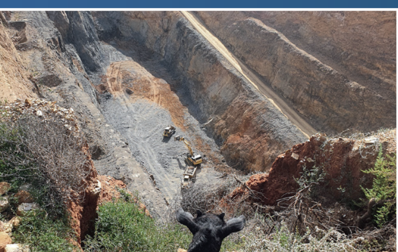
MANUKA RESOURCES

Manuka Resources Ltd ABN 80 611 963 225

ANNUAL REPORT 2021




CORPORATE DIRECTORY

Directors
Dennis Karp – Executive Chairman

Nick Lindsay – Non-Executive Director

Anthony McPaul – Non-Executive Director

Key Management
Haydn Lynch – Chief Operating Officer

Company Secretary
Toni Gilholme

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Stock Exchange Listing
Manuka Resources Limited shares (Code: MKR) are listed on the Australian Securities Exchange.

Contents

Executive Chairman's Report

A YEAR OF CHALLENGES EMBRACED

It is a little over 12 months since Manuka commenced trading on the ASX (14 July 2020). At the time we were the first resources company to IPO in 2020 and the first following the initial COVID-19 lockdown. The Board was very pleased with investors' response to the float with strong demand received for the Offer, significantly exceeding the maximum raise sought. The stock performed very well, quickly tripling in a strong environment, for silver in particular.

The economic impacts arising from the COVID pandemic were uncertain, but Manuka was at the time Australia's newest gold and silver producer, and the future for precious metals producers looked very optimistic. As barometers for a multitude of macro factors commodity prices are volatile and whilst the silver price largely sustained its strong rally which coincided with Manuka's IPO, the gold price softened over the year as investors' concern over the economic implications of COVID abated. Nonetheless, Manuka share price has consistently traded well above the $0.20 Offer Price over FY20/21 – a pleasing result.

We anticipated encountering some challenges as we recommenced mining at Mt Boppy and returned the Wonawinta plant to full production. The wet and unpredictable weather however, proved the most frustrating. As we restarted mining operations it became increasingly clear that the severe drought over 2017 to early 2020 throughout the Cobar Basin (and most of NSW) had well and truly ended. Extraordinarily high rainfall rendered our haul roads inaccessible, triggered water issues in the mine pit, and placed additional safety demands on us all. This had a very large impact on production as we lost 60 production days. It is a reflection of the strong workplace safety culture of the Manuka team that we had no safety issues.

One of our expectations at the Company's IPO was that the period of gold production from Mt Boppy would provide sufficient cash flow to pay down debt. This will still occur. The weather has certainly played a part in delaying this outcome. I am pleased to confirm, however, that it remains our expectation that Manuka will be debt free by the time it completes its current production campaign at Mt Boppy.

Following a substantial resource upgrade in February 2021, and mining and haulage efficiencies, the Company expects to produce in excess of 34,000oz of gold from Mt Boppy, compared with 22,000-24,000oz originally forecast. At that point in time, we expect to still retain a resource over 30,000 oz.

The Company is in very good shape. When we complete mining and processing the Mt Boppy ore, we will still have a substantial silver stockpile awaiting processing, a ~50 million oz silver resource and a built and tested, 100% Manuka-owned ~850ktpa mill.

The Board is firmly of the view that our mill at Wonawinta is highly strategic infrastructure. The world-class Cobar Basin, an area renowned for base metal prospectivity, is host to a multitude of resource companies, including explorers with aspirations to become producers. However, the lead time for permitting a new mill in NSW is several years and, if anything, timelines are getting longer. Centrally located on the western edge of the basin the Wonawinta mill can easily accommodate capacity expansion and the installation of a base metal circuit for our own, or third party, ore. In our estimation, the current replacement cost of the Company's infrastructure at Wonawinta is well in excess of A$150m.

It is however important to note that Manuka is not only a gold and silver producer. It is also a substantial tenement holder in the Cobar Basin in its own right. We hold circa 1,150km^2 of mining leases and exploration licenses, the vast majority of which is virgin ground, offering substantial potential for value creation via exploration in FY21/22 and beyond.

Manuka embarked on 4 broad exploration programs from August 2020 until April 2021:

a) The in-fill and grade control drill program at Mt Boppy combining into a resource upgrade (released on 1 February 2021)
b) A four staged deeper drill program targeting resource extensions below the existing Mt Boppy mine design (released on 24 August 2020, 25 September 2020, 4 December 2020 and 1 March 2021)
c) The in-fill drill program over the existing Wonawinta silver resource aimed at increasing resource confidence and providing a general resource upgrade (released 1 April 2021).
d) The successful testing of the Wonawinta Deeps concept for confirmation of broad sulphide mineralisation prospective for base metals (released 8 February 2021).

All 4 programs delivered very strong outcomes:

- In-fill programs supported resource upgrades at both Mt Boppy and Wonawinta;
- Resource extension program at Mt Boppy highlighted ongoing mineralisation needing further exploration below the pit-shell; and
- Wonawinta proof of concept program encountered lead zinc silver sulphide mineralisation over 3km strike – a small portion of its potential length.

Our planned follow-up exploration programs which were to be conducted at both projects have been delayed due to travel restrictions arising from the pandemic. Most notably, the two geophysics programs will now only occur when lockdown conditions ease in NSW, now likely in the near term. In the interim, drilling will continue at both sites (at Wonawinta from August, and a second rig at Mt Boppy from October).

I am extremely excited about the planned geological exploration work to be conducted over the coming 6 months. I expect the following names of targets on our Wonawinta tenements, specifically Wirlong, Smiths Tank, McKinnons (and McKinnons North), Guzzi and Goldwing to become far better known by investors this time next year. It is very much the same for our Mt Boppy tenements and in addition to Boppy South, West and East, I have high expectations for successful programs at one or more of the Birthday Prospects, Hardwicks, Native Dog and Native Cat targets.

On the production front, Manuka produced ~17,600 ounces of gold in FY21. This was below our target, with the aforementioned weather being the major hindrance. Our financial results reflect this fact. Looking ahead, with the dramatic increase in forecast recoverable ounces at Mt Boppy, the Board expects gold production to continue well into FY22. With expectations of drier weather heading into summer and a material increase in ore grades and recoveries, we expect a positive impact on monthly production and profits. As our recent announcements to the ASX have highlighted, the first few months of FY21/22 have already yielded dramatic and maintainable improvements in operational and financial metrics.

With the improvement in cash flows and profit seen in FY22 thus far, the Company is in sound financial shape. The Company's lender, TransAsia Private Capital, recently extended the maturity of our debt facility to September 30, 2022 on improved terms. The balance of this facility is USD$10.0m, payable in a single tranche at maturity, without penalty for early repayments. It is our current expectation that the bulk of this facility will be repaid by June 2022 via voluntary repayments leaving the Company largely debt free.

I expect a very positive tone to my Report this time next year, at which point the Company should have completed gold production at Mt Boppy; be mid-way through the processing of the existing Wonawinta silver stockpiles – making Manuka, the only primary silver producer on the ASX; and be in a strong financial position. I would also expect to be able to comment on our exploration activity across gold, silver and base metal targets.

In closing, I would like to thank the entire team at Manuka Resources. The past year has certainly not been without its challenges. However, when I consider the improvements in operating efficiencies, the outstanding safety record, the 'above and beyond' efforts of all staff to maintain production despite the adverse impacts of unusual weather, I am immensely proud of our team. I would like to specifically acknowledge the role played by our Operations Manager, David Power, and his team.

Thank you also to our two Non-Executive Directors Tony McPaul and Nick Lindsay, as well as to Haydn Lynch, our Chief Operating Officer. Finally, thank you to our shareholders for your support during the period which has laid the foundations for very promising years ahead.

Dennis Karp
Chairman
Manuka Resources Limited

Review of Operations

COMPANY PROFILE AND OPERATIONAL OVERVIEW

Manuka Resources Ltd ("Manuka" or "the Company") successfully commenced full mining operations at its Mt Boppy gold mine during the year and has been processing this ore through the Company's leach plant at Wonawinta. The Company has been able to employ a significant percentage of its workforce including contractors from the Central Western region of NSW as part of its concerted effort to benefit the local community as much as possible.

Activities (excluding mining) at Mt Boppy have focused on identifying additional resources in the pit and beneath the planned pit floor contemporaneously with a complete exploration review of targets and initial drill activity on the surrounding exploration licence. A third-party review of historical geophysical surveys (over 20 years) was undertaken to confirm future field activities.

The major focus (excluding processing) at the Wonawinta site has been an infill drill campaign to upgrade the silver oxide resource and to initially test for mineralisation in the primary sulphides. Activities centred on the Wonawinta mining lease during the year with significant planning of exploration activities on many of the Company's exploration licences for 2022. These are planned to extend the silver oxide resource adjacent to the mining lease as well as targeting gold and other minerals on more distal exploration licences.

The company has been undertaking various studies on restarting silver oxide operations at Wonawinta which are scheduled to commence once the current phase of Mt Boppy processing has ceased, which is expected at the end of 2021. Comprehensive metallurgical test work on both the existing ROM stockpiles and from the current silver resource is ongoing and being progressed through independent laboratories together with the assistance of external engineering firms and the Company's own metallurgical team. Mine planning activities are also well progressed and continuing, with operational cost models being constructed to guide mine schedule planning. These will continue for the remainder of the year. Current intentions are to commence processing of existing silver ROM stockpiles early in 2022.

ADMISSION AND COMMENCEMENT OF OFFICIAL QUOTATION ON THE ASX

On Friday 10 July 2020, the Company was admitted to the Official List of the Australian Securities Exchange ('ASX'). Official Quotation of the Company's shares commenced on 14 July 2020. The Company raised $7,000,000 pursuant to the offer under its prospectus dated 22 May 2020 by the issue of 35,000,000 shares at an issue price of $0.20 per share.

