

Province Resources Limited

(Formerly known as ScandiVanadium Ltd)

ABN 83 061 375 442

Half-Year Financial Report - 31 December 2020

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Province Resources Limited
(Formerly known as ScandiVanadium Ltd)
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31 December 2020



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Directors	Pat Burke Non-Executive Chairman
	David Frances Managing Director
	Tom Langley Non-Executive Director
Company secretary	Ian Hobson
Registered office	Suite 8, 100 Hay Street Subiaco, Western Australia 6008 T: +61 (0)8 9388 8290
Share register	Automic Pty Ltd Level 5, 126 Phillip Street Sydney NSW 2000 T: +61 (0)2 9698 5414
Auditor	William Buck Audit (WA) Pty Ltd Level 3, 15 Labouchere Road South Perth Western Australia 6151
Securities Exchange Listing	Province Resources Limited shares are listed on the Australian Securities Exchange (ASX code: PRL)
Website	www.provinceresources.com

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

Directors

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

Pat Burke	Non-Executive Chairman - Appointed 17 February 2021 (previously Non-Executive Director - Appointed 9 November 2020)
David Frances	Managing Director - Appointed 17 February 2021 (previously Executive Chairman - Appointed 3 August 2020)
Tom Langley	Non-Executive Director - Appointed 3 August 2020
David Minchin	Executive Director - Appointed 13 November 2018 - Resigned 9 November 2020
Brandon Munro	Non-Executive Director - Appointed 3 August 2020 - Resigned 6 November 2020 (previously Chairman - Appointed 13 November 2018)
Simon Robertson	Non-Executive Director - Appointed 19 November 2015 - Resigned 23 July 2020

Company Secretary

Ian Hobson	Appointed 23 July 2020
Simon Robertson	Resigned 23 July 2020

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- mineral exploration

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$708,317 (31 December 2019: \$1,158,965).

Additional information on the operations and financial position of the Company and its business strategies and prospects is set out in this directors' report and the interim financial statements.

During the period

- Undertook HEM survey work at the Pascale Gold Project;
- Undertook drill target identification at the Paterson South tenement applications;
- Assessed historical data at the Gnama Nickel Project;
- Appointed Patrick Burke as Non-Executive Director;
- Saw the retirement of Brandon Munro and David Minchin as Directors;
- Completed the acquisition of the Pascale Gold and Gnama Nickel Project;
- Undertook a Placement and Entitlement Offer to raise \$2.1million; and
- Reviewed multiple potential new projects.

On 16 February 2021, the Company announced the proposed acquisition of Ozexco Pty Ltd which holds seven exploration licence applications in the Gascoyne Region of Western Australia that are considered to be prospective for salt, potash and mineral sands (**Gascoyne Project**), together with potentially being suitable for developing a renewable green hydrogen project (**HyEnergy Project**). A further Placement to raise \$1.35m was undertaken in February 2021.

Pascale Gold Project (Province Resources 100%)

The Pascale Gold Project is located in the heart of the Paterson Province within 20km of Newcrest Mining's (ASX: NCM), 32Moz Telfer Mine. Renewed exploration of the Paterson Province in recent years has resulted in significant discoveries, including Greatland Gold's (AIM: GGP) Havieron Discovery (with results including 275m @ 4.8g/t Au and 0.6% Cu) and Rio Tinto's (ASX: RIO) Winu Discovery (with results including 681m @ 0.49% Cu and 0.33g/t Au).

The Pascalle tenement is situated roughly equidistant between Telfer and Havieron. The tenement remains under-explored as bedrock sits beneath 20-50m of cover limiting the application of traditional exploration methods. The project area has a number of key geological similarities with other major discoveries in the region including a heat source (O'Callaghan's Granite) to generate circulation of metal rich fluids, hydrothermal pathways along basement faults, and both structural and stratigraphic traps to concentrate mineral deposition.

Preliminary processing of initial HEM survey results shows no evidence of massive sulphide, meaning that if sulphides are present there is not enough connectivity between the grains to create a conductive body. The survey has recorded 14 subtle anomalies that could be related to bedrock conductors but could also be explained by local near surface conductivity variations.

