
Robert Duffin	1	2,499,999	2,500,000
Wayne Rossiter	1	2,499,999	2,500,000
Gary Jones	1	2,499,999	2,500,000
Cathy Moises	-	-	-
Jason Berton	-	-	-

### B. Options Exercise Price \$0.30 Each Expiring After Three (3) Years Commencing ASX Listing

Director	Issued at 2 September 2020	Granted during the period to 30 June 2021	Balance at 30 June 2021
	Number	Number	Number
Robert Duffin	-	1,000,000	1,000,000
Wayne Rossiter	-	4,000,000	4,000,000
Gary Jones	-	1,000,000	1,000,000
Cathy Moises	-	-	-
Jason Berton	-	-	-

## Shares Under Option

Each option offers the holder the right to be issued one ordinary fully paid Company share upon payment of the exercise price to the Company.

Expiry date	Exercise Price	Options outstanding at 2 September 2020	Options granted since 2 September 2020	Options exercised and shares issued since 2 September 2020	Options outstanding at the date of this report
		Number	Number	Number	Number
After Three (3) Years Commencing ASX Listing	\$0.30	-	14,250,000	-	14,250,000

## Indemnification and Insurance of Officers and Auditor

### Indemnification and Insurance

The Company indemnifies current and former Directors and Officers for any loss arising from any claim by reason of any specified act committed by them in their capacity as a Director or Officer (subject to certain exclusions as required by law).

## Directors' Report (continued)

The Company has paid insurance premiums in respect of directors' and officers' liability. Insurance cover relates to liabilities that may arise from their position (subject to certain exclusions as required by law).

Details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability insurance are not disclosed. Such disclosure is prohibited under the terms of the policy.

The Company has not otherwise, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such by an officer or auditor.

### Audit Services

During the period ended 30 June 2021, the Company expensed an amount of \$25,000 payable to its auditor, RSM Australia Partners, for audit services provided to the Company and Eastern Metals Limited.

### Rounding Off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016. Amounts in the Financial Report and Directors' Report have been reported to the nearest dollar, unless otherwise stated.

### Previously Reported Information

Information in this report references previously reported exploration results extracted from Eastern Metals Limited's Prospectus dated 18 August 2021.

The Prospectus is available to view on the Eastern Metals Limited website [www.easternmetals.com.au](http://www.easternmetals.com.au) or on the ASX website [www.asx.com.au](http://www.asx.com.au).

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. 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 market announcements.

# Statement of Profit or Loss and Other Comprehensive Income

Period Ended 30 June 2021

	Note	2021 \$
Other Income		55
Expenses		
Administration expenses	D1	(201,616)
Share based payments expense	A5	(627,150)
Total expenses		(828,766)
<b>Loss before income tax</b>		<b>(828,711)</b>
Income tax benefit	D2	-
<b>Net loss attributable to the members of the Company</b>		<b>(828,711)</b>
Other comprehensive income, net of income tax		-
<b>Total comprehensive income</b>		<b>(828,711)</b>
		<b>Cents</b>
Loss per share – basic	D3	(19.37)
Loss per share - diluted	D3	(19.37)

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	30 June 2021
		\$
Current assets		
Cash and cash equivalents	A7	380,602
Trade and other receivables	A8	4,156
Total current assets		<u>384,758</u>
Exploration and evaluation assets	A11	86,393
Tenement deposits		40,000
Total non-current assets		<u>126,393</u>
Total assets		<u>511,151</u>
Current liabilities		
Trade and other payables	A9	540,209
Total current liabilities		<u>540,209</u>
Total non-current liabilities		-
Total liabilities		<u>540,209</u>
<b>Net asset deficiency</b>		<u><u>(29,058)</u></u>
Equity		
Issued capital	A5	3
Converting note	C3	200,000
Share based payment reserve	A5	627,150
Share issue costs		(27,500)
Accumulated losses		(828,711)
<b>Total Equity</b>		<u><u>(29,058)</u></u>