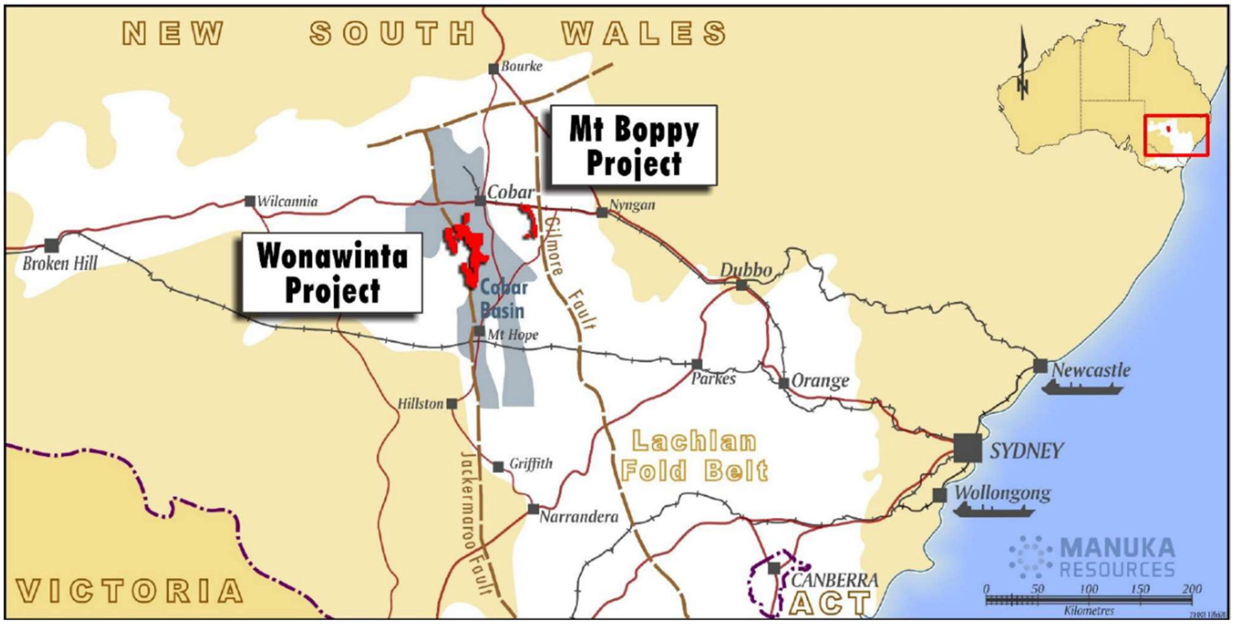
BACKGROUND

Manuka Resources Limited (**Manuka** or the **Company**) is a public company which was incorporated in Victoria, Australia on 20 April 2016. The Company's assets comprise:

(a) the Mt Boppy Gold Project; and

(b) the Wonawinta Silver Project.

The Company commenced production from Mt Boppy in the June quarter 2020 after a successful commissioning of its processing plant at Wonawinta.



(Figure 1 – Location of the Mt Boppy Gold Project and the Wonawinta Silver Project)

The Company's current sequence of activities is described below.

Mt Boppy and Canbelego Region

The Company continues mining and processing ore from the Mt Boppy Gold Project[1]. The Company expects that current open cut mining will cease during Q4 2021 with processing through the Wonawinta plant to continue till early 2022. Once current mining activities have concluded, further exploration of deeper targets in the pit and adjacent mining leases will resume which are aimed at adding to potential underground resources at Mt Boppy. The Company has conducted exploration field activities on EL5842 which surrounds the Mt Boppy mine during the past year and has planned drill targets for the next 12 months on various prospects.

Wonawinta and Western Cobar Basin

Mine planning and studies to restart silver processing at Wonawinta continues with an initial focus on existing stockpiles on the ROM. The Company is also currently progressing mine planning and additional metallurgical test work based on the updated silver resource to enable a maiden reserve statement to be brought out in the near future.

Exploration along the trend of known mineralisation continues and targets are continuing to be drilled to the south and north of the mining lease. Additional drilling of the primary sulphides (Wonawinta Deeps[2]) will also continue during the year

Field activities are planned on the Company's exploration licences predominately to the north of the Wonawinta mine, targeting both deeper Cobar style precious metals (gold, copper) prospects as well as further shallower carbonate hosted mineralisation.

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[1] Processing of Mt Boppy gold ore commenced in April 2020

[2] Initial ASX release on 9 February 2021

THE MT BOPPY GOLD PROJECT

Tenements

The Mt Boppy Gold Project (which comprises 3 granted mining leases, 4 gold leases, and one exploration licence (which together cover an area in excess of approximately 210 km^2)) is located approximately 46 km east of Cobar, on the eastern side of the highly prospective and metalliferous Cobar Basin. The Company owns (via its wholly owned subsidiary, Mt Boppy Resources P/L) 100% of the interests in the tenements detailed in the following table:

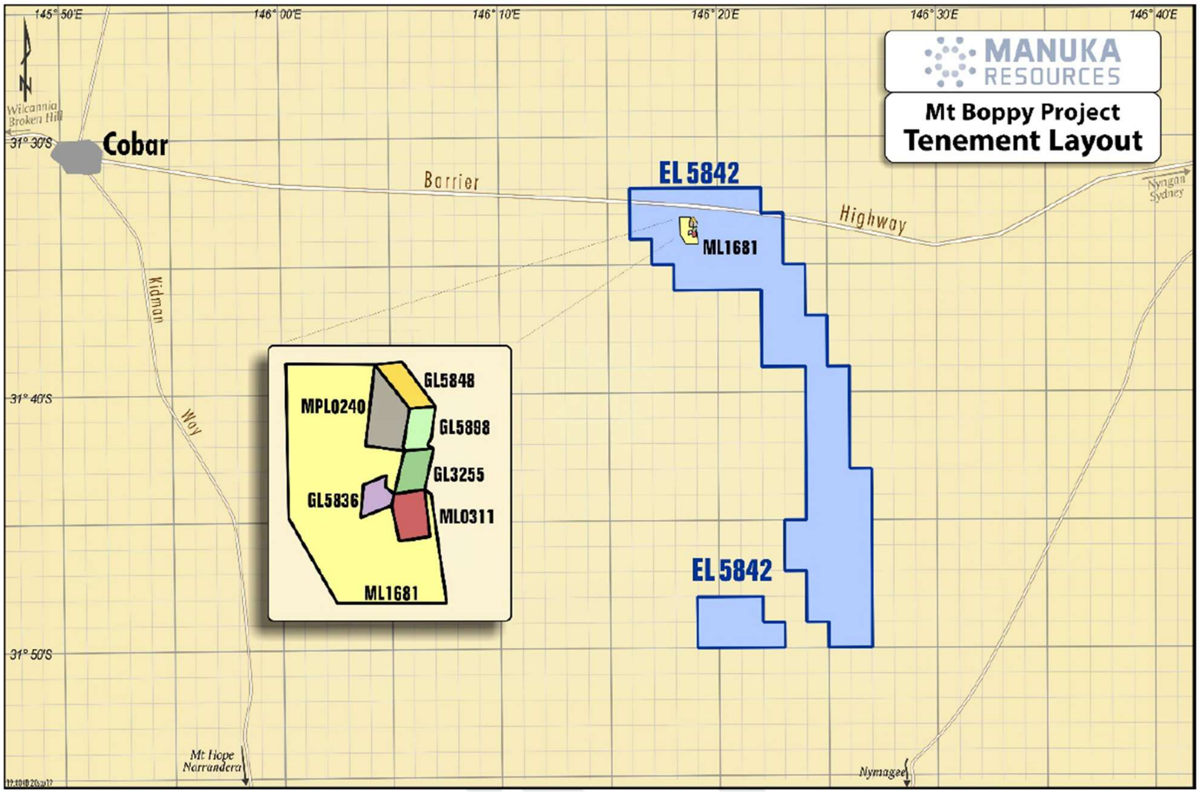
Tenement	Grant Date	Renewal Date	Expiry Date	Area (Ha)
GL3255	20-May-1926	08-Jul-2014	20-May-2033	8.30
GL5836	15-Jun-1965	08-Jul-2014	15-Jun-2033	6.05
GL5848	15-Feb-1968	08-Jul-2014	15-Jun-2033	8.62
GL5898	21-Jun-1972	08-Jul-2014	12-Dec-2033	7.50
ML311	08-Dec-1976	08-Jul-2014	12-Dec-2033	10.12
ML1681	12-Dec-2012	12-Dec-2012	12-Dec-2033	188.10
MPL240	17-Jan-1986	08-Jul-2014	12-Dec-2033	17.80
EL5842	19-Apr-2001	03-Jul-2017	in renewal	210 km^2

(Table 1 – Tenements Mt Boppy)

Regional Geology

Mount Boppy is hosted within Devonian-age sedimentary and volcanic rocks of the Canbelego-Mineral Hill Rift Zone. Mineralisation occurs largely in brecciated and silicified fine-grained sediments of the Baledmund Formation, within and adjacent to a faulted contact with older Girilambone Group sedimentary rocks. Lodes strike approximately north-south and dip steeply west, although the widest zone of mineralisation is related to slightly shallower dips. Gold mineralisation is fine-grained and commonly associated with coarse grained iron rich sphalerite. Section 7.2 of the Independent Technical Report discusses the local geology of the project area[3].