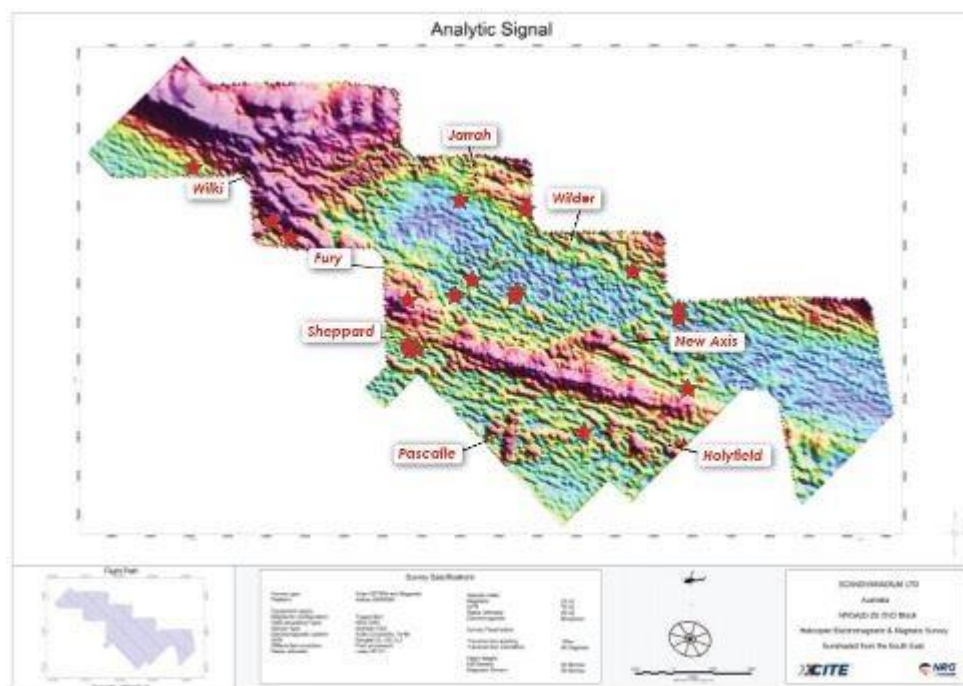
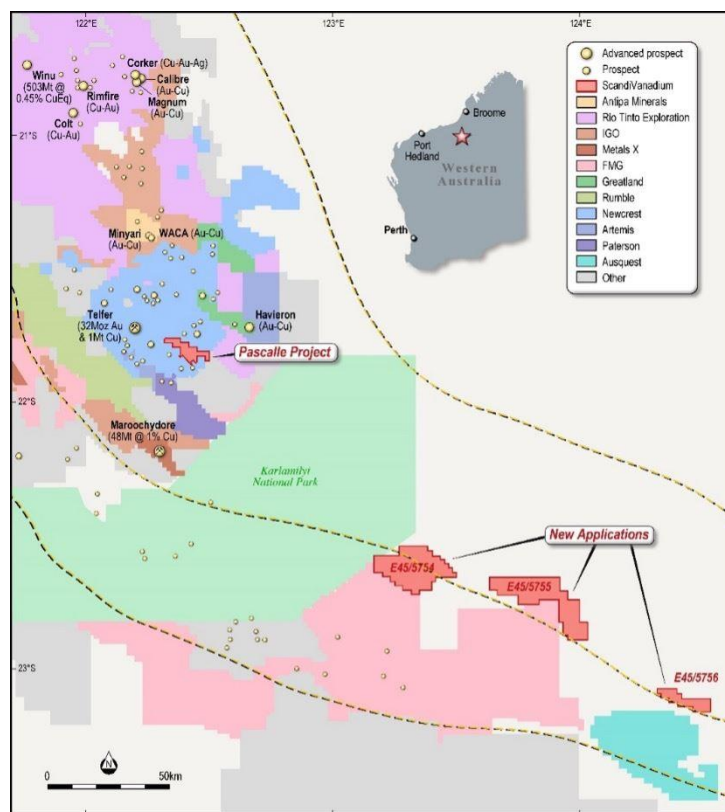


Figure 1: Preliminary data from NRG Xcite HEM/AMAG Survey at Pascalle with magnetic anomalies (named) and 3rd order EM anomalies (red stars).

Paterson South Project (Province Resources 100%)

The Paterson South Project comprises three tenement applications totalling 950km² approximately 120km south east of the Pascalle Project area. The new tenements applied for by Province Resources target exciting geophysical targets under 400-500m of cover thought to be prospective for Telfer, Winu and Havieron style mineralisation. These new applications are located in the underexplored southern portion of the Paterson Province, with the same host formations and structures common to the major mineral deposits in the region further to the north. Despite the known geological affinities, the area has seen very limited historic exploration. Neighbouring tenements are owned by FMG (ASX:FMG) and Ausquest (ASX:AQD), with FMG recently completing a large AEM survey over their adjacent tenements to the south.



Location of new tenement applications in the Paterson Province.

A review of all available historic geophysical data was completed on the 950km² of application ground in the Paterson Province of Western Australia. The company identified a number of regional and local datasets, including a detailed ground-based gravity survey undertaken by Haines Surveys at 300m line spacing. Multiple geophysical anomalies have been identified and remain untested, of note is the Tabletop 2 anomaly (Figure 3).

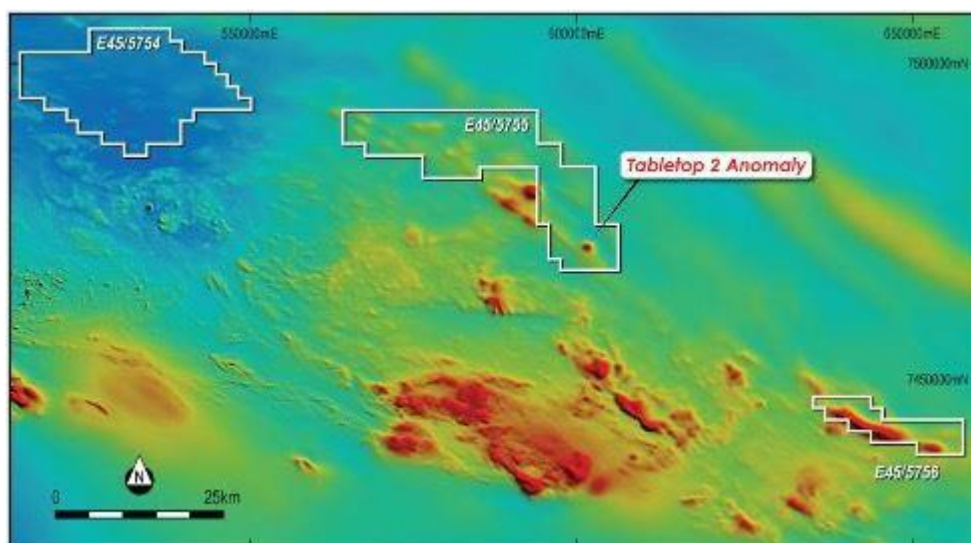


Figure 3: Paterson South Project - TMI magnetic image showing the Tabletop 2 bullseye anomaly.