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

# Statement of Changes in Equity

Period Ended 30 June 2021

	Note	Ordinary fully paid shares \$	Converting Note \$	Accumulated Losses \$	Share based payment reserve \$	Share Issue Costs \$	Total Equity \$
Balance at 2 September 2020		3	-	-	-	-	<b>3</b>
Net loss attributable to the members of the Company		-	-	(828,711)	-	-	<b>(828,711)</b>
Other comprehensive income for the period, net of tax		-	-	-	-	-	-
Total comprehensive income for the period		-	-	(828,711)	-	-	<b>(828,711)</b>
Contributions of equity, net of transaction costs		-	200,000	-	-	(27,500)	<b>172,500</b>
Equity settled share-based payments for the year	A5	-	-	-	627,150	-	<b>627,150</b>
<b>Balance at 30 June 2021</b>		<b>3</b>	<b>200,000</b>	<b>(828,711)</b>	<b>627,150</b>	<b>(27,500)</b>	<b>(29,058)</b>

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

# Statement of Cash Flows

Period Ended 30 June 2021

	Note	2021 \$
Cash flows used in operating activities		
Receipts from customers		55
Payments to suppliers and employees		(119,847)
Net cash used in operating activities	A6	<u>(119,792)</u>
Cash flows used in investing activities		
Payments for exploration and evaluation assets		(39,965)
Payments for tenement deposits		(30,000)
Net cash used in investing activities		<u>(69,965)</u>
Cash flows from financing activities		
Proceeds from loan	C3	150,359
Proceeds from share applications	A9	420,000
Net cash generated from financing activities		<u>570,359</u>
Net increase in cash and cash equivalents		380,602
Opening Cash and cash equivalents at 2 September 2020		-
Closing Cash and cash equivalents at 30 June 2021	A7	<u><u>380,602</u></u>

The above Statement of Cash Flows should be read in conjunction with the accompanying Notes.

# Notes to the Financial Statements

## Period Ended 30 June 2021

### General Information

The financial statements of Eastern Metals Limited (“the Company”) are presented in Australian dollars, which is the Company’s functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of Directors, 29 September 2021.

The Notes to the financial statement are set out in the following main sections:

Section A – Key Financial Information and Preparation Basis

Section B – Risk and Judgement

Section C – Key Management Personnel and Related Party Disclosures

Section D – Other Disclosures

### Section A – Key Financial Information and Preparation Basis

A. This section sets out the basis upon which the Company’s financial statements have been prepared as a whole and explains the results and performance of the Company that the Directors consider most relevant in the context of the operations of the entity.

#### A1. *Statement of Compliance*

The Company’s financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001* (Cth). The Company’s financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

#### A2. *Basis of Preparation*

The financial report is prepared on the historical cost basis other than share-based transactions that are assessed at fair value.

#### A3. *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 financial period are discussed below.

#### **Coronavirus (COVID-19) pandemic**

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company’s 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.

# Notes to the Financial Statements (continued)



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

## 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 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 reporting period but may impact profit or loss and equity. Refer to Note A5 for further information.

## Exploration and evaluation costs

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

## 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.

### A4. Going Concern

The Board has prepared these Financial Statements on a going concern basis.

Since 30 June 2021, the Company has successfully completed an Initial Public Offering (IPO) of 30,000,000 new shares at an issue price of \$0.20, raising \$6,00,000 before transaction costs.

### A5. Capital and Reserves

#### Share capital

Ordinary shares issued and fully paid	Date	Number of shares	Issue Price per share	\$
Balance	2 September 2020	3	\$1.00	3
Share split	1 January 2021	6,749,997	-	-
Share split	19 March 2021	750,000	-	-
<b>Balance</b>	<b>30 June 2021</b>	<b>7,500,000</b>		<b>3</b>

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Ordinary shares have no par value.

# Notes to the Financial Statements (continued)



No dividends have been declared or paid by the Company during or since the end of the financial period.