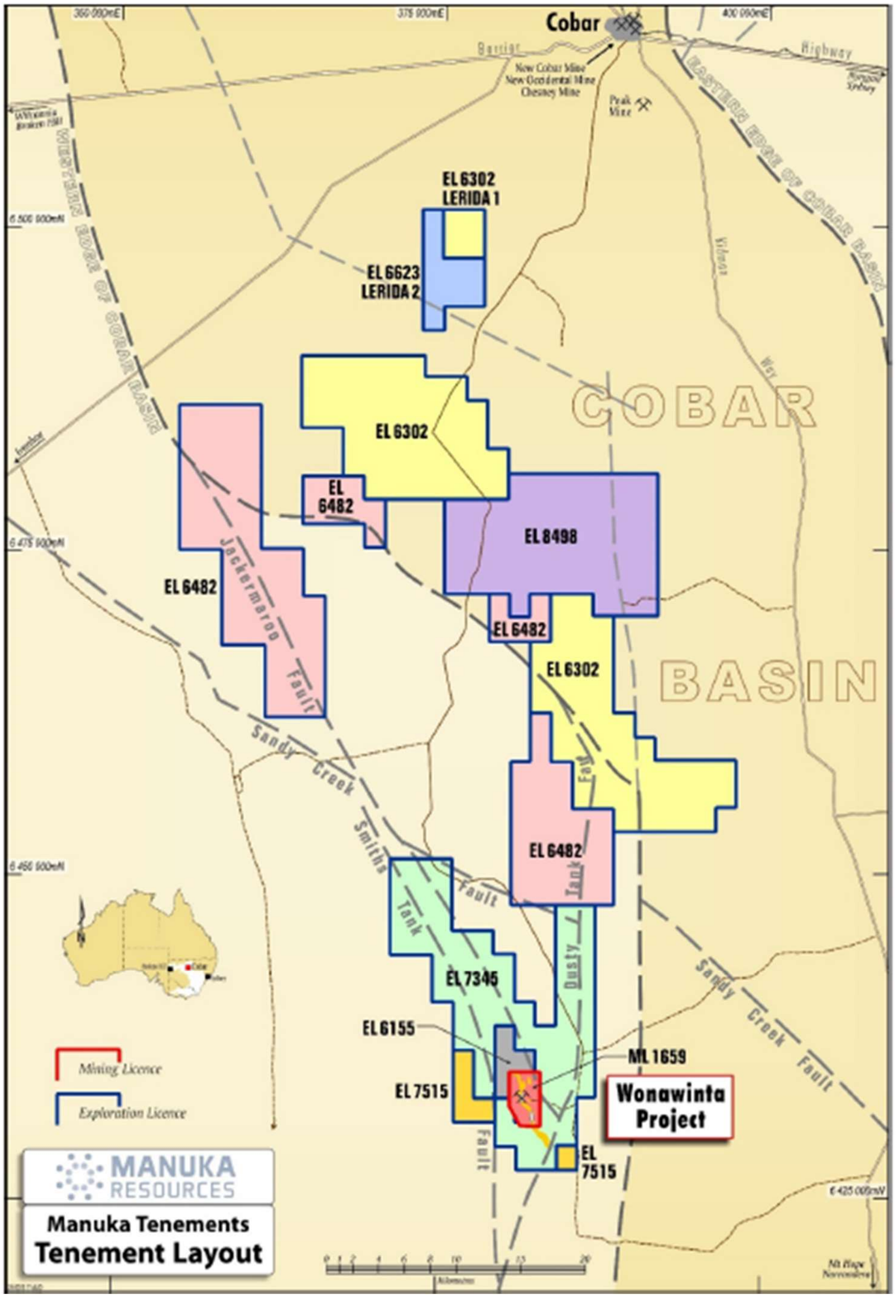
[3] See Prospectus dated 22 May 2020, released to the ASX platform on 10 July 2020



(Figure 2 - Tenements - Mt Boppy Gold Project)

THE WONAWINTA SILVER PROJECT

The Company holds title to the pastoral lease for the grazing property called "Manuka", upon part of which the Wonawinta Silver Project is located. The Manuka pastoral lease is connected to the low voltage rural power network and contains useful infrastructure namely a homestead and airstrip.



(Figure 3 - Tenements of Wonawinta Silver Project)

Tenements

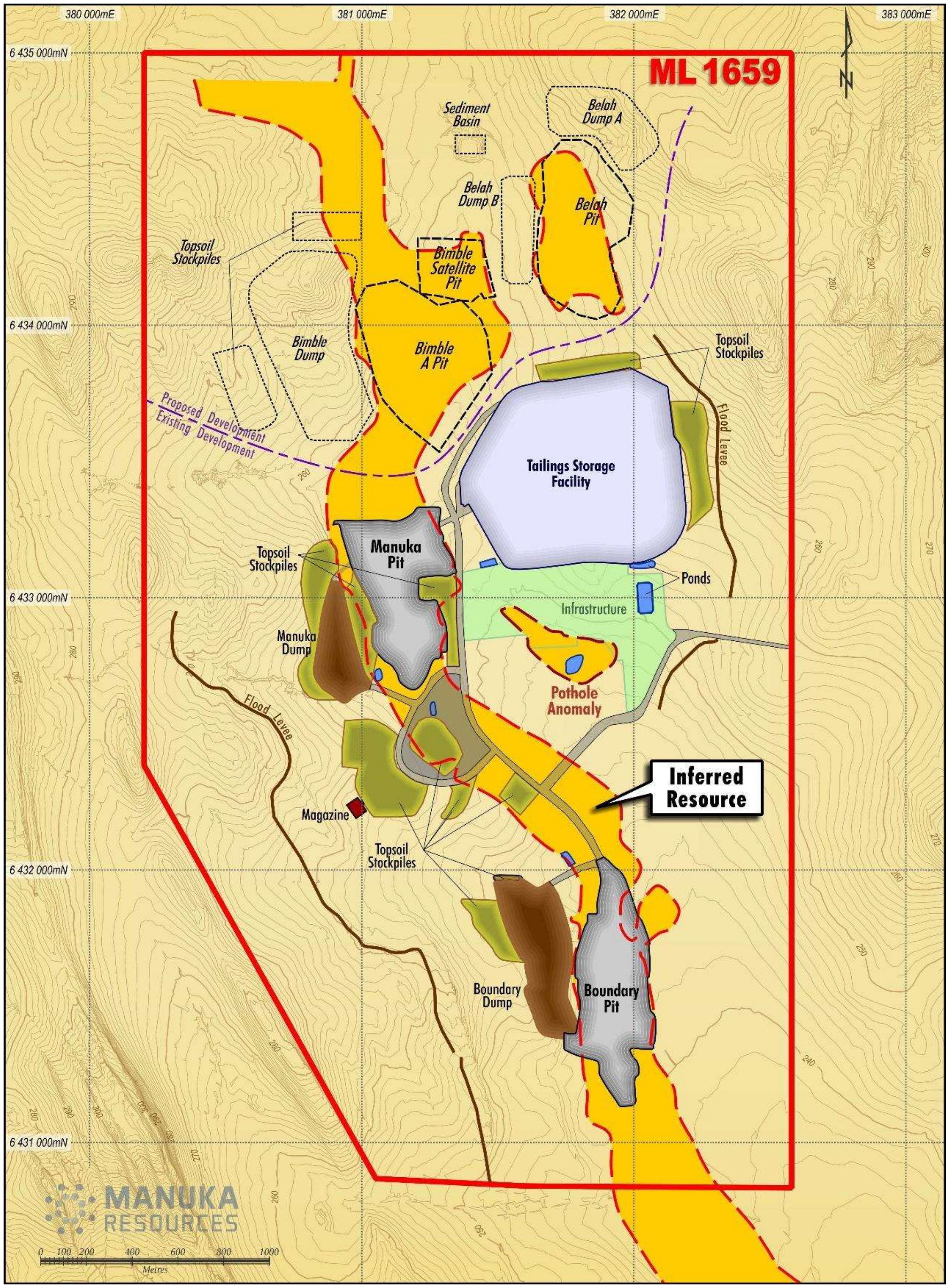
The Company directly owns 100% of the interests in the Tenements detailed in the following table:

Tenement	Grant Date	Renewal Date	Expiry Date	Area (km2)
ML1659	23-Nov-11	23-Nov-2011	23-Nov-32	9.24
EL6482	18-Nov-05	07-Mar-2017	11-Nov-21	268.21
EL7345	25-May-09	30-Mar-2017	25-May-22	169.18
EL6155	17-Nov-03	16-May-2017	17-Nov-21	10.54
EL6302	23-Sep-04	08-Feb-2017	23-Sep-21	280.02
EL7515	7-Apr-10	26-Jul-2017	7-Apr-22	14.53
EL6623	31-Aug-06	20-Jun-2019	31-Aug-23	26.24
EL8498	10-Jan-17	Pending	In renewal	139.93

(Table 2 – Tenements Wonawinta)

Regional Geology

The Cobar Basin is located in central-west New South Wales, approximately 700 km north-west of Sydney. It is a complex metallogenic system containing numerous mineral deposits. “Cobar-style” mineral deposits comprise a unique class of large and commonly high-grade base and precious metal deposits hosted by marine sediments. They typically have great vertical extent but only a small surface footprint.



(Figure 4 – Existing mine infrastructure and resource outline in ML 1659)

STRATEGY AND DEVELOPMENT PLANS

The Company's strategy is based on production from its resource base at Mt Boppy and ultimately Wonawinta whilst also focussing on expanding these existing resources and simultaneously pursuing greenfields and brownfields exploration on its tenement package in the Cobar basin.

- Mining and processing from Mt Boppy will continue until the current phase of open cut operations has ceased, expected end 2021. At that point the Company will continue to drill targets beneath the pit which drilling this year has shown contain further gold mineralisation. Additional targets adjacent the pit will also be drill tested in an effort to better define the total extent of the ore body at Mt Boppy. Once those activities have completed the Company will be able to evaluate alternative mining methods at the Mt Boppy mine.
- Regional exploration on the sole exploration tenement (EL5842) surrounding Mt Boppy will progress with drill rig mobilisation during 2H 2021 to the south of current operations to better define previously identified gold prospects
- After open pit operations at Boppy have ceased the Company will commission the Wonawinta plant for silver oxide ore feed and will begin processing the existing ROM stockpiles. Contemporaneously with the processing of stockpiles the Company will finalise mine planning and economic modelling on the silver oxide resource at Wonawinta which is expected to comprise additional mining from current pits and the opening up of new pits on the mining lease.
- The Company will conduct further drill programs of the primary sulphide mineralisation[4] (Wonawinta Deeps) on the Wonawinta mining lease to improve its knowledge of the carbonate hosted sulphides which have shown encouraging silver-lead-zinc grades thus far.