The Tabletop 2 anomaly displays a notable magnetic bullseye with associated 0.1-0.15 milligal gravity anomaly (Figure 4). 3D interpretation of Haines gravity data indicates a high-density target measuring 800m x 500m and up to 300m thick. The target, situated at a depth of approximately 400m, is directly above a strong magnetic anomaly which is interpreted as representing an intrusive unit.

The relationship of the gravity anomaly located directly above a magnetic anomaly indicates the potential for dense sulphide or iron/hematite alteration deposited above a mineralised magnetic intrusive. Such systems typically develop as heat from magma produces a hydrothermal system that deposits gold and copper as the fluids interact with the host lithology. As such, Tabletop 2 is considered a priority for further investigation.

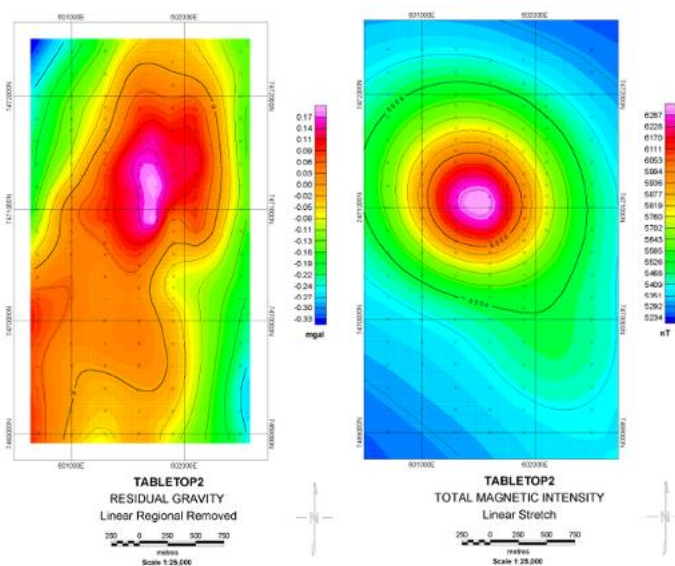


Figure 4: Gravity anomaly (left) coincident with magnetic bullseye anomaly (right) potentially showing mineralisation situated above an intrusive

The next steps at Paterson South would include performing Euler Deconvolution modelling for the existing AMAG data over the three tenement areas to highlight depth to basement as well as remodelling historic gravity / magnetic data at Tabletop 2 to better constrain depth to target. Once depth to target is constrained follow up geophysical work will be considered to assist drill targeting at depth.

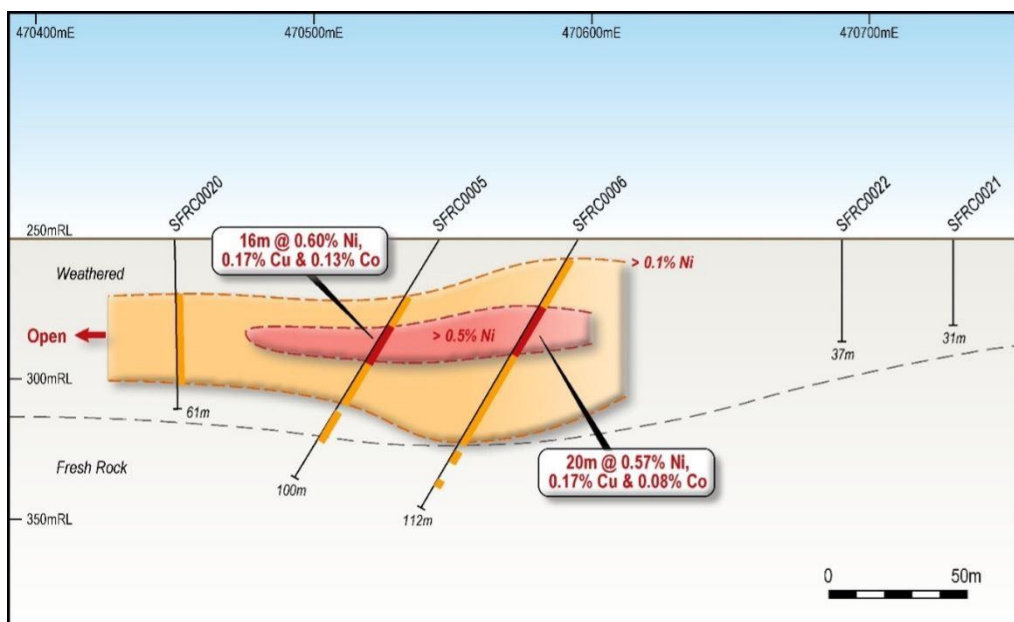
Gnama Nickel Project (Province Resources 100%)

The Gnama Nickel Project is located at the southern end of the Fraser Range, host to numerous recent nickel discoveries including Nova-Bollinger, acquired by IGO for \$1.8 billion in May 2015. Renewed interest has been fuelled by Legend Mining's Mawson discovery in January 2020 with recent drill intersections including 12.8m @ 2.8% Ni, 1.4% Cu and 0.14% Co from 235m. Both Nova Bollinger and Mawson were identified by an anomalous Ni+Cu signature at surface with Ni sulphide source at depth. Typically, discoveries have a significant barren zone between the oxide cap and sulphide source with primary mineralisation at Nova occurring up to 450m beneath the surface.

Gnama was identified by Sirius Exploration in 2010 when RC holes drilled to test a soil geochemical anomaly intersected a zone of Ni, Cu and Co enrichment in the oxide zone above mixed mafic and ultramafic rocks. Drill hole SFRC5 intersected 16m @ 0.6% Ni, 0.14% Cu and 0.13% Co from 36m and drill hole SFRC6 intersected 20m @ 0.57% Ni, 0.17% Cu and 0.08% Co from 28m. Sirius remarked that "Whilst the elevated levels of Ni and Co could be explained by lateritic enrichment, the presence of copper suggests that the underlying rocks may contain sulphide mineralisation." However, as part of tenement rationalisation Sirius had to relinquish this tenement area, in the following 12 months Sirius went on to discover Nova nickel copper deposit.

Five EM anomalies were identified in historic data, however none of the anomalies persist into the late time channels. Modelling of the conductors showed low conductivity and large lateral extent associated with each anomaly, parameters typically associated with shallow sedimentary conductors.

Using modern surveying techniques, Province Resources intend to expand the depth of investigation beyond what was achieved in the 2005 survey to depths of approximately 550m. This can be achieved by increasing the size of the transmitter loop from 200m to 400m and using a Jessy SQUID receiver in the slingram configuration.



Gnama Nickel Project Ni / Cu RC drill intersections

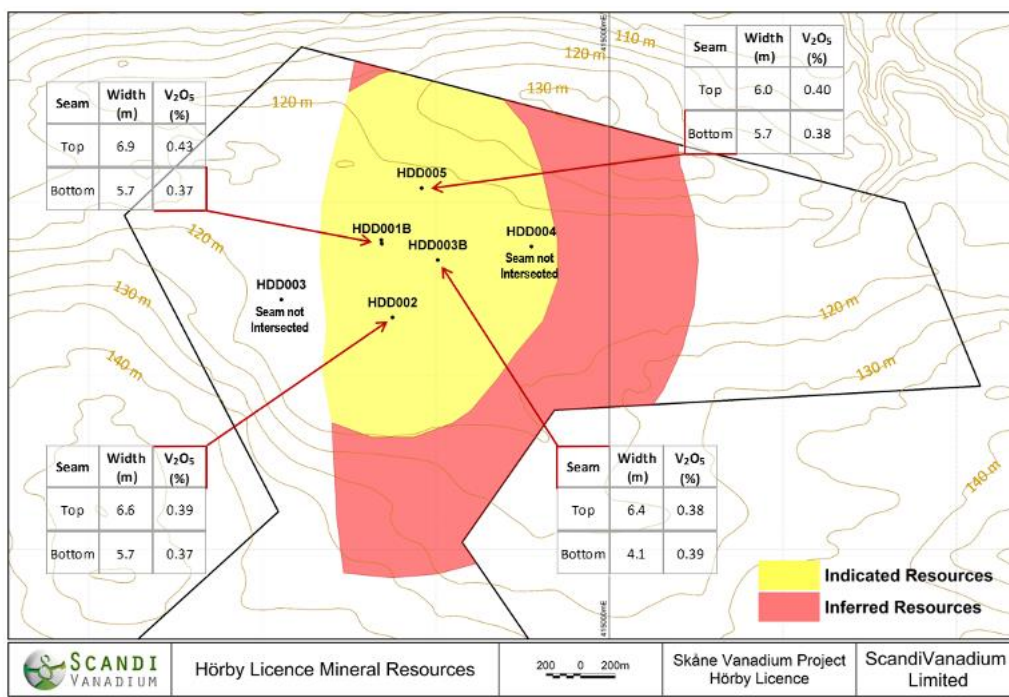
Skåne Vanadium Project (Province Resources 100%)

During the quarter Province Resources continued its work under the Swedish Vinnova grant towards establishing an effective recovery method of Vanadium from the Dictyonema formation.

As the demand for renewable energy grows, vanadium redox flow batteries (VRFBs) will create a reliable and safe solution for the storage and redeployment of renewable energy. Through continued dialogue with land owners and The Mining Inspectorate of Sweden, the Company is hopeful to undertake the planned work program with the aim to delineate a significant vanadium resource at the Skane Project. Alternatively, the Company may seek to spin out or secure a joint venture over this project.

The work program includes 10 holes in an area where historic drilling reported grades at Fågeltafta-2 (9.7m @ 0.61% V₂O₅) and Gislövshammar-2 (9.2m @ 0.67% V₂O₅) and from surface sampling at Flagabro Creek (~10m @ 0.61% V₂O₅).

Province Resources currently have estimated a maiden JORC Mineral Resource of 116.9Mt @ 0.39% V₂O₅ at the Hörby Target in the Skåne Vanadium Project. The high tonnage, near surface, resource estimated at Hörby reflects the widespread stratigraphic hosted vanadium mineralisation across the licences, giving confidence that further drilling could generate additional Mineral Resources over higher-grade targets in the 98% that remains unexplored.



Hörby Mineral Resource: 116.9Mt @ 0.39% V₂O₅ including Indicated Mineral Resource of 61.8Mt @ 0.39% V₂O₅ and Inferred Mineral Resource of 55.0Mt @ 0.39% V₂O₅

Capital Raise and Rights Issue

On 22 July 2020 the Company issued 4,444,444 shares to Directors at an issue price of \$0.009 raising \$40,000 subsequent to approval at the General Meeting.

On 25 November 2020, the Company announced a Placement and Entitlement Offer to raise \$2.1 million (before costs). A Placement to raise \$599,039 from the issue of 74,879,914 shares at \$0.008 was completed by Vert Capital on 30 November 2020. The Company completed a one for three pro-rata non-renounceable Entitlement Offer of new shares to raise up to \$1.5 million (before costs) at \$0.008 which was fully underwritten by Vert Capital. On 23 December 2020, 96,939,762 shares were issued raising \$775,518 (before costs) leaving a shortfall of 94,420,695 shares with a value of \$755,364 which was completed subsequent to 31 December 2020.

Significant changes in the state of affairs

Other than what is already disclosed, there were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

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.

Competent Person's Statement

The information in this report that relates to Exploration Results is extracted from the following announcements:

- "Pegging Additional Ground in the Paterson Province" announced 10 August 2020
- "Fraser Range - Gnama Nickel Copper Project Update" announced 8 September 2020
- "HEM Data Review and Initial Targets at Paterson South" announced 30 September 2020
- ScandiVanadium Prospectus announced 1 October 2018

The information in this document that relates to the estimation and reporting of the Mineral Resource is extracted from the report entitled "Maiden JORC Mineral Resource at Skåne" created on 18 December 2019.

**Province Resources Limited
(Formerly known as ScandiVanadium Ltd)
Directors' report
31 December 2020**

These announcements are available to view at www.provinceresources.com.

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



David Frances
Chairman

12 March 2021
Perth

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF PROVINCE RESOURCES LIMITED (FORMERLY KNOWN AS SCANDIVANADIUM LTD)

I declare that, to the best of my knowledge and belief during the half year ended 31 December 2021 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 (WA) Pty Ltd
ABN 67 125 012 124

Amar Nathwani

Amar Nathwani
Director
Dated this 12th day of March 2021

ACCOUNTANTS & ADVISORS

Level 3, 15 Labouchere Road
South Perth WA 6151

PO Box 748
South Perth WA 6951

Telephone: +61 8 6436 2888

williambuck.com

Province Resources Limited
(Formerly known as ScandiVanadium Ltd)
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020



	Note	31 December 2020 \$	31 December 2019 \$
Other income	4	59,815	-
Interest revenue		6,287	15,166
Expenses			
Administrative expenses	5	(264,378)	(239,043)
Employee benefits expense		(153,518)	(173,101)
Depreciation expense		(1,982)	(2,523)
Exploration and evaluation expenditure		(354,169)	(620,840)
Share based payments expense		-	(136,243)
Finance costs		(372)	(2,381)
Loss before income tax expense		(708,317)	(1,158,965)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Province Resources Limited	10	(708,317)	(1,158,965)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(4,865)	21,340
Other comprehensive income/(loss) for the half-year, net of tax		(4,865)	21,340
Total comprehensive loss for the half-year attributable to the owners of Province Resources Limited		(713,182)	(1,137,625)
		Cents	Cents
Basic earnings per share		(0.14)	(0.33)
Diluted earnings per share		(0.14)	(0.33)

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

Province Resources Limited
(Formerly known as ScandiVanadium Ltd)
Consolidated statement of financial position
As at 31 December 2020

	31 December 2020	30 June 2020
	Note	
		\$
Assets		
Current assets		
Cash and cash equivalents		3,401,966
Trade and other receivables		39,194
Total current assets		3,441,160
Non-current assets		
Other investments		-
Property, plant and equipment	6	17,501
Exploration and evaluation	7	3,068,362
Total non-current assets		3,085,863
Total assets		6,527,023
Liabilities		
Current liabilities		
Trade and other payables		70,425
Total current liabilities		70,425
Total liabilities		70,425
Net assets		6,456,598
Equity		
Issued capital	8	15,318,170
Reserves	9	1,567,335
Accumulated losses	10	(10,428,907)
Total equity		6,456,598

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

Province Resources Limited
(Formerly known as ScandiVanadium Ltd)
Consolidated statement of changes in equity
For the half-year ended 31 December 2020

	Issued capital \$	Share based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	11,890,537	1,307,969	(28,184)	(7,995,381)	5,174,941
Loss after income tax expense for the half-year	-	-	-	(1,158,965)	(1,158,965)
Other comprehensive income for the half-year, net of tax	-	-	21,340	-	21,340
Total comprehensive income/(loss) for the half- year	-	-	21,340	(1,158,965)	(1,137,625)
<i>Transactions with owners in their capacity as owners:</i>					
Option expense amortised	-	136,243	-	-	136,243
Balance at 31 December 2019	11,890,537	1,444,212	(6,844)	(9,154,346)	4,173,559

	Issued capital \$	Share based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	12,610,243	1,489,232	(27,277)	(9,720,590)	4,351,608
Loss after income tax expense for the half-year	-	-	-	(708,317)	(708,317)
Other comprehensive loss for the half-year, net of tax	-	-	(4,865)	-	(4,865)
Total comprehensive loss for the half-year	-	-	(4,865)	(708,317)	(713,182)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 8)	1,380,149	-	-	-	1,380,149
Share-based payments (note 15)	1,327,778	110,245	-	-	1,438,023
Balance at 31 December 2020	15,318,170	1,599,477	(32,142)	(10,428,907)	6,456,598

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

Province Resources Limited
(Formerly known as ScandiVanadium Ltd)
Consolidated statement of cash flows
For the half-year ended 31 December 2020

	31 December 2020	31 December 2019
Note	\$	\$
Cash flows from operating activities		
Interest received	6,287	20,443
Payments to suppliers and employees	(487,549)	(351,360)
Payments for exploration and evaluation	(377,330)	(927,795)
Proceeds from government grants	59,815	-
Net cash used in operating activities	(798,777)	(1,258,712)
Cash flows from investing activities		
Payments for property, plant and equipment	6	-
Payments for exploration and evaluation acquisition	7	(90,241)
Net cash used in investing activities	(90,241)	(25,228)
Cash flows from financing activities		
Proceeds from issue of shares	8	1,414,557
Share issue transaction costs		(34,408)
Net cash from financing activities	1,380,149	-
Net increase/(decrease) in cash and cash equivalents	491,131	(1,283,940)
Cash and cash equivalents at the beginning of the financial half-year	2,910,835	3,763,445
Cash and cash equivalents at the end of the financial half-year	3,401,966	2,479,505

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

Note 1. General information

The financial statements cover Province Resources Limited as a consolidated entity consisting of Province Resources Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Province Resources Limited's functional and presentation currency.

Province 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 8, 100 Hay Street
Subiaco, Western Australia 6008
T: +61 (0)8 9388 8290

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 March 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 or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There was no resulting impact on the financial report.

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

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.

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

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 supply chain, 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.

Share-based payment transactions

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

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Exploration and evaluation costs

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method.

Exploration and evaluation expenditure encompass expenditures incurred by the Company in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Exploration and evaluation expenditure includes expenditure in relation to drilling, metallurgy, technical oversight, environmental work, maintenance of tenure and the approval of work programmes on the Company's licences including landholder access costs, legal fees and community and public relations costs.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition and are recorded as an asset if:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
 - (a) 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
 - (b) exploration and evaluation activities in interest have not at the reporting date 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.

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

Exploration and evaluation expenditure incurred by the Company subsequent to the acquisition of the rights to explore is expensed as incurred, up until the technical feasibility and commercial viability of the project has been demonstrated with a bankable feasibility study.

Capitalised exploration costs are reviewed at each reporting date to establish whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Note 4. Other income

	31 December 2020	31 December 2019
	\$	\$
Subsidies and grants	59,815	-

Note 5. Administrative expenses

	31 December 2020	31 December 2019
	\$	\$
Corporate compliance costs	55,632	72,006
General legal fees	7,377	16,595
Audit fees	7,259	7,387
Investor relations	100,079	12,350
Accounting & corporate secretarial costs	63,774	59,175
Insurance	23,924	43,194
Administration costs	6,333	28,336
	264,378	239,043

Note 6. Property, plant and equipment

	31 December 2020	30 June 2020
	\$	\$
<i>Non-current assets</i>		
Plant and equipment - at cost	24,307	26,520
Less: Accumulated depreciation	(6,806)	(6,871)
	17,501	19,649

Note 6. Property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial half-year are set out below:

	Plant and equipment \$	Total \$
Balance at 1 July 2019	-	-
Additions	24,561	24,561
Exchange differences	237	237
Depreciation expense	(5,149)	(5,149)
Balance at 1 July 2020	19,649	19,649
Exchange differences	(166)	(166)
Depreciation expense	(1,982)	(1,982)
Balance at 31 December 2020	17,501	17,501

Note 7. Exploration and evaluation

	31 December 2020 \$	30 June 2020 \$
<i>Non-current assets</i>		
Exploration and evaluation	3,068,362	1,638,437

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial half-year are set out below:

	\$
Balance at 1 July 2019	1,639,079
Exchange differences	(642)
Balance at 1 July 2020	1,638,437
Additions	1,430,649
Exchange differences	(724)
Balance at 31 December 2020	3,068,362

Note 7. Exploration and evaluation (continued)

The Company completed the purchase 100% of Vanatech Pty Ltd ("Vanatech") on 23 July 2020 to acquire 4 tenements owned by Vanatech. Director Tom Langley is the founder and sole director and shareholder of Vanatech. The consideration for the acquisition was as follows:

- (a) \$50,000 in cash;
- (b) the issue of 55,555,555 fully paid ordinary shares in Province Resources Limited;
- (c) 50,000,000 performance shares, expiring 48 months after their issue date, each of which shall convert into one share subject to the Company delineating an Inferred Mineral Resource in accordance with the 2012 Edition of the JORC Code of either of the following at either of the Projects:
 - (i) 1 million ounces of gold equivalent at a minimum average grade of 1g/t gold equivalent; or
 - (ii) if nickel is the economically dominant mineral in the relevant resource, 7.5 million tonnes of ore at a minimum average grade of 2% nickel equivalent;
- (d) 7,000,000 options to acquire shares at an exercise price of \$0.04 per option, expiring on 13 November 2022; and
- (e) a 1% net smelter royalty in respect of any production from either of the Projects, half of which the Company may at its election buy-back for a cash payment of \$1,000,000 at any time until the point of first production.

\$

Details of the acquisition costs are as follows:

Cash consideration paid	50,000
55,555,555 shares	1,227,778
7,000,000 options with an exercise price of \$0.04 exercisable on or before 13 November	110,245
50,000,000 Performance Rights	-
Costs incurred	42,626
	1,430,649

Note 8. Issued capital

	31 December 2020 Shares	30 June 2020 Shares	31 December 2020 \$	30 June 2020 \$
Ordinary shares - fully paid	671,019,116	435,199,434	15,318,170	12,610,243

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	435,199,434		12,610,243
Issue of shares to advisors	22 July 2020	4,000,000	\$0.025	100,000
Acquisition of Vanatech	22 July 2020	55,555,555	\$0.022	1,227,778
Capital raising	22 July 2020	4,444,444	\$0.009	40,000
Conversion of performance rights	26 November 2020	7	\$0.000	-
Capital raising	30 November 2020	74,879,914	\$0.008	599,039
Capital raising	23 December 2020	96,939,762	\$0.008	775,518
Capital raising costs		-	\$0.000	(34,408)
Balance	31 December 2020	671,019,116		15,318,170

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting or by proxy, is entitled to one vote. Upon a poll every holder is entitled to one vote per share held.

Share buy-back

There is no current on-market share buy-back.

Note 9. Reserves

	31 December 2020 \$	30 June 2020 \$
Foreign currency reserve	(32,142)	(27,277)
Share-based payments reserve	1,599,477	1,489,232
	1,567,335	1,461,955

Foreign currency reserve

Functional and presentation currency:

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional currency.

Transaction and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income.

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated as exchange rates prevailing at the end of the reporting period;
- Income and expenditure are translated at average exchange rates for the period, when the average rate approximates the rate at the date of the transaction; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed of.

Share-based payments reserve

The Company may provide benefits to employees (including directors) and non-employees of the Group in the form of share-based payment transactions, whereby services are rendered in exchange for shares or rights over shares ('equity-settled transactions').

Rights over shares (options) using an option pricing model takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The fair value of the options granted is adjusted to, exclude the impact of any non-market and service vesting conditions. Non-market vesting and service conditions, if any, are included in assumptions about the number of options likely to be exercisable.

Shares issued in lieu of payment are measured at the fair value of goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the good or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve.

Note 9. Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial half-year are set out below:

	Foreign currency translation reserve \$	Share based payment reserve \$	Total \$
Balance at 1 July 2019	(28,184)	1,307,969	1,279,785
Foreign currency translation	907	-	907
Option expense	-	181,263	181,263
Balance at 1 July 2020	(27,277)	1,489,232	1,461,955
Foreign currency translation	(4,865)	-	(4,865)
Share based payments	-	110,245	110,245
Balance at 31 December 2020	(32,142)	1,599,477	1,567,335

Note 10. Accumulated losses

	31 December 2020 \$	30 June 2020 \$
Accumulated losses at the beginning of the financial half-year	(9,720,590)	(7,995,381)
Loss after income tax expense for the half-year	(708,317)	(1,725,209)
Accumulated losses at the end of the financial half-year	(10,428,907)	(9,720,590)

Note 11. Dividends

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

Note 12. Contingent liabilities

There are no significant contingent liabilities as at the date of signing of this report.

Note 13. Related party transactions

Transactions with related parties

The following transactions occurred with related parties:

	31 December 2020 \$	31 December 2019 \$
Transactions with director-related entities:		
SLR Consulting Pty Ltd (i)	3,042	35,064
Caprodite Transactions Execution Pty Ltd (ii)	-	12,350
Gascoyne Industrial Sands Pty Ltd (iii)	10,000	-

Note 13. Related party transactions (continued)

Payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	31 December 2020 \$	30 June 2020 \$
Current payables:		
SLR Consulting Pty Ltd (i)	-	13,603
Caprodite Transaction Executions Pty Ltd (ii)	-	10,025

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

- (i) SLR Consulting Pty Ltd is a company of which Simon Robertson is a director and beneficial shareholder. The payments were for corporate advisory and financial services on an arm's length basis.
- (ii) Caprodite Transaction Executions Pty Ltd is a company of which Brandon Munro is a director and beneficial shareholder. The payments were for marketing and investor relations services on an arm's length basis.
- (iii) Gascoyne Industrial Sands Pty Ltd is a company of which Tom Langley is a director and beneficial shareholder. The payments were for geological services on an arm's length basis.

Note 14. Events after the reporting period

On 21 January 2021, 94,420,695 ordinary shares were issued at \$0.008 raising \$755,366 before costs, being the shortfall of the Rights Issue. Following approval at the general meeting 30,000,000 unlisted options exercisable at \$0.016 expiring 21 January 2024 were issued to Vert Capital on completion of the Entitlement offer.

The Company announced that they have entered into a conditional agreement to acquire all of the shares in Ozexco Pty Ltd ("Ozexco") on 17 February 2021. Ozexco holds seven exploration licence applications in the Gascoyne Region of Western Australia that are considered to be prospective for salt, potash and mineral sands (Gascoyne Project), together with being suitable for developing a renewable green hydrogen project (HyEnergy Project).

Note 14. Events after the reporting period (continued)

The consideration payable for the proposed acquisition of Ozexco is:

- \$750,000, to be satisfied through the issue of 50,000,000 fully paid ordinary shares at a deemed issue price of \$0.015 each to the shareholders of Ozexco ("Vendors")
- an aggregate of 50,000,000 Performance Shares in three tranches to the Vendors, the conversion of which into ordinary shares is subject to and conditional upon the following events occurring (in broad terms), within the time limits set out below (each a Milestone):
 - (a) Class A Performance Shares - 16,666,666

Upon the Company announcing to ASX completion of a positive scoping study in relation to the Projects, to the reasonable satisfaction of the Independent Directors of the Company, as evidenced by a decision to proceed a prefeasibility study on the project, within 18 months of the date of issue of the Class A Performance Shares.

- (b) Class B Performance Shares - 16,666,667

Upon the Company announcing to ASX completion of a positive preliminary feasibility study in relation to the Projects (PFS) which demonstrates a net present value for the Projects of at least \$500 million or with an internal rate of return of at least 25% (in each case using a 10% discount rate), within 30 months of the date of issue of the Class B Performance Shares.

- (c) Class C Performance Shares - 16,666,667

Upon the Company announcing that is has:

1. secured an offtake partner for a minimum of 30% of production proposed under the PFS; or
2. outright sale of the Projects for a value of at least \$100 million,

within 42 months of the date of issue of the Class B Performance Shares; and

- The Company will also reimburse the Vendors for approximately \$80,000 of expenditure incurred on the Projects to date.

The Company has received firm commitments for a capital raising of \$1,350,000 (before costs) at a price of \$0.015 per share by way of placement to professional and sophisticated investors ("Capital Raising"). Vert Capital have been appointed Lead Manager to the Capital Raising and will be paid a fee of 6% of the amount raised.

Subject to shareholder approval, the Directors intend to subscribe, in aggregate, for \$250,000 worth of shares in the Capital Raising.

David Frances will assume the role of Managing Director, and will be paid \$250,000 p.a, with a three month notice period. Pat Burke will assume the role of Non-Executive Chairman.

Subject to shareholder approval the following performance rights will be issued to Directors:

	David Frances	Tom Langley	Total
Class A Performance Rights	5,000,000	2,500,000	7,500,000
Class B Performance Rights	5,000,000	2,500,000	7,500,000
Class C Performance Rights	5,000,000	2,500,000	7,500,000
	15,000,000	7,500,000	22,500,000

Note 14. Events after the reporting period (continued)

Patrick Burke will assume the role of Non-Executive Chairman subject to shareholder approval he will be issued with the following options, pursuant to the existing Company's Employee Incentive Scheme:

	Number	Exercise price	Expiry date	Vesting condition
Options A	3,375,000	\$0.04	13/11/2022	vest immediately on issue
Options B	3,750,000	\$0.04	13/11/2022	one year from date of issue subject to continuing service
	7,125,000			

On 22 February 2021, the Company completed the capital raising issuing 73,333,334 ordinary shares at an issue price of \$0.015 each raising \$1,100,000 (before costs).

On 23 February 2021, 12,120,000 unlisted options exercisable at \$0.04 and expiring 13 November 2022 were converted into ordinary shares raising \$484,800.

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 15. Share-based payments

Acquisition of Vanatech Pty Ltd

On 22 July 2020 the Company acquired Vanatech Pty Ltd following shareholder approval, from Director Tom Langley who was the founder and sole director. The following share based payments formed part of the acquisition cost:

Ordinary Shares

55,555,555 fully paid ordinary shares were issued at an issue price of \$0.022 per share. \$1,227,778 was recognised as a cost of the exploration and evaluation acquisition.

Performance shares

50,000,000 performance shares, expiring 48 months after their issue date, each of which will convert into one fully paid ordinary share subject to the Company delineating an Inferred Mineral Resource in accordance with the 2012 Edition of the JORC code of either of the following at either of the Projects:

- (a) 1 million ounces of gold equivalent at a minimum average grade of 1 g/t gold equivalent; or
- (b) if nickel is the economically dominant mineral in the relevant resource, 7.5 million tonnes of or at a minimum average grade of 2% nickel equivalent.

Accounting standards require directors to assess the probability of meeting the above conditions. These performance shares were valued at nil value as the Directors do not believe that the performance shares will convert into ordinary shares based on their assessment at the date of the transaction.

Options

7,000,000 options were issued at an exercise price of \$0.04 per option, expiring on 13 November 2022, the options vested on issue. \$110,245 was recognised as a cost of the exploration and evaluation acquisition.

Note 15. Share-based payments (continued)

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
22/07/2020	13/11/2022	\$0.022	\$0.040	162.23%	-	0.28%	\$0.016

Shares in lieu of payment

On 2nd July 2020, 4,000,000 ordinary shares were issued as consideration for marketing and investor services to be provided during the year in lieu of payment. The shares were valued at \$0.025 each being the current share price for a total value of \$100,000 which was expensed during the period.

**Province Resources Limited
(Formerly known as ScandiVanadium Ltd)
Directors' 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 company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



David Frances
Chairman

12 March 2021
Perth

Independent auditor's review report

To the shareholders of Province Resources Limited (Formerly known as ScandiVanadium Ltd)

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Province 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 group), 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, 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 Province 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 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.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 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*.

ACCOUNTANTS & ADVISORS

Level 3, 15 Labouchere Road
South Perth WA 6151

PO Box 748
South Perth WA 6951

Telephone: +61 8 6436 2888

williambuck.com

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 (WA) Pty Ltd
ABN 67 125 012 124

Amar Nathwani

Amar Nathwani
Director

Dated this 12th day of March, 2021

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