The Company's Board may resolve that the whole or any portion of profits, reserve or other account which is available for distribution, be distributed to shareholder in the same proportions in which they would be entitled to receive it if distributed by way of dividend, or in accordance with relevant terms of issue of any shares or securities.

If the Company is wound up, whether voluntarily or otherwise, the liquidator may divide among all or any of the contributories, as the liquidator thinks fit, in specie or in kind, any part of the assets of the Company, and may vest any part of the assets of the Company in trustees for the benefit of all or any of the contributories as the liquidator thinks fit.

In the event of winding up of the Company, ordinary shareholders rank after creditors and are entitled to any proceeds of liquidation.

## Converting Note

On 6 March 2021 REC Investment Management Pty Limited (**REC**), a company related to the Company's Director Robert Duffin, subscribed for a converting note issued by the Company. The principal amount of the note was \$700,000 maturing 30 June 2021. The Note automatically converts into the Company's ordinary fully paid shares for the price of \$0.06 per share upon the Company's initial public offer, completion of an offer to acquire all the Company's shares, sale of the Company's business and assets, or REC gives notice of conversion, unless agreed otherwise.

At 30 June 2021, the balance of the converting note was \$200,000. Refer Note C3. Subsequent to 30 June 2021, REC subscribed for an additional \$500,000, totalling \$700,000. On 26 July 2021, the converting note was converted and the Company issued 11,666,667 ordinary fully paid shares to REC. Refer Note A15.

## Options

Each option provides the right for the option holder to be issued one fully paid share by the Company, upon payment of the exercise price of each option. The options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During the period ended 30 June 2021 there were no shares issued on the exercise of options. 6,000,000 unquoted options were granted during the period ended 30 June 2021.

Details of options over ordinary shares in the Company that were granted, exercised, vested and expired during the financial year are as follows:

### Period ended 30 June 2021

Unquoted options – each with a \$0.30 exercise price and expiring 3years after the Company lists on the ASX.

Vesting Date	Balance at 2 September 2020		Granted during the year	Exercised during the year	Balance at 30 June 2021	
	Vested Number	Unvested Number			Vested Number	Unvested Number
21 April 2021	-	-	6,000,000	-	6,000,000	-

Options expenses for the year ended 30 June 2021 totalled \$217,260.

# Notes to the Financial Statements (continued)



## Share Based Payment Reserve

	Number of Options Granted	\$
Balance at 2 September 2020	-	-
Equity settled share-based payments for the year	6,000,000	627,150
Balance at 30 June 2021	<b>6,000,000</b>	<b>627,150</b>

## Unlisted Options

The fair value of the unlisted options was calculated at the date of grant using the Black Scholes option pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised as an expense in each reporting period.

### Initial Public Offer Options

Fair value at grant date	\$0.104525
Share price at grant date	\$0.20
Exercise price per option	\$0.30
Expected volatility (weighted average)	98.1%
Risk free interest rate (based on government bonds)	0.10%
Dividend yield	0.00%

## *The Company's accounting policy for the treatment of equity-settled share-based payment arrangements granted to employees*

The grant-date fair value of equity-settled share-based payment arrangements granted to employees and consultants is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

## A6. Cash Flow Reconciliation

	2021
Cash flows from operating activities	\$
Net loss attributable to members of the Company	<b>(828,711)</b>
Less: Non-cash expenditure	
Options expense	A5 <b>627,150</b>
	<b>(201,561)</b>
Plus / (Less) Changes in working capital:	
Increase in pre-payments and other receivables	<b>(3,308)</b>
Increase in accounts payable and accruals	<b>85,077</b>
Net cash used in operating activities	<b>(119,792)</b>

# Notes to the Financial Statements (continued)



## A7. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

	<b>2021</b>
	<b>\$</b>
Cash on hand	<b>380,602</b>
Cash and cash equivalents in the statements of cash flows	<b>380,602</b>

## A8. Current Assets Trade and Other Receivables

Other receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are stated at amortised cost less impairment losses (see Note B3).

Prepayments are recognised at cost.

	<b>2021</b>
	<b>\$</b>
<b>Current</b>	
Goods and services tax receivable	<b>4,156</b>
	<b>4,156</b>

## A9. Current Liabilities Trade and Other Payables

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, these transactions are measured at amortised cost.

	Note	<b>2021</b>
		<b>\$</b>
<b>Current</b>		
Accruals		<b>116,055</b>
Amount payable to a director related entity	C3	<b>4,154</b>
Share application funds payable	A10	<b>420,000</b>
		<b>540,209</b>

## A10. Share Application Monies

During the period ended 30 June 2021, Eastern Metals Limited received application monies totalling \$420,000 from applicants for the issue of 5,250,000 of the Company's ordinary fully paid shares.

At 30 June 2021, Eastern Metals Limited recorded the \$420,000 as share application monies payable.

# Notes to the Financial Statements (continued)



## A11. Exploration and Evaluation Assets

Exploration and evaluation costs are stated at cost less accumulated amortisation and impairment losses (see Note B3).

	2021
	\$
<b>Cost</b>	
Balance 2 September 2020	-
Additions	<b>86,393</b>
Balance at 30 June 2021	<b>86,393</b>
<b>Amortisation</b>	
Balance 2 September 2020	-
Additions	-
Balance at 30 June 2021	-
<b>Carrying amounts</b>	
At 2 September 2020	-
At 30 June 2021	<b>86,393</b>

The Company's accounting policy for the treatment of its exploration and evaluation costs is in accordance with the following requirements.

Exploration and evaluation assets are measured at cost.

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the entity has obtained the legal rights to explore an area are recognised in profit or loss. When a licence is relinquished or a project abandoned, the related costs are recognised in the statement of comprehensive income.

An exploration and evaluation asset is only recognised in relation to an area of interest if the following conditions are satisfied:

- (a) the rights to tenure of the area of interest are current; and
- (b) at least one of the following conditions is also met:
  - (i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
  - (ii) exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

# Notes to the Financial Statements (continued)



Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and revaluation expenditure to mining property and development assets within property, plant and equipment.

## A12. *Segment Reporting*

An operating segment is a component of the Company that engages in business activities whose operating results are reviewed regularly by the Company's Board and for which discrete financial information is available.

For the period ended 30 June 2021, the Company did not trade and had a single operating segment.

### *Business and geographical segments*

The results and financial position of the Company's single operating segment are prepared on a basis consistent with Australian Accounting Standards and thus no additional disclosures in relation to the revenues, profit or loss, assets and liabilities and other material items have been made. Entity-wide disclosures in relation to the Company's product and services and geographical areas are detailed below.

### *Products and services*

The Company currently provides no products for sale.

### *Geographical areas*

The Company's activities are located solely in Australia.

## A13. *Commitments*

### *Exploration expenditure commitments*

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the New South Wales Government. These obligations are subject to renegotiation when application for a mining lease is made and at other times.

As at 30 June 2021, these obligations are not provided for in the financial report and are payable as follows:

	Exploration expenditure commitments
<b>2021</b>	\$
Within one year	755,500
One year or later and not later than five years	1,230,500
Later than five years	-
	<b><u>1,986,000</u></b>

## A14. *Contingencies*

There are no contingent liabilities at 30 June 2021.

# Notes to the Financial Statements (continued)



## A15. Subsequent Events

On 9 July 2021, the Company issued 3,750,000 options for an exercise price of \$0.30 each to the Company's key managements persons and consultants.

During the period ended 30 June 2021, Eastern Metals Limited received application monies totalling \$420,000 from applicants for the issue of 5,250,000 of the Company's ordinary fully paid shares (**Shares**). The Shares were issued on 26 July 2021.

Also on 26 July 2021, the Company issued:

1. 126,000 Shares for advisory services to the Company, totalling \$25,200; and
2. 11,666,667 Shares to repay the Company's converting note outstanding at 30 June 2021 (\$700,000). Refer Note A5.

On 18 August 2021, the Company issued a Prospectus for the offer (**Offer**) of a minimum of 22,500,000 Shares at an issue price of \$0.20 each to raise \$4,500,000 (**Minimum Subscription**) and a maximum of 30,000,000 Shares at an issue price of \$0.20 each to raise up to \$6,000,000 (**Maximum Subscription**). One attaching option was offered to be issued for each three Shares issued.

The Company successfully completed the Initial Public Offering (IPO), raising the Maximum Subscription of \$6,000,000 before transaction costs.

On 11 October 2021 the Company issued 30,000,000 Shares and 10,000,000 options to the IPO investors.

On 11 October 2021 the Company issued 4,500,000 options to the IPO Lead Manager and its nominees.

All options outstanding expire three years from the date of the Company's successful ASX listing.

Other than the items mentioned above, no other matters or circumstances have arisen since the end of the period which significantly affected, or may significantly affect, the operations of the Company, the results of these operations or the Company's state of affairs in future financial periods.

# Notes to the Financial Statements (continued)



## Section B – Risk and Judgement

B. This section outlines the key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period. This section also outlines the significant financial risk the Company is exposed, to which the Directors would like to draw the attention of the readers.

### B1. Financial Risk Management

#### Overview

This Note presents information about the Company's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

#### Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Presently, the Company is in exploration phase, therefore does not earn revenue from sales and therefore has no accounts receivables. At the reporting date, there were no significant credit risks in relation to trade receivables.

#### Cash and cash equivalents

The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

#### Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

	Note	Carrying Amount 2021 \$
<b>Current</b>		
Cash and cash equivalents	A7	380,602
Trade and other receivables	A8	4,156
		<u>384,758</u>

#### Impairment losses

	2021 \$
Neither past due nor impaired	-
Past due 1 – 30 days	-
Past due 31 – 90 days	-
Past due 91 + days	-
	<u>-</u>

# Notes to the Financial Statements (continued)



Based on historic default rates, the Company believes that no impairment allowance is necessary.

## **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows.

The decision on how the Company will raise future capital will depend on market conditions existing at that time.

## **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity 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 the return.

## **Currency risk**

The Company is not exposed to currency risk and at the reporting date the Company holds no financial assets or liabilities which are exposed to foreign currency risk.

## **Interest rate risk**

The Company is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Company does not use derivatives to mitigate these exposures. The Company adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short terms deposit at interest rates maturing over three-month rolling periods.

## **Profile**

At the reporting date the interest rate profile of the Company's and the Company's interest-bearing financial instruments was:

	Interest rate 2021	Carrying amount 2021 \$
<b>Variable rate instruments</b>		
Financial assets	-	384,758
Financial liabilities	-	(540,209)
	-	(155,451)

## **Fair value sensitivity analysis for fixed rate instruments**

The Company does not have, and therefore does not account for any financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

# Notes to the Financial Statements (continued)



## Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the end of the reporting period would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	<b>Variable rate instruments</b>
	<b>2021</b>
Profit or loss	\$
100bp increase	-
100bp decrease	-

## Capital and Reserves Management

The Company's objectives when managing capital and reserves are to safeguard the Company's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital and reserve structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debt. The Company's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities.

There were no changes in the Company's approach to capital management during the period. Risk management policies and procedures are established with regular monitoring and reporting.

The Company is not subject to externally imposed capital requirements.

## B2. Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	<b>Note</b>	<b>2021</b>	
		<b>Carrying amount</b>	<b>Fair value</b>
		\$	\$
Financial assets	B1	384,758	384,758
Financial liabilities	A9	(540,209)	(540,209)
		<b>(155,451)</b>	<b>(155,451)</b>

## B3. Impairment

The carrying amounts of the Company's assets other than deferred tax assets (see Note D2), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income unless the asset has been re-valued previously in which case the impairment loss is recognised as a reversal to the extent of the previous revaluation with any excess recognised through the statement of profit or loss and other comprehensive income.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

### Calculation of recoverable amount

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax

## Notes to the Financial Statements (continued)



discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

### *Reversals of impairment*

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## B4. Financial Instruments

### *Effective interest rates and repricing analysis*

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the reporting date and the periods in which they reprice.

	Effective interest rate %	Total \$	6 months or less \$	6-12 months \$	1-2 years \$	2-5 years \$	More than 5 years \$
<b>2021</b>							
Financial assets	-	384,758	384,758	-	-	-	-
Financial liabilities	-	(540,209)	(540,209)	-	-	-	-
		<b>(155,451)</b>	<b>(155,451)</b>	-	-	-	-

# Notes to the Financial Statements (continued)



## Section C – Key Management Personnel and Related Party Disclosures

C. This section includes information about key management personnel’s remunerations, related parties information and any transactions key management personnel or related parties may have had with the Company during the period.

### C1. Key Management Personnel Expenses

There are no key management personnel expenses for the period ended 30 June 2021.

### C2. Key Management Personnel Disclosures

#### *Individual Directors and executive compensation disclosures*

Information regarding individual Directors’ and executives’ compensation and some equity instruments disclosures are required by Corporation Regulation 2M.3.03.

Apart from the details disclosed in this Note, no Director has entered into a material contract with the Company during the financial period and there were no material contracts involving Directors’ interests existing at period-end.

#### *Directors’ transactions with the Company or its controlled entities*

There are no amounts payable to Directors and their Director related entities for unpaid Directors’ fees, statutory superannuation owed to each Director’s superannuation fund, and consulting fees at the reporting date.

### C3. Related Party Disclosures

During the period ended 30 June 2021, the Company’s directors and entities related to the Company’s Directors, lent the Company funds and made expenditure on the Company’s behalf.

Details of expenditure incurred, reimbursed and outstanding at 30 June 2021 are as follows:

Director	Amount payable by the Company at 2 September 2020	Expenditure paid on the Company’s behalf during the period to 30 June 2021	Cash lent to the Company during the period to 30 June 2021	Repayments made during the period to 30 June 2021	Amount payable by the Company at 30 June 2021	
					Amount payable	Converting Note
	\$	\$	\$	\$	\$	\$
Robert Duffin	-	53,795	150,359	-	4,154	200,000
Wayne Rossiter	-	22,500	-	(22,500)	-	-
Gary Jones	-	154	-	(154)	-	-

# Notes to the Financial Statements (continued)



## Section D – Other Disclosures

D. This section includes information that the Directors do not consider to be significant in understanding the financial performance and position of the Company but must be disclosed to comply with the Accounting Standards, the *Corporations Act 2001* (Cth) or the Corporations Regulations.

### D1. Administration Expenses

	Period ended 30 June 2021 \$
Accounting fees	(19,986)
Audit fees	(25,000)
Computer software & support costs	(5,460)
Consulting expenses	(33,217)
Legal expenses	(116,872)
Other costs	(1,081)
	<u>(201,616)</u>

### D2. Income Tax

Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets recorded at each reporting date are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### *Tax consolidation*

Current tax expense/ income, deferred tax liabilities and deferred tax assets arising from temporary differences are recognised in the financial statements of the Company.

The Company recognises deferred tax assets arising from unused tax losses to the extent that it is probable that future taxable profits of the Company will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the Company.

# Notes to the Financial Statements (continued)

## Numerical reconciliation between tax benefit and pre-tax net loss

	Period ended 30 June 2021
	\$
Net loss attributable to the members of the Company	<u>(828,711)</u>
Prima facie Income tax benefit at a tax rate of 26.0%	215,465
Permanent differences	
Options expense	(163,059)
Capital expenditure deductible	1,430
	<u>53,835</u>
Temporary differences	(8,792)
Decrease in income tax benefit due to:	
Income tax losses not recognised	<u>(45,043)</u>
Income tax benefit on pre-tax net loss	<u>-</u>
<i>Temporary differences</i>	
	2021
	\$
Deferred Tax Liability	22,462
Deferred Tax Asset	<u>(31,254)</u>
	<u>(8,792)</u>
<i>Unrecognised deferred tax assets</i>	
Revenue tax losses	<u>173,245</u>

The tax losses do not expire under current legislation though these losses are subject to testing under loss recoupment rules in order for them to be utilised. Deferred tax assets have not been recognised in respect of this item because, at this time, it is not probable that future taxable profit will be available against which the benefits can be offset.

At 30 June 2021, the Company had no franking credits available for use in subsequent reporting.

### D3. Earnings per Share

Basic earnings per share (EPS) is calculated by dividing the net profit or loss attributable to members of the Company for the financial period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue. Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after-tax effect of financial costs associated with dilutive ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary and dilutive potential ordinary shares adjusted for any bonus issue.

# Notes to the Financial Statements (continued)



The calculation of basic and diluted loss per share for the period ended 30 June 2021 was based on the net loss attributable to ordinary shareholders of \$828,711 and a weighted average number of ordinary shares outstanding during the period ended 30 June 2021 of 4,278,975 calculated as follows:

	<b>2021</b>
	<b>\$</b>
Net loss attributable to the members of the Company	<u><b>(828,711)</b></u>
<i>Weighted average number of ordinary shares</i>	
Undiluted Number of Shares	<b>Number</b>
Issued ordinary shares at beginning of the period	<b>3</b>
Effect of share split 1 January 2021	<b>4,023,177</b>
Effect of share split 19 March 2021	<u><b>255,795</b></u>
Weighted average number of ordinary shares used in calculating basic and diluted profit per share	<u><b>4,278,975</b></u>
	<b>Cents</b>
Loss per share – basic	<b>(19.37)</b>
Loss per share – diluted	<b>(19.37)</b>

6,000,000 potential shares were excluded from the calculation of diluted loss per share because they are antidilutive for the period ended 30 June 2021 as the Company is in a loss position.

#### D4. Auditor's Remuneration

	<b>2021</b>
	<b>\$</b>
Auditor of the Company - RSM Australia Partners	<u><b>25,000</b></u>

#### D5. Financing Income and Expenses

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Finance expenses comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

#### D6. GST

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. 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 included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### D7. New Accounting Standards

A number of new standards, amendments to, or interpretations of standards are effective for annual periods beginning 1 January 2020. These new standards and amendments have been applied in preparing these financial statements and none of them have had a significant effect on the financial statements of the Company. All of the effective dates in the tables below refer to the beginning of an annual accounting period.

## Notes to the Financial Statements (continued)

**Forthcoming requirements:** This table lists the recent changes to the Standards that are required to be applied for annual periods beginning after 1 January 2020 and annual periods beginning on 1 July 2020 and that are available for early adoption in annual periods beginning on 1 January 2020 and annual periods beginning on 1 July 2020 and annual periods beginning on 1 July 2020.

<b>Effective date</b>	<b>New standards or amendments</b>
1 June 2020	<i>COVID-19-Related Rent Concessions (Amendment to IFRS 16)</i>
1 January 2021	<i>Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)</i>
1 January 2022	<i>Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)</i>
	<i>Annual Improvements to IFRS Standards 2018-2020</i>
	<i>Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)</i>
	<i>Reference to the Conceptual Framework (Amendments to IFRS 3)</i>
1 January 2023	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)</i>
	<i>Classification of Liabilities as Current or Non-current (Amendments to IAS 1)</i>
1 January 2023	<i>IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts (Early application of IFRS 17 is permitted only for companies that also apply IFRS 9 Financial Instruments)</i>