(Figure 5 - Wonawinta Deeps core from hole DBM003 showing carbonates hosting sulphides and high grade[5] Zn-Pb-Ag mineralisation as announced on ASX 8 February 2021)

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[4] Refer ASX release dated 1st June 2021

[5] 43.13% Zn, 12.76% Pb, 4270 g/t AG at 101.2 downhole depth et al

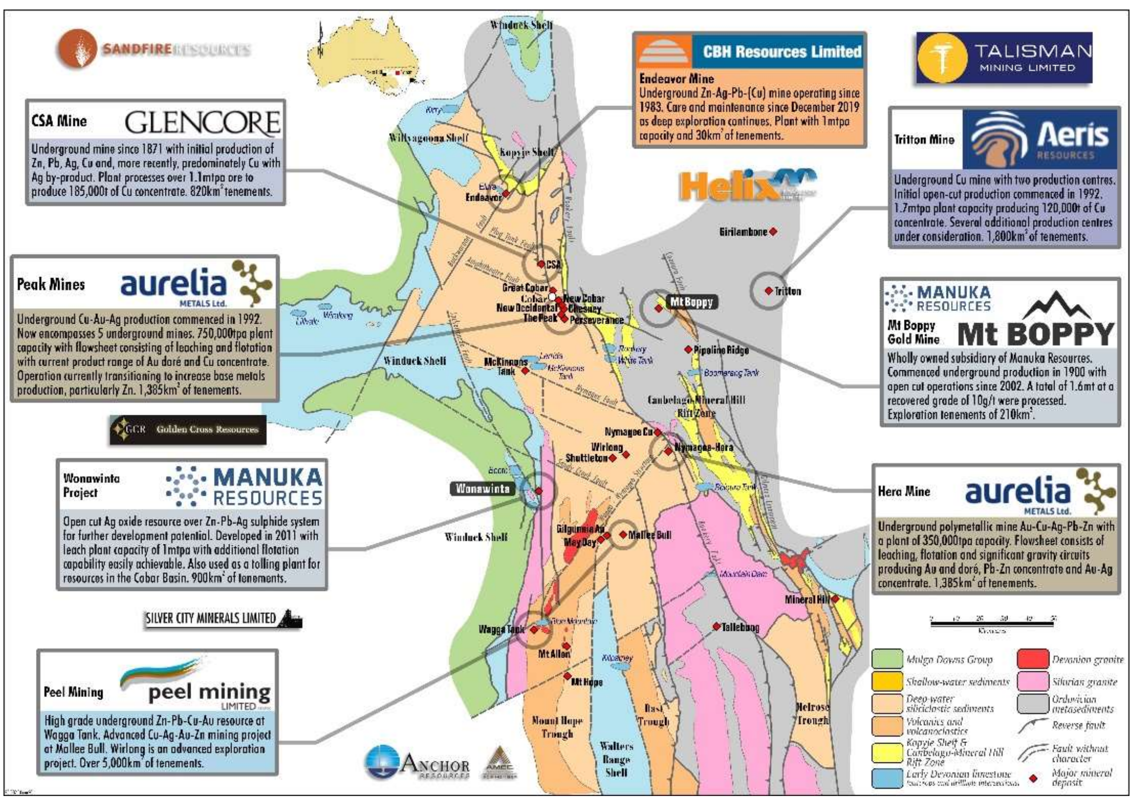
(Figure 6 - Refurbished leach tanks at Wonawinta plant)

(Figure 7 - View from lime silo showing new mill motor and gearbox)

(Figure 8 - Wonawinta plant showing gravity circuit, regrind mill and ROM stockpiles in background)

Exploration Strategy and Overview

Since listing in mid-2020 the Company has completed a thorough review of known targets on its tenement package of over 1,100 km2 which are located within the highly prospective Cobar Superbasin. The exploration strategy comprises a combination of brownfields evaluation (on granted mining titles and nearby exploration licences) and greenfield exploration on its prospective targets, either not fully explored or underexplored. Numerous other companies are conducting mining and exploration activities within the Cobar Superbasin as shown below. The figure below also demonstrates the proximity of the Wonawinta processing plant to other known resources in the southern Cobar Basin.



(Figure 9 - Location of Manuka Resources sites (Wonawinta and Mt Boppy Gold Mine) and other companies' operations/exploration in the Cobar Superbasin)

Exploration Planning and Drilling Programs

As previously stated, a large amount of historical information has been reviewed over the past 12 months. Some of this review has included recompiling raw geophysical data using more recent and advanced interrogation methods. This review is well advanced but currently incomplete, however of note is the fact that results to date have highlighted new target areas outside of previously defined areas. Greenfield activities on less advanced or incompletely assessed prospects will also be carried out in line with an overall strategy of progressively testing and identifying potential mineralisation, increasing confidence in existing resources and processing to mine planning for future mining.

Figure 10 - RC drill rig on northern section of ML1659 (Wonawinta)

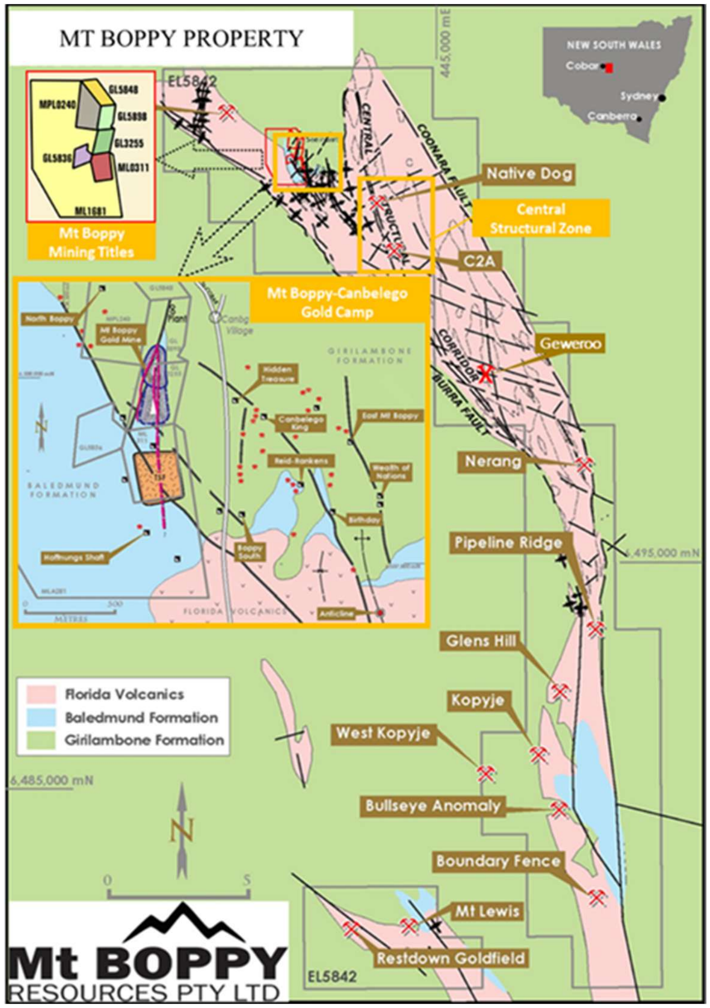
The Company's exploration planning and drilling programs are divided into three (3) key components, namely (i) near-mine evaluation activities at Mt Boppy (ML/GLs and surrounding EL5842), (ii) near-mine evaluation at Wonawinta (Wonawinta ML and adjacent Wonawinta ELs) and (iii) early/follow-up-phase exploration on the Company's exploration tenements/mining leases as follows:

i. Near mine Mt Boppy (ML/GLs and adjacent EL5842)

The Mt Boppy Gold Project encompasses a high-grade gold deposit similar to other Cobar-style polymetallic (Zn-Pb-Ag-Cu-Au) deposits. Cobar-style deposits are understood to have pipe-like orientations with small surface footprints and steep plunges extending to considerable depth (up to 1 km deep). Multiple deposits can develop over large strike extents (+10 km). The objective of the Company's near mine activities at the Mt Boppy Gold Project is to evaluate the ML/GLs and surrounding EL5842 for gold mineralisation extensions by:

(A) Undertaking 3D synthesis and targeting in the 3 × 3 km Mt Boppy-Canbelego Gold Camp area. There are significant gold occurrences in historical shallow drill holes and numerous mine shafts are located within the Gold Camp. The past decade has seen many advances in understanding the genesis of Cobar-style polymetallic ore systems which have not yet been systematically applied in the Mt Boppy-Canbelego Project area; and

(B) Further investigating numerous untested or inadequately tested areas by drilling, various prospects located in the structural corridor known as the "Central Structural Zone" in the northern part of EL5842, along with other prospects and areas located further south on EL5842 that require further assessment.



(Figure 11 - Mt Boppy-Canbelego Project Area and Prospects.)

ii. Near Mine Wonawinta Silver Project

The Company's primary objectives in relation to the Wonawinta ML include:

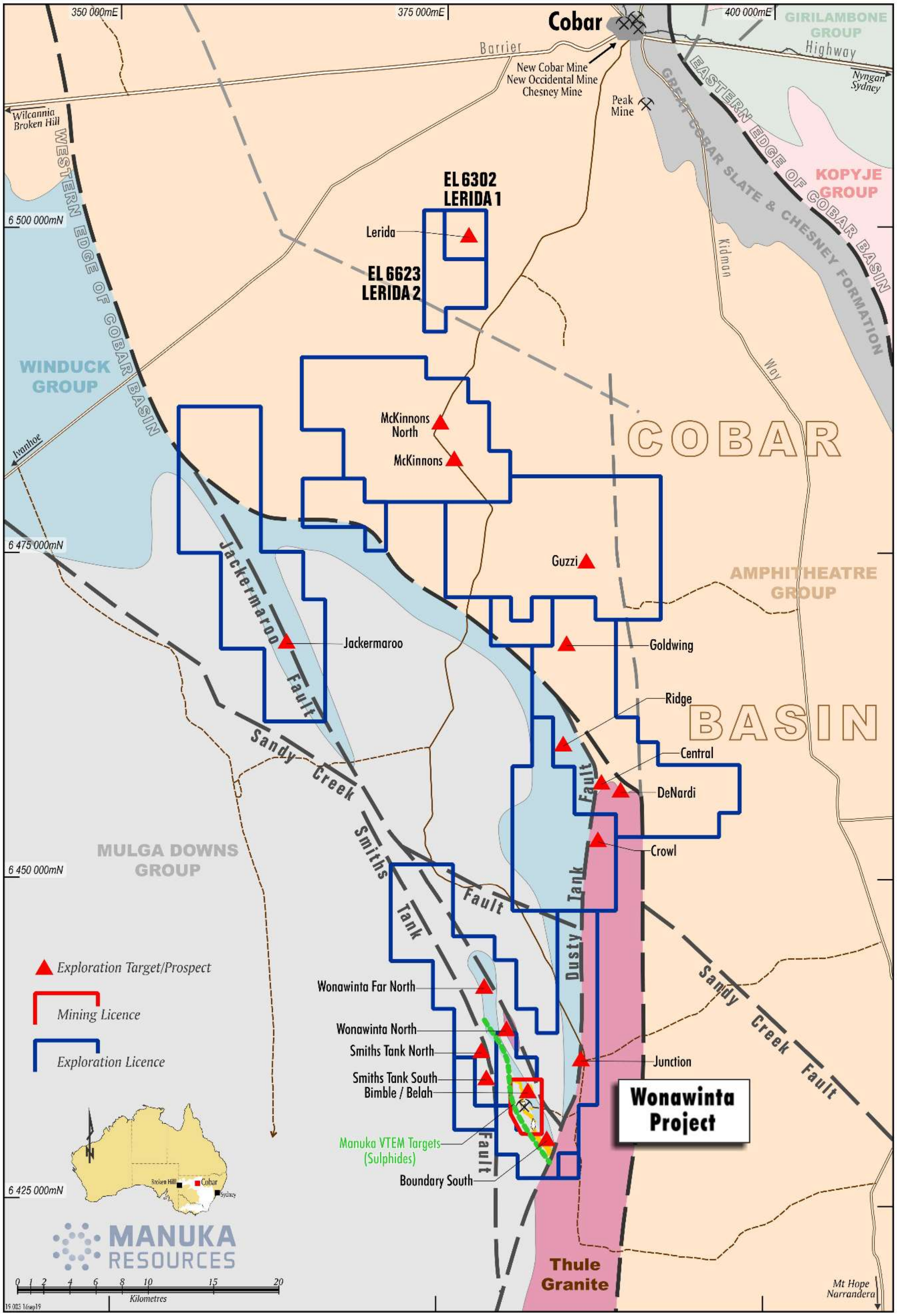
a) Additional drilling on southern boundary of Wonawinta mining lease to test for extension of current oxide resource

b) New drilling on the western boundary of the mining lease to further define the "Smiths Tank" target

The Company intends to undertake priority exploration along the trend from the Wonawinta ML and into EL7345, comprising the "Wonawinta" line of lode.

Of the northern tenements EL6302 holds the historic McKinnons[6] gold mine which ceased operations in 1996. A number of targets on this EL have been identified as potential Cobar style gold oxides and polymetallics to be progressed this field season.

[6] Produced 148,723t at 2.98 g/t head grade – ML350 Annual Report dated 7 July 1996



(Figure 12 - Wonawinta Silver Project Area and Prospects)

Mineral Resources and Ore Reserves Statement

Mining operations commenced at Mt Boppy during the first half of 2020 and as at 30th June 2021, the JORC 2012 categorised Resources and Reserves have been updated. The updated Mt Boppy resource was released in February 2021[7]. JORC categorised Mineral Resources for Wonawinta were updated in the March quarter and released to the ASX on 1 April 2021.

Mt Boppy Resource Statement

The total remaining Resource as at 30 June 2021 is 339,170 tonnes at a grade of 4.58 g/t Au for 49,900 ounces. The mineral resource estimate for Mt Boppy is reported within a pit shell that reaches a depth of 115m below surface at the southern end of the deposit. Resources are reported with respect to the current pit design. Material within the pit design is reported at a 1.6 g/t cut off and material below the pit design is reported to a 3.0 g/t cut off.

Resource Category	Tonnes	Grade	Contained gold
		g/t Au	Troy ounces
Measured	159,470	4.64	23,800
Indicated	175,700	4.44	25,100
Inferred	4,000	5.70	1,000
Total	**339,170**	**4.58**	**49,900**

(Table 3 - Mt Boppy Gold Resource at 30 June 2021)

The Mt Boppy Resource reported in the previous year as at 30 June 2020 is reproduced below.

Resource Category	Tonnes	Grade	Contained gold
		g/t Au	Troy ounces
Measured	40,500	3.43	4,473
Indicated	195,500	2.99	18,790
Inferred	24,000	3.33	2,570
Total	**371,700**	**3.23**	**38,763**

(Table 4 – Comparative Mt Boppy Gold Resource at 30th June 2020)

The changes arise from a combination of mining depletion over the past year and additional resource drilling completed over the same period[8]. Resource grades have improved considerably over the June 2020 Resource Statement, assisted by grade control drilling over the past 12 months and targeting mineralised material beneath the pit. This increase was reported in the January 2021 Resource update release to the ASX on 1 February 2021.

[7] Refer ASX release dated 1 February 2021
[8] Refer ASX release dated 1 February 2021

Mt Boppy Ore Reserves Statement

The remaining Probable Ore Reserves at Mt Boppy at 30 June 2021 is detailed below. The remaining ore reserve estimate was calculated from the Reserve Block Model tonnes and grade available between the 30 June 2021 actual surveyed pit and the final designed pit from AMDAD. The February 2020 Reserve block model and final designed pit were developed by AMDAD[9] and disclosed in the Company's Prospectus released to the ASX on 10 July 2020.

This Reserve represents Ore within the final designed pit only.

Mining commenced at Mt Boppy in May 2020 and is expected to continue until the end of 2021 when the current phase of open cut operations will cease. At 30 June 2021, the pit was operating at the 185RL bench with the final pit floor terminating at the 165RL by year end.

Resource Category	Tonnes	Au (g/t)	Au (oz)	Stope fill
Probable Reserve*	146,080	3.35	15,713	26%

*modifying factors applied to resource, 10 % dilution, 5 % loss, Au cut-off grade 1.6 g/t

(Table 5 - Mt Boppy Probable Ore Reserves at 30 June 2021)

The 30 June 2020 Mt Boppy Ore Reserve is reproduced below and contains ore within the design pit only.

Ore type	Tonnes	Au (g/t)	Au (oz)
Oxide	10,000	3.1	1,000
Transitional	130,000	2.9	12,000
Fresh	20,000	3.3	2,000
Stope tailings fill	100,000	3.3	11,000
Total Probable Ore Reserves	**270,000**	**3.0**	**26,000**

(Table 6 – Mt Boppy Probable Ore Reserves at 30th June 2020)

Wonawinta Mineral Resources Statement

An updated JORC (2012) Mineral Resource Statement was released to the ASX[10] after the Company completed an infill drilling program on the resource in Q1 2021 on 1 April 2021[11] and is reproduced below. The total resources is 38.3 million tonnes at 41.3 g/t Ag and 0.54% Pb providing 50.94 million ounces of silver and 207.2 thousand tonnes of lead.

[9] Australian Mine Design and Development Pty Ltd
[10] Refer to Mineral resource update ASX release dated 1 April 2021
[11] Full details including Table 1 in the ASX release dated 1 April 2021

Resource Category	Material (Mt)	Ag (g/t)	Ag Moz	Pb (%)	Pb kt
Measured	1.1	47.3	1.65	0.69	7.5
Indicated	12.3	45.5	18.04	0.83	102.8
Inferred	24.9	39.0	31.25	0.39	96.9
Total	38.3	41.3	50.94	0.54	207.2
Stockpiles (Indicated)	0.515	70	1.16		

(Table 7: Resource Estimate reported > 20g/t Ag)

Comparison with previous resource estimate

The Wonawinta Resource reported in the previous year as at 30 June 2020 is reproduced below:

Resource Category	Material (Mt)	Ag (g/t)	Ag Moz	Pb (%)	Pb kt
Measured	0.9	45.0	1.3	0.7	6.2
Indicated	8.5	48.5	13.2	0.79	67.5
Inferred	29.4	39.0	37.9	0.55	162.9
Total	38.8	42.0	52.4	0.61	236.6
Stockpiles (Indicated)	0.515	70	1.16	-	-

(Table 8: Resource Estimate reported >20 g/t Ag)

The updated or current resource (refer Table 7) reduces the total tonnes and marginally increases the grade of both the silver and lead. The updated or current Resource sees an increase of 43% reclassified into the measured and indicated categories.

Governance arrangements and internal controls

Manuka has put in place governance arrangements and internal controls with respect to its estimates of Mineral Resources and Ore Reserves and the estimation process, including:

- oversight and approval of each annual statement by external consultants or responsible senior officers;
- establishment of internal procedures and controls to meet JORC Code 2012 compliance in all external reporting;
- independent review of new and materially changed estimates;
- annual reconciliation with internal planning to validate reserve estimates for operating mines.

Competent Persons retained by the Company are members of the Australasian Institute of Mining and Metallurgy (AusIMM) and/or the Australian Institute of Geoscientists (AIG) and qualify as Competent Persons as defined in the JORC Code 2012.

Competent Persons Statements

The information in this report that relates to Mineral Resources is based on, and fairly represents, information and supporting documentation prepared by Mr Ian Taylor, who is a Certified Professional by The Australasian Institute of Mining and Metallurgy and is employed by Mining Associates Pty Ltd. Mr Taylor has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Taylor consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to remaining Ore Reserves is based on, and fairly represents, information and supporting documentation prepared by Mr Drew Manley (B. Eng Mining), Quarry Manager for Mt Boppy and approved by Mr Rodney Griffith (B.E (Civil), B. Surv, PG Dip Mining Eng, MAusIMM) who is a member of The Australasian Institute of Mining and Metallurgy and is employed by Manuka Resources Ltd. Mr Griffith has over 28 years mine management and engineering experience as COO and GM in a number of mid-tier mining companies. He has significant open cut and underground mining experience with positions held at KBL Mining, Hillgrove, Girilambone Copper Company, Tritton, Sebuku, Mount Muro and Cobalt Blue across a number of commodity groups and mining styles. Since November 2019, Mr Griffith has been operating in a Projects/Mining consultant capacity for Manuka Resources Ltd. Mr Griffith has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

This report includes information that relates to Mt Boppy Mineral Resources and Ore Reserves which were prepared and first disclosed under JORC Code 2012. The information was extracted from the Company's ASX announcement dated 1 February 2021. The Company confirms that, other than mining depletion and additional resource drilling over the past 12 months, it is not aware of any new information or data that materially affects the information included in the February 2021 market announcement and, in the case of reporting of Ore Reserves and Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which any Competent Person's findings are presented have not been materially modified from the original market announcement.

This report includes information that relates to Wonawinta Mineral Resources which were prepared and first disclosed under JORC Code 2012. The information was extracted from the Company's ASX announcement dated 1 April 2021. The Company confirms that it is not aware of any new information or data that materially affects the information included in the April 2021 market announcement and, in the case of reporting of Ore Reserves and Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which any Competent Person's findings are presented have not been materially modified from the original market announcement.

Directors' Report

The Directors of Manuka Resources Ltd ('Manuka Resources') present their report together with the financial statements of the Entity or the Group, being Manuka Resources ('the Company') and its subsidiary Mt Boppy Resources Pty Ltd ('Mt Boppy') for the year ended 30 June 2021.

Manuka Resources Limited is a company limited by shares and incorporated in Australia on the 20th of April 2016.

Director details

The following persons were Directors of Manuka Resources during or since the end of the financial period and up to the date of this report:

- Mr Dennis Karp
- Mr Anthony McPaul
- Mr Nicholas Lindsay

Mr Dennis Karp

Executive Chairman
Director since 20th April 2016

Mr Karp commenced his career in the Australian financial markets in 1983. He was the Head of Trading at HSBC Australia prior to joining Tennant Limited in 1997, a substantial Australian domiciled physical commodity trading company with operations in Asia and Europe. He was a principal shareholder of Tennant Metals until 2010 and managing director from 2000 until December 2014. Mr Karp founded ResCap Investments Pty Ltd in December 2014.

Over the past 10 years, Mr Karp has been involved in various resource projects and investment opportunities in base metals and bulk commodities which have had marketing rights attached.

Mr Karp holds a Bachelor of Commerce from the University of Cape Town. Mr Karp has not held any former directorships in other listed companies in the last 3 years, and neither does he hold any others currently.

Mr Anthony McPaul

Non-executive Director
Director since 25th November 2016

Mr Anthony McPaul is a senior mining executive with over 40 years' experience in mining operations and mineral processing. Mr McPaul has worked in and led both open cut and underground operations and was most recently the general manager for Newcrest's Cadia Valley Operations, in Orange NSW.

Mr McPaul commenced his career as an automotive engineer and progressed to maintenance and then onto operations management at various companies, including CRA, Denehurst, MIM and more recently Newcrest. He has successfully managed a wide range of operating projects from base through to precious metals in both surface and underground mines and has been directly responsible for all aspects of production and scheduling.

Mr McPaul formally retired from Newcrest in July 2016 and has since devoted his time to non-executive and contract roles. Mr McPaul has represented Newcrest and the resources industry on many boards, such as NSW Minerals Council, NSW Minerals Council Executive Committee, and was the NSW Minerals Council representative on the Mine Safety Advisory Council. Mr McPaul has chaired many of these committees.

Mr McPaul is the current Chairman of the NSW Minerals Council Board and Executive Committee and a member of the recently formed Mineral Industry Advisory Council.

Mr McPaul has formal qualifications in automotive engineering from Goulburn TAFE. Mr McPaul does not hold any current and has not held any former directorships in other listed companies in the last three years.

Dr Nicholas Lindsay

Non-executive Director
Director since 20th June 2019

Dr Nicholas Lindsay is an experienced mining executive who brings an attractive mix of commercial, technical and academic qualifications, all of which are relevant to the Company. He has worked directly for a range of major and mid-tier mining companies over his career, and led juniors in copper, gold and silver though listings and mergers. Dr Lindsay is a geologist by profession, specialising in process mineralogy, and has postgraduate degrees from the University of Otago (NZ), the University of Melbourne and the University of the Witwatersrand (South Africa). He is a member of the AusIMM and Australian Institute of Geoscientists. Mr Lindsay has held the following Directorships in other listed companies in the 3 years immediately before the end of the financial year:

- Lake Resources NL - Executive Director (current)
- Valor Resources Ltd - Chief Executive Officer and Executive Director – Technical (ceased October 2020)
- Daura Capital Corp. - Non-Executive Director (ceased September 2020)

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Manuka Resources Limited were:

	Ordinary Shares	Options over Ordinary Shares
Mr Dennis Karp	91,814,557	1,500,000
Mr Anthony McPaul	-	1,500,000
Dr Nick Lindsay	-	1,500,000

Company Secretary details

Ms Toni Gilholme

Company Secretary since 20th April 2016

Ms Toni Gilholme is an experienced Financial Controller and a Qualified Chartered Accountant with over 15 years of experience in Financial Accounting and Company Secretarial matters and over 10 years of experience in Public Practice.

Ms. Gilholme holds a Bachelor of Business from the University of Technology, Sydney and is a qualified Chartered Accountant.

Mr Dennis Wilkins

Company Secretary since 15th September 2016, resigned 11 February 2021.

Mr Wilkins is the founder and principal of DWCorporate Pty Ltd a leading privately held corporate advisory firm servicing the natural resources industry. Mr Wilkins resigned as Company Secretary on 11 February 2021. The Board expresses its thanks to Mr Wilkins for his valuable contribution to the Company.

Principal activities

During the period, the principal activities undertaken by the Group were:

- Establishing steady state mining operations at Mt Boppy together with ore haulage and processing through the Wonawinta plant.
- Release of an updated Mineral Resource Estimate for the Wonawinta Silver Project with a 43% increase in Measured and Indicated Resources[12].
- Release of an updated Mineral Resource Estimate for the Mt Boppy Gold project within the designed pit which includes a 23% increase in contained ounces and a 20% increase in grade[13].
- Completion of the Wonawinta Deeps Proof-of-Concept drilling program[14] which confirmed the presence of carbonate-hosted sulphides in the Winduck Shelf strata down-dip from the existing Wonawinta open pits encountering lead-zinc-silver mineralisation over 3km and supported the existence of lead-zinc-silver sulphide mineralisation with Mississippi Valley Type (MVT) affinities.
- Commencement of internal feasibility work for the restart the Wonawinta Silver Project including extensive metallurgical test work prior to the release of its mine plan and Maiden Reserve.

Review of operations

Information on the operations and financial position of the group and its business strategies and prospects is set out in the review of operations on pages 5 to 17 of this annual report.

Significant changes in state of affairs

During the year there have been no significant changes in the state of affairs of the Group other than:

- **Commencement of Official Quotation on the ASX**

  Official Quotation of the Company's shares commenced on 14 July 2020. The Company raised $7,000,000, before costs, pursuant to the offer under its prospectus dated 22 May 2020 by the issue of 35,000,000 shares at an issue price of $0.20 per share.

- **Commencement of and significant progress in exploration**

  As advised to the ASX in its Quarterly Activities Report which was released to the market on 30 July 2021, the Company updated its exploration and drilling program which had commenced in early 2020. Completed components of the exploration program comprises the following:
  - The brownfields Wonawinta work program which included in-fill drilling of the inferred resource, as well as identification of areas of mineralisation close to the ML, was completed in January 2021, and an updated resource model was released in April 2021. The drilling program has been expanded to

[12] Refer ASX announcement dated 1 April 2021
[13] Refer ASX announcement dated 1 February 2021
[14] Refer ASX announcement dated 1 June 2021

include a drilling program focused on the southern area of the mining lease and adjacent exploration leases[15] with these activities continuing.
- The primary sulphides were drilled (Wonawinta Deeps) in the second half of the year to test for mineralisation which confirmed the presence of carbonate-hosted sulphides in the Winduck Shelf strata down-dip from the existing Wonawinta open pits encountering lead-zinc-silver mineralisation over 3km and have supported the existence of lead-zinc-silver sulphide mineralisation with Mississippi Valley Type (MVT) affinities[16].
- The Company completed a number of resource extension holes in the Mt Boppy pit with spectacular results giving the Company significant encouragement to continue to work to expand its resource in the active mining area.
- A review of all known geophysical data and reports on the mining leases and EL5842 has been progressed and drilling a number of greenfield targets are planned for the coming months.

- **Mt Boppy Gold Project Resource Upgrade**[17]

The Company released the Mt Boppy Gold Project Resource Upgrade showing a 23% increase in contained ounces and a 20% increase in grade. The Mineral Resource estimate for Mt Boppy is reported within the designed pit that reaches a maximum depth of 115 m below surface at the southern end of the deposit. Resources are reported with respect to the current pit design. Material within the pit design is reported at a 1.6 g/t cut off and material below the pit design is reported to a 3.0 g/t cut off.

Classification	Tonnes	Grade (g/t)	Gold (oz)
Measured	207,230	4.89	32,570
Indicated	144,200	4.15	19,300
Inferred	11,000	6.7	2,000
Total	**362,430**	**4.62**	**53,870**

Table 1: Mt Boppy Resource Update

*The preceding statements of Mineral Resources conforms to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition. Due to rounding to appropriate significant figures, minor discrepancies may occur. All tonnages reported are dry metric.

- **Repayment of interest Convertible note holders**

In July 2020, the Company paid all the outstanding interest of $1.78 million to Convertible Note holders.

- **Share Placement to Sophisticated and Institutional investors**

In December 2020, the Company completed a placement of 17,500,000 new fully paid ordinary shares to sophisticated and institutional investors at $0.40 per share raising $7,000,000 before costs. The capital was raised to fund accelerated exploration and drilling at the Mt Boppy and Wonawinta projects, as well as for the purchase of capital equipment and for general working capital.

In addition to the placement, the Company converted $1,000,000 in unsecured loans to equity at $0.40 per share.

[15] Refer ASX announcement Quarterly Activities Report released 30th July 2021
[16] Refer ASX announcement dated 1st June 2021
[17] Refer ASX announcement dated 1 February 2021

- **Extension and partial repayment of Secured Debt Facility**

  During the period the Company has repaid approximately $US4m against the facility to bring the balance to approximately $US10m as at the date of signing. In addition, the Company has successfully negotiated to extend the term of the facility to 30 September 2022[18]. The agreement was signed by the parties on the 20 July 2021. Key features of the revised facility include:
  - No upfront payments;
  - A single bullet payment due on 30 September 2022;
  - A 150 basis point reduction in the interest rate payable down to 12.5%;
  - No early repayment penalties;
  - No hedging requirement; and
  - The issue of 10m options expiring in July 2023 with a strike price based on a VWAP formula.

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

  During the financial period, the pandemic and its impact has continued to evolve with further outbreaks resulting in lockdown restrictions in New South Wales and Victoria, additional border closures between states, new stimulus measures and many other items. The COVID-19 pandemic did not have any significant impact on the Group's operations during the year.

Dividends

No dividends were paid or declared during the financial year and no recommendation is made as to dividends.

Events arising since the end of the reporting period

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

  Throughout the reporting period the Company has continued to consider the potential implications of the Coronavirus. The Company has continued to adapt its policies to monitor and mitigate the impacts of COVID-19 such as safety and health measures in line with government guidelines and securing the supply of essential materials and equipment. During August 2021, a worker who had left site returned a positive result for COVID-19 as he prepared to return to site. The test was conducted in line with our standard operating procedures (the requirement of a current negative test result prior to returning to work). This led to a number of on-site workers being tested and placed in isolation. The health and welfare of our employees is fundamental to our Company, and Manuka management worked closely with NSW Health and its regional agencies. All close contacts returned negative results on initial and subsequent retests. No parties including the primary contact reported any adverse symptoms. These actions caused a temporary period of limited activity at the plant and importantly tested the Company’s Covid management plan.

  Containing a possible transmission of the virus to protect our employees has been a priority since the risk of COVID–19 arose in March 2020 and continues to be the case and protocols are in place for such a circumstance. The Company does maintain a dual roster workforce and is able to recall additional workers to site if necessary. Even with the above there been no significant impact to the Group’s operations,

[18] Refer ASX announcements dated 14 May 2021 and 29 June 2021

however, there is still significant uncertainty around the breadth and duration of business disruptions in Australia in general (which may or may not impact operations of the Group) related to COVID-19.

- **Documentation of Secured Debt Facility Extension and issuance of options**

  During the period, the Company successfully negotiated to extend the term of the facility to 30 September 2022[19]. The agreement was signed by the parties on the 20th July 2021. The first tranche of Options pursuant to the term of the negotiated extension, being 5,000,000 options at a strike price of $0.30 with an expiry of 28 July 2023, were issued on 28 July 2021.

- **Meadowhead royalty agreement**

  Pursuant to a royalty agreement attaching to the Mt Boppy Gold Project, the Company was potentially required to provide Meadowhead Investments Pty Ltd (Meadowhead) with percentage of all gold produced from any of the existing mining leases associated with the Mt Boppy Gold Project. Subsequent to the end of the reporting period, the Company reached an agreement in relation to settlement of the royalty agreement, the cost of which was already fully provisioned as at 30 June 2021.

Apart from the matters noted above, there are no other matters or circumstances that have arisen since the end of the period that has significantly affected or may significantly affect either:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

Likely developments

During the next six months, it is expected that the Company will complete the processing of the ore from the Mt Boppy Gold Project. The plant will then be transitioned from Mt Boppy gold production to Wonawinta silver oxide production. The timing of this transition has been stretched from last year's estimate due to increased gold production from Mt Boppy.

Initial silver production feed will be from various stockpiles on site, the majority of which are on the ROM adjacent to the mill (these comprise over 500,000t), as well as others nearby on the ML. The ROM stockpiles grade at 70g silver/t and is included in the Company's JORC Resource statement. It is important to note that there is no mining cost associated with these stockpiles, only a processing cost which includes site administration and crushing and is currently estimated at A$35/t.

Pit optimisation works are already well underway, which forms the basis for the finalisation of the mine designs and planning. The Company continues to expect to announce its Maiden Ore Reserve for the Wonawinta Silver Project shortly thereafter.

The Company continues to expand its greenfield exploration activities on distal exploration licences which target gold and copper prospects as well as brownfields silver-lead-zinc primary and secondary mineralisation on and adjacent to the Wonawinta mining lease.

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[19] Refer ASX announcements dated 14 May 2021 and 29 June 2021

Further information on the likely developments of the group and its business strategies and prospects is set out in the review of operations on pages 5 to 17 of this annual report.

Directors' meetings

The number of meetings of Directors (including meetings of Committees of Directors) held during the period and the number of meetings attended by each Director is as follows:

	Board Meetings	
Board Member	**A**	**B**
Dennis Karp	11	11
Anthony McPaul	11	11
Nicholas Lindsay	11	11

Where:
column A: is the number of meetings the Director was entitled to attend
column B: is the number of meetings the Director attended

Corporate Governance Statement

For the financial year ended 30 June 2021 (**Reporting Period**) the Company has adopted the fourth edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council. The Company's 2021 Annual Corporate Governance Statement has been approved by the Board and is publicly available on the Company's website at www.manukaresources.com.au/site/about/corporate-governance. It will also be released to the ASX at the same time as this 2021 Annual Report.

Unissued shares under option

Unissued ordinary shares of Manuka Resources under option at the date of this report are:

Date Options Granted	Expiry Date	Exercise Price of Shares $	Number under option
Apr 2020	17th Apr 2023	$0.25	3,250,000
Mar 2020	17th Apr 2023	$0.25	8,000,000
June 2020	14th Jul 2023	$0.25	10,000,000
			21,250,000

No shares were issued during or since the end of the year as a result of exercise of the options.

Environmental legislation

The operations of Manuka Resources Limited are subject to a number of particular and significant environmental regulations under a law of the Commonwealth or of a State or Territory in Australia.

All conditions governing the administration of various environmental and tenement licences have been complied with. So far as the Directors are aware there has been no known breach of the Group's licence conditions and all activities comply with relevant environmental regulations. The Directors are not aware of any environmental regulation which is not being complied with.

Remuneration report (audited)

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*. The remuneration report sets out remuneration information for the Company's Executive Director, Non-Executive Directors and other Key Management Personnel ("KMP"). The report contains the following sections:

a) Key Management Personnel disclosed in this report;
b) Remuneration policy;
c) Performance-based remuneration;
d) Company performance, shareholder wealth and directors' and executives' remuneration;
e) Use of remuneration consultants;
f) Details of remuneration;
g) Service agreements;
h) Share-based compensation;
i) Equity instruments held by Key Management Personnel; and
j) Other transactions with Key Management Personnel.

a) Key Management Personnel disclosed in this report

Non-Executive and Executive directors (refer pages 22 to 23 for details on each director)

- Dennis Karp
- Anthony McPaul
- Nick Lindsay
- Justin Boylson (resigned 17 March 2020)

Other Key Management Personnel

- Haydn Lynch, Chief Operations Officer (from 1st July 2019)
- David Power, Operations Manager (from 30th September 2019)

There have been no changes to directors or KMP since the end of the reporting period.

b) Remuneration policy

The remuneration policy of Manuka Resources Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The board of Manuka Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group.

The board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives (if any), was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

- The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.
- Executives are also entitled to participate in the employee share and option arrangements.
- The executive directors and executives (if any) receive a superannuation guarantee contribution required by the government, which was 9.5% for the 2021 financial year, and do not receive any other retirement benefits. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.
- All remuneration paid to directors and executives is valued at the cost to the Group and expensed. The cost of share-based payments is measured by reference to the fair value at the date at which they are granted using an option pricing model.
- The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment, and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $180,000). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

c) Performance-based remuneration

The Group currently has no performance-based remuneration component built into key management personnel remuneration packages. Remuneration and share based payments are issued to align the Directors' interest with that of shareholders.

d) Company performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and key management personnel performance. Currently, this is facilitated through the issue of options to the majority of key management personnel to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing shareholder wealth.

The table below shows the gross revenue, losses and earnings per share for the last five financial periods for the listed entity.

	2021 $	2020 $	2019 $	2018 $	2017 $
Revenue and other income	44,544,455	9,468,320	-	1	909,999
Net loss	(2,895,244)	(4,552,843)	(5,428,238)	(4,344,351)	(3,745,221)
Loss per share (cents) *	(1.12)	(3.28)	(4.08)	(3.28)	(4.95)
Share price	$0.32	n/a	n/a	n/a	n/a

No dividends have been paid during the financial years ended 30 June 2017 to 30 June 2021.

* In accordance with AASB 133 paragraph 26, the weighted average number of shares outstanding during the period and for all period presented shall be adjusted for events (such as a share consolidation) that have changed the number of shares outstanding without a corresponding change in resources. As a result, the share consolidation which occurred on 11th May 2020 has been applied to the full financial year ended 30 June 2020 and all the previous reporting periods.

e) Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2021 (2020: None).

f) Details of remuneration

Details of the remuneration of the key management personnel of the Group are set out in the following table.

	Fixed Remuneration				Variable Remuneration	
	Salary/ Directors Fee $	Non-Monetary Benefits $	Movement in Annual and Long Service Leave provision $	Superannuation $	Options $	Total $
Directors						
Dennis Karp						
2021	$240,000	-	$15,015	$21,003	-	$276,018
2020	$110,000	-	-	$7,001	$81,677	$198,678
Anthony McPaul						
2021	$45,000	-	-	-	-	$45,000
2020	$41,000	-	-	-	$81,677	$122,677
Nick Lindsay						
2021	$78,800	-	-	-	-	$78,800
2020	$39,000	-	-	-	$81,677	$120,677

	Fixed Remuneration				Variable Remuneration	
	Salary/ Directors Fee $	Non-Monetary Benefits $	Movement in Annual and Long Service Leave provision $	Superannuation $	Options $	Total $
Justin Boylson						
2021	-	-	-	-	-	-
2020	$24,000	-	-	-	$81,677	$105,677
Other KMP (Group)						
Haydn Lynch						
2021	$219,178	-	$12,160	$20,822	-	$252,160
2020	$206,495	-	$12,683	$20,822	$81,677	$321,677
David Power						
2021	$217,806	-	$18,931	$20,692	-	$257,429
2020	$166,848	-	-	$15,850	-	$182,698
Total KMP remuneration expensed						
2021	$800,784	-	$46,106	$62,517	-	$909,407
2020	$587,343	-	$12,683	$43,673	$408,385	$1,052,084

g) Service agreements

The details of service agreements of the key management personnel of the Group are as follows:

Dennis Karp, Executive Chairman:

(a) Mr Karp was appointed Executive Chairman on 1 March 2020 at an annual salary of $240,000 (exclusive of superannuation) plus any Compulsory Superannuation; and

(b) The agreement is ongoing until terminated in accordance with the agreement. Mr Karp may terminate the agreement by giving 12 weeks' notice in writing to the Company and the Company may terminate the agreement (without cause) by giving Mr Karp 12 weeks' written notice or by making payment in lieu of notice.

Haydn Lynch, Chief Operations Officer:
(a) Mr Lynch will receive an annual salary of $240,000 (inclusive of superannuation); and
(b) The agreement is ongoing until terminated in accordance with the agreement. Mr Lynch may terminate the agreement by giving 12 weeks' notice in writing to the Company and the Company may terminate the agreement (without cause) by giving Mr Lynch 12 weeks' written notice or by making payment in lieu of notice.

David Power, Operations Manager:
(a) Mr Power was appointed in September 2019 at an annual salary of $219,000 (inclusive of superannuation). This was increased on 1 December 2020 to an annual salary of $230,000; and
(b) The agreement is ongoing until terminated in accordance with the agreement. Mr Power may terminate the agreement by giving 4 weeks' notice in writing to the Company and the Company may terminate the agreement (without cause) by giving Mr Power 4 weeks' written notice or by making payment in lieu of notice.

Anthony McPaul and Nicholas Lindsay, Non-executive Directors:
The non-executive directors (NEDs) have entered into service agreements with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director. Annual remuneration is $45,000 per annum, with additional fees payable where the Board determines special duties, or services outside the scope of the of the ordinary duties of a NED, have been performed. Remuneration is subject to annual review by the Board and reasonable notice of an intention to resign or to not seek re-election should be given to the Company.

h) Share-based compensation
Options
Options are issued to key management personnel as part of their remuneration. The options are not issued based on performance criteria but are issued to the majority of key management personnel of Manuka Resources Limited to increase goal congruence between key management personnel and shareholders. No options were granted during the period.

No ordinary shares in the Company have been provided as a result of the exercise of remuneration options to each director of Manuka Resources Limited and other key management personnel of the Group during the year.

i) Equity instruments held by Key Management Personnel

Share holdings

The numbers of shares in the Company held during the financial year by each director of Manuka Resources Limited and other key management personnel of the Group, including their related parties, and any nominally held, are set out below. There were no shares granted during the reporting period as compensation.

	Balance at start of the year	Received during the year on the exercise of Options	Other changes during the year	Balance at end of the year
Directors				
Dennis Karp	91,814,557	-	-	91,814,557
Anthony McPaul	-	-	-	-
Nicholas Lindsay	-	-	-	-
Justin Boylson	-	-	-	-
Other KMP				
Haydn Lynch	-	-	-	-
David Power	-	-	-	-

Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Manuka Resources Limited and other key management personnel of the Group, including their personally related parties, and any nominally held, are set out below.

	Balance at start of the year	Granted as compen-sation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors							
Dennis Karp	1,500,000	-	-	-	1,500,000	1,500,000	-
Anthony McPaul	1,500,000	-	-	-	1,500,000	1,500,000	-
Nicholas Lindsay	1,500,000	-	-	-	1,500,000	1,500,000	-
Justin Boylson	1,500,000	-	-	-	1,500,000	1,500,000	-
Other KMP							
Haydn Lynch	1,500,000	-	-	-	1,500,000	1,500,000	-
David Power	-	-	-	-	-	-	-

All vested options are exercisable. They have an exercise price of 25 cents and expire on 17 April 2023.

j) Other transactions with Key Management Personnel

- Rescap Investments Pty Ltd - A director, Mr Dennis Karp, is a director of, and holds a controlling interest in, ResCap Investments Pty Ltd (“ResCap”). The Group has borrowing arrangements with ResCap, along with transactions for the sublease of office premises and a service agreement for the provision of administrative services. The ResCap office sublease ended in July 2019 and the service agreement ended in February 2020.

- Cobar Unit Trust - A director, Mr Dennis Karp, is a Unit Holder in Cobar Unit Trust. Manuka entered into a prepayment in relation to the sale of gold ore to Cobar Pty Ltd ATF Cobar Unit Trust amounting to $950,000. There is a call and put option in Manuka’s favour in relation to the agreement. The put option was exercised in June 2020 and payment was made on 26 June 2020 to settle the agreement.

Aggregate amounts of each of the above types of other transactions with key management personnel of Manuka Resources Limited:

	30 June 2021 $	30 June 2020 $
Details of related party transactions with ResCap through the loan facility:		
• interest charged on loan	83,640	107,225
Details of related party transactions with ResCap as trade and other creditors		
• amounts charged pursuant to sublease to ResCap and month to month lease payments	-	21,267
• amounts charged pursuant to service agreement to ResCap	-	240,000
Details of related party transactions with Cobar Unit Trust through the loan facility:		
• interest paid in relation to prepayment of sale of gold	-	95,000
Details of balances with related parties:		
Balance of loan with Manuka Resources Ltd		
- payable to ResCap Investments Pty Ltd	1,624,493	2,005,327
Balance of loan with Mt Boppy Resources Pty Ltd		
- payable to ResCap Investments Pty Ltd	84,143	196,143

End of audited Remuneration Report

Indemnities given to, and insurance premiums paid for, auditors and officers

During the period, Manuka Resources has paid a premium to insure officers of the Company. The officers of the Company that are covered by the insurance policy includes all directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.

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 any current or former officer of the Company against a liability incurred as such by an officer.

The Company has agreed to indemnify its auditors, Grant Thornton, to the extent permitted by law, against any claim by a third party arising from the Company's breach of its agreement. The indemnity requires the Company to meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on behalf of the Company

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

No proceedings have been brought, or intervened in, on behalf of the company with leave of the court under section 237 of the *Corporations Act 2001.*

Audit and non-audit services

Details of the amounts paid or payable to the auditor (Grant Thornton Audit Pty Ltd) for audit and non-audit services during the year are disclosed in Note 9.

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

The board of directors is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. There were no non-audit services during the financial year ended 30 June 2021.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s.307C of the *Corporations Act 2001* is included on the following page of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors

Dennis Karp
Executive Chairman
Dated the 23rd day of September 2021

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Auditor's Independence Declaration

To the Directors of Manuka Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Manuka Resources Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

N P Smietana
Partner – Audit & Assurance

Sydney, 23 September 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Notes	30 June 2021	30 June 2020
		$	$
Sales revenue	5(a)	43,752,567	9,261,798
Cost of sales	6(a)	(43,312,892)	(7,264,503)
Operating profit		**439,675**	**1,997,295**
Other income	5(b)	791,888	206,522
Other expenses	6(c)	(2,387,032)	(2,554,138)
Movement in fair value of derivative liability		-	(239,130)
Share based payment credit / (expense)	25.1	-	(435,611)
Loss before finance expenses		**(1,155,469)**	**(1,025,062)**
Finance expenses	7	(1,739,775)	(3,527,781)
Loss before income tax		**(2,895,244)**	**(4,552,843)**
Income tax expense	8	-	-
Loss for the year attributable to members of Manuka Resources Limited		**(2,895,244)**	**(4,552,843)**
Other comprehensive loss - items that will be reclassified subsequently to profit or loss			
Cashflow hedging current year loss		(6,297)	-
		(6,297)	-
Total comprehensive loss for the year attributable to members of Manuka Resources Limited		**(2,901,541)**	**(4,552,843)**
Loss per share for loss attributable to the ordinary equity holders of the Company			
Basic and diluted loss per share (cents per share)	24	(1.12)	(3.28)

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As of 30 June 2021

	Notes	30 June 2021 $	30 June 2020 $
Assets			
Current			
Cash and cash equivalents	11	1,018,035	1,509,040
Trade and other receivables	12	693,571	7,653,740
Contract assets		4,533	-
Inventories	13	4,692,287	2,007,761
Prepayments		569,627	351,127
Other financial assets	18.3	84,000	-
Total current assets		**7,062,053**	**11,521,668**
Non-current			
Mine properties and development assets	14	6,439,546	9,343,296
Exploration and evaluation assets	15	4,780,492	322,305
Property, plant and equipment	16	10,090,632	8,589,019
Right of use asset	17	68,083	194,557
Other financial assets	18.3	6,804,571	6,456,370
Total non-current assets		**28,183,324**	**24,905,547**
Total assets		**35,245,377**	**36,427,215**
Liabilities			
Current			
Trade and other payables	19	9,979,330	7,670,573
Provisions	20	460,189	188,617
Derivative liabilities	18.4	6,297	-
Borrowings	18.2	-	25,704,579
Lease liabilities	17	75,419	128,937
Current liabilities		**10,521,235**	**33,692,706**
Non-current			
Provisions	20	5,917,462	5,108,158
Lease liabilities	17	694	73,078
Borrowings	18.2	16,621,347	-
Total non-current liabilities		**22,539,503**	**5,181,236**
Total liabilities		**33,060,738**	**38,873,942**
Net assets / (deficit)		**2,184,639**	**(2,446,727)**
Equity			
Share capital	21	21,512,355	5,112,041
Other contributed equity	22	-	8,867,407
Share based payment reserve	25	1,486,077	1,486,077
Hedging reserve	25	(6,297)	-
Accumulated losses		(20,807,496)	(17,912,252)
Total equity		**2,184,639**	**(2,446,727)**

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

	Share Capital	Other Contributed Equity	Share-based payment reserve	Hedging reserve	Accumulated losses	Total equity
	$	$	$	$		$
Balance at 1 July 2019	**1**	**296,170**	**-**	**-**	**(13,359,409)**	**(13,063,238)**
Loss for the period	-	-	-	-	(4,552,843)	(4,552,843)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**(4,552,843)**	**(4,552,843)**
Contribution of equity	5,112,040	9,934,830	-	-	-	15,046,870
Share issue costs	-	(1,363,593)	-	-	-	(1,363,593)
Share based payments	-	-	1,486,077	-	-	1,486,077
Balance at 1 July 2020	**5,112,041**	**8,867,407**	**1,486,077**	**-**	**(17,912,252)**	**(2,446,727)**
Loss for the period	-	-		-	(2,895,244)	(2,895,244)
Other comprehensive loss	-	-		(6,297)	-	(6,297)
Total comprehensive loss for the period	**-**	**-**		**(6,297)**	**(2,895,244)**	**(2,901,541)**
Contribution of equity	18,231,000	(10,231,000)		-	-	8,000,000
Share issue costs	(1,830,686)	1,363,593		-	-	(467,093)
Balance at 30 June 2021	**21,512,355**	**-**	**1,486,077**	**(6,297)**	**(20,807,496)**	**2,184,639**

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Notes	2021	2020
		$	$
Operating activities			
Receipts from customers		43,708,204	8,822,251
Payments to suppliers and employees		(40,079,469)	(6,223,442)
Other income		791,888	206,522
Finance costs paid		(4,212,830)	(1,037,063)
Net cash from operating activities	23	**207,793**	**1,768,268**
Investing activities			
Acquisition of property, plant and equipment		(2,292,825)	(6,816,544)
Payments for development and exploration assets		(5,577,475)	(7,927,193)
Payment for other assets		(158,803)	(91,280)
Net cash (used in) investing activities		**(8,029,103)**	**(14,835,017)**
Financing activities			
Proceeds from borrowings		550,000	24,009,356
Repayments of borrowings		(6,184,480)	(9,860,466)
Repayment of lease liabilities		(148,122)	(73,163)
Proceeds from issues of ordinary shares		13,112,907	500,000
Net cash from financing activities		**7,330,305**	**14,575,727**
Net change in cash and cash equivalents		(491,005)	1,508,978
Cash and cash equivalents, at beginning of the period		1,509,040	62
Cash and cash equivalents, at end of period	11	**1,018,035**	**1,509,040**

This statement should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

1 Nature of operations and general information and statement of compliance

The principal activities of Manuka Resources Ltd comprise mine development, mining and processing of silver and gold and exