



Perpetual
RESOURCES LIMITED

Perpetual Resources Limited

ABN 82 154 516 533

Half-Year Report - 31 December 2020

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Perpetual Resources Limited
Corporate directory
31 December 2020

Directors	Mr Julian Babarczy Mr Robert Benussi Mr Brett Grosvenor (appointed 10 September 2020) Mr George Karafotias
Company secretary	Mr George Karafotias
Registered office	Suite 801, Level 8, 84 Pitt Street Sydney, NSW 2000
Share register	Computershare Investor Services Pty Limited Yarra Falls 452 Johnson Street Abbotsford VIC 3067 Phone: 1300 309 739
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Solicitors	K&L Gates Level 25 South Tower 525 Collins Street Melbourne VIC 3000
Bankers	Commonwealth Banking Corporation Limited 499 St Kilda Road Melbourne VIC 3004
Stock exchange listing	Perpetual Resources Limited securities are listed on the Australian Securities Exchange (ASX code: PEC)

Perpetual Resources Limited
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31 December 2020

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Competent person statement

The information in this report that relates to the Exploration Results for the Beharra Project is based on information compiled and fairly represented by Mr Colin Ross Hastings, who is a Member of the Australian Institute of Mining & Metallurgy and consultant to Perpetual Resources Ltd. Mr Hastings is also a shareholder of Perpetual Resources Ltd. Mr Hastings has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he has undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hastings consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to the Exploration information for the Beharra Project is based on information compiled and fairly represented by Mr John Doepel, who is a Member of the Australian Institute of Mining and Metallurgy and consultant to Perpetual Resources Limited. Mr Doepel has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he has undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Doepel consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Exploration Targets and Mineral Resources is based on information compiled by Ms Elizabeth Haren and Dr Andrew Scogings. Ms Haren is Associate Principal Consultant at Snowden Group Mining Industry Consultants, a Competent Person who is a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Dr Scogings is Associate Executive Consultant at Snowden Group Mining Industry Consultants and a Member of the Australasian Institute of Mining and Metallurgy, a Member of the Australian Institute of Geoscientists and Registered Professional Geoscientist in the field of Industrial Minerals. Ms Haren and Dr Scogings have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves. Ms Haren and Dr Scogings consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Perpetual Resources Limited
Director's report
31 December 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Perpetual Resources Limited (referred to hereafter as the 'Company' or 'parent entity') and the entity it controlled at the end of, or during, the half-year ended 31 December 2020.

The information in this report should be read in conjunction with the most recent annual financial report, being the report for the year ended 30 June 2020.

Directors

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

- Mr Julian Babarczy (Executive Chairman)
- Mr Robert Benussi (Executive Director)
- Mr Brett Grosvenor (Non-executive Director) (appointed 10 September 2020)
- Mr George Karafotias (Non-executive Director & Company Secretary)

Principal activities

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

- Beharra Silica Sands Project in Western Australia,
- Sargon Construction Sands Project in Western Australia, and
- Eneabba Project in Western Australia.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$222,361 (31 December 2019: loss \$200,100).

Financial position

The net assets of the consolidated entity increased during the half-year period by \$2,348,146 to \$7,411,315 (30 June 2020: \$5,063,169).

The consolidated entity's working capital, being current assets less current liabilities was \$2,136,245 at 31 December 2020 (30 June 2020: \$1,011,148).

Beharra Silica Sands Project

During the half-year period, the Company continued its exploration & development activities at the Beharra Silica Sands Project (Beharra). The Company initiated a Prefeasibility Study on the project and is nearing completion. The Company has also signed a Memorandum of Understanding for 250,000 metric tonnes per annum high grade silica sand offtake with Shandong Yaoguo Solar Science & Technology Co. Ltd.

Significant changes in the state of affairs

During the half-year period the Company raised \$1,975,000 before cost by issuing 49,375,000 fully paid ordinary shares.

The company has appointed Mr Brett Grosvenor as a non-executive director on 10 September 2020. At the Company's AGM on 30 November 2020, shareholders approved 5 classes of Director's Performance Shares to Mr Grosvenor valued at \$105,600 which has been capitalised during the half year period to 31 December 2020.

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

Matters subsequent to the end of the financial half-year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while the financial impact to the Company has been minimal up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually evolving and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 18 January 2021, 2,500,000 options with strike price of 2 cents were exercised.

Perpetual Resources Limited
Director's report
31 December 2020

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

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

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



Robert Benussi
Managing Director

3 February 2021

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

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2020 there have been:

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

William Buck

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

A. A. Finnis

A. A. Finnis
Director

Melbourne, 3 February 2021

ACCOUNTANTS & ADVISORS

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Perpetual Resources Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

	Note	31 December 2020 \$	31 December 2019 \$
Revenue			
Fair value gains/(losses) on financial assets		119,681	(35,057)
Sundry income		-	10,000
Expenses			
Administrative and corporate expenses		(342,042)	(157,416)
Impairment of exploration and evaluation assets		-	(17,627)
Loss before income tax expense		(222,361)	(200,100)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Perpetual Resources Limited		(222,361)	(200,100)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Perpetual Resources Limited		(222,361)	(200,100)
		Cents	Cents
Basic loss per share	10	(0.05)	(0.08)
Diluted loss per share	10	(0.05)	(0.08)

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

Perpetual Resources Limited
Statement of financial position
As at 31 December 2020

	Note	Consolidated	
		31 December	30 June
		2020	2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		2,034,699	1,089,089
Trade and other receivables		71,472	70,979
Financial assets at fair value through profit or loss		156,971	37,290
Total current assets		<u>2,263,142</u>	<u>1,197,358</u>
Non-current assets			
Exploration and evaluation	5	5,275,071	4,052,021
Total non-current assets		<u>5,275,071</u>	<u>4,052,021</u>
Total assets		<u>7,538,213</u>	<u>5,249,379</u>
Liabilities			
Current liabilities			
Trade and other payables		126,898	186,210
Total current liabilities		<u>126,898</u>	<u>186,210</u>
Total liabilities		<u>126,898</u>	<u>186,210</u>
Net assets		<u>7,411,315</u>	<u>5,063,169</u>
Equity			
Issued capital	6	12,844,557	11,055,345
Performance share reserves	7	2,751,968	2,041,273
Option reserve	7	90,599	20,000
Accumulated losses		(8,275,809)	(8,053,449)
Total equity		<u>7,411,315</u>	<u>5,063,169</u>

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

Perpetual Resources Limited
Statement of changes in equity
As at 31 December 2020

	Note	Issued capital \$	Performance shares reserve \$	Accumulated losses \$	Total equity \$
Consolidated					
Balance at 1 July 2019		9,572,399	246,727	(7,412,751)	2,406,375
Loss after income tax expense for the half-year		-	-	(200,100)	(200,100)
Other comprehensive income for the half-year, net of tax		-	-	-	-
Total comprehensive income for the half-year		-	-	(200,100)	(200,100)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs		207,460	-	-	207,460
Vesting of performance shares		-	769,455	-	769,455
Balance at 31 December 2019		9,779,859	1,016,182	(7,612,851)	3,183,190

	Note	Issued capital \$	Performance shares reserve \$	Option reserve \$	Accumulated losses \$	Total equity \$
Consolidated						
Balance at 1 July 2020		11,055,345	2,041,273	20,000	(8,053,449)	5,063,169
Loss after income tax expense for the half-year		-	-	-	(222,361)	(222,361)
Other comprehensive income for the half-year, net of tax		-	-	-	-	-
Total comprehensive income for the half-year		-	-	-	(222,361)	(222,361)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of promoter options	7	-	-	70,599	-	70,599
Vesting of performance shares	7	-	710,695	-	-	710,695
Contribution of equity, net of transaction costs	6	1,789,212	-	-	-	1,789,212
Balance at 31 December 2020		12,844,557	2,751,968	90,599	(8,275,809)	7,411,315

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

Perpetual Resources Limited
Statement of cash flows
For the half-year ended 31 December 2020

	Note	Consolidated	
		31 December 2020 \$	31 December 2019 \$
Cash flows from operating activities			
Other receipts		-	10,000
Payments to suppliers and employees (inclusive of GST)		<u>(360,663)</u>	<u>(210,697)</u>
Net cash used in operating activities		<u>(360,663)</u>	<u>(200,697)</u>
Cash flows from investing activities			
Payments for exploration and evaluation		<u>(482,939)</u>	<u>(114,056)</u>
Net cash used in investing activities		<u>(482,939)</u>	<u>(114,056)</u>
Cash flows from financing activities			
Proceeds from issue of shares	6	1,975,000	187,500
Share issue transaction costs	6	<u>(185,788)</u>	<u>-</u>
Net cash from financing activities		<u>1,789,212</u>	<u>187,500</u>
Net increase/(decrease) in cash and cash equivalents		945,610	(127,253)
Cash and cash equivalents at the beginning of the financial half-year		<u>1,089,089</u>	<u>494,255</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>2,034,699</u></u>	<u><u>367,002</u></u>

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

Note 1. General information

The financial statements cover Perpetual Resources Limited as a consolidated entity consisting of Perpetual Resources Limited and the entities it controlled at the end of, or during, the 6 months to 31 December 2020. The financial statements are presented in Australian dollars, which is Perpetual Resources Limited and its subsidiary's functional and presentation currency.

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

Suite 801, Level 8,
84 Pitt Street
Sydney, NSW 2000

The financial statements were authorised for issue, in accordance with a resolution of directors, on 3 February 2021.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the half-year reporting period ended 31 December 2020.

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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of exploration and development activities, staffing and geographic regions in which the consolidated entity operates. Other than as addressed

in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Recovery of deferred tax assets

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

Note 3. Critical accounting judgements, estimates and assumptions (CONT.)

Recovery of royalties

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

Exploration and evaluation costs

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

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

Financial assets at fair value through profit or loss

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The financial assets investment has been classified by the consolidated entity as level 1.

As at 31 December 2020, the consolidated entity holds 1,500,000 options in Clearvue Technologies Limited (ASX: CPV). These options have a strike price of 25 cents and expire on 21 June 2021.

The significant judgments made by the Group in recording these options as financial assets held at fair value through the profit or loss include the following, as used in the Black-Scholes option pricing model:

- A spot price of 32 cents as at 31 December 2020, as referable to the traded share price of Clearvue Technologies Limited;
- A volatility of 100%;
- A risk-free rate of 0.089%
- An expected exercise date coinciding with the maturity of the options and a marketability discount of 10%.

Performance Shares Reserve

The Company issued Performance Shares valued at \$2,300,000 to the Vendors of the Beherra Sands project in 2019 financial year. The Performance Shares were issued in 3 classes being Class A, B and C. The performance obligations for both Class A and B Performance Shares were achieved in 2019 financial year and the value of these shares were recorded against issued capital. The Directors have assessed the probability of the Class C Performance Shares performance criteria being achieved as 100%. The value of Vendor Performance Shares capitalised during the half-year period to 31 December 2020 is \$522,727.

At the Company's AGM on 30 November 2020, shareholders approved 5 classes of Director's Performance Shares valued at \$105,600 which has been capitalised during the half period to 31 December 2020. It also approved 6 classes of Management's Performance Shares valued at \$82,368 which \$41,184 has been capitalised and \$41,184 has been expensed during the half period to 31 December 2020.

Option issued

The Company issued 5,000,000 options with a strike price of 4.5 cents expiring 22 October 2024 to agents as incentive for capital raising work.

Note 3. Critical accounting judgements, estimates and assumptions (CONT.)

The significant judgments made by the consolidated entity in recording these options as used in the Black-Scholes option pricing model:

- A spot price of 4 cents as at 22 October 2020, as referable to the traded share price of the Company;
- A volatility of 50%;
- A risk-free rate of 0.5%
- An expected exercise date coinciding with the maturity of the options;
- Fair value of the options issued is \$70,599.

Note 4. Operating segments

Identification of reportable operating segments

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

Note 5. Non-current assets – exploration and evaluation

	Beharra High Purity Silica Project (Western Australia)	Sargon Construction Sand Project (Western Australia)	Eneabba Project (Western Australia)	Total
Consolidated	\$	\$	\$	\$
Balance at 30 June 2020	4,011,201	15,084	25,736	4,052,021
Vesting of performance shares	669,511	-	-	669,511
Expenditure during the half-year	553,539	-	-	553,539
Balance at 31 December 2020	<u>5,234,251</u>	<u>15,084</u>	<u>25,736</u>	<u>5,275,071</u>

Note 6. Equity - issued capital

	Consolidated			
	31 December 2020	30 June 2020	31 December 2020	30 June 2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	448,028,403	398,653,403	12,844,557	11,055,345

Details	Date	Shares	Issue price	\$
Balance	01-July-2020	398,653,403		11,055,345
Capital raising	19-October-2020	46,250,000	\$0.040	1,850,000
Director's placement	30-November-2020	3,125,000	\$0.040	125,000
Capital raising cost		-	\$0.000	(185,788)
		<u>448,028,403</u>		<u>12,844,557</u>

Note 6. Equity - issued capital (CONT.)

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 7. Equity – options and performance shares reserve

Promoter's options

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Option reserve	<u>90,599</u>	<u>20,000</u>

The Company issued 5,000,000 options with a strike price of 4.5 cents expiring 22 October 2024 to agents as incentive of capital raising work.

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Performance shares reserve	<u>2,751,968</u>	<u>2,041,273</u>

Performance share reserve

The Company issued Performance Shares valued at \$2,300,000 to the Vendors of the Beherra Sands project in 2019 financial year. The Performance Shares were issued in 3 classes being Class A, B and C. The performance obligations for both Class A and B Performance Shares were achieved in 2019 financial year and the value of these shares were recorded against issued capital. The Directors have assessed the probability of the Class C Performance Shares performance criteria being achieved as 100%. The value of Vendor Performance Shares capitalised during the half-year period to 31 December 2020 is \$522,727.

At the Company's AGM on 30 November 2020, shareholders approved 5 classes of Director's Performance Shares valued at \$105,600 which has been capitalised during the half period to 31 December 2020. It also approved 6 classes of Management's Performance Shares valued at \$82,368 which \$41,184 has been capitalised and \$41,184 has been expensed during the half period to 31 December 2020. Both Performance shares will expire unless vested 24 months from shareholder approval. Details of the performance milestones are listed below:

Director's performance shares

- Class A - 880,000 will vest and convert on the completion of a trial shipment;
- Class B - 880,000 will vest and convert on the Board successfully completing a formal study on the Beharra Project at either a Scoping Study or Pre-Feasibility Study level or higher (the "Study"). The Study must have an assessed internal rate of return (IRR) of at least 12% for the Class B Shares to vest;
- Class C - 880,000 will vest and convert on the Company receiving a Mining License approval on any project within the Company's current or future portfolio;
- Class D - 880,000 will vest and convert on the delivery of a successful BFS or the commencement of Site works; and
- Class E - 880,000 will vest and convert on first trial shipment of beneficiated High Purity Silica sand to an offtake partner.

Note 7. Equity – options and performance shares reserve (CONT.)

Management performance shares

- Class A - 440,000 will vest and convert on the Company signing a memorandum of understanding or letter of intention for 250ktpa of silica sand;
- Class B- 440,000 will vest and convert on the Company signing a second memorandum of understanding or letter of intention for 250ktpa of silica sand;
- Class C - 880,000 will vest and convert on the Company completing a trial shipment of at least 50,000 m/tonnes at a breakeven price or better;
- Class D- 880,000 will vest and convert on the Board successfully completing a formal study on the Beharra Project at either a Scoping Study or Pre-Feasibility Study level or higher (the "Study"). The Study must have an assessed internal rate of return (IRR) of at least 12% for the Class B Shares to vest;
- Class E - 880,000 will vest and convert on the Company receiving a Mining License approval on any project within the Company's current or future portfolio; and
- Class F - 880,000 will vest and convert on first trial shipment of beneficiated High Purity Silica sand to an offtake partner.

Note 8. Fair value measurement

The carrying value of assets and liabilities held by the consolidated entity approximates their fair value.

Note 9. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while the financial impact to the Company has been minimal up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually evolving and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 10. Loss per share

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Loss after income tax attributable to the owners of Perpetual Resources Limited	<u>(222,361)</u>	<u>(200,100)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>417,632,228</u>	<u>251,249,233</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>417,632,228</u>	<u>251,249,233</u>
	Cents	Cents
Basic loss per share	(0.05)	(0.08)
Diluted loss per share	(0.05)	(0.08)

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The 7,500,000 unlisted options on issue are non-dilutive as the consolidated entity has generated a loss for the year.

Perpetual Resources Limited
Director's declaration
31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Robert Benussi
Managing Director

3 February 2021

Perpetual Resources Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Perpetual Resources Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

Responsibility of Management for the Half-Year Financial Report

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

ACCOUNTANTS & ADVISORS

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Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

William Buck

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136

A. A. Finnis

A. A. Finnis

Director

Melbourne, 3 February 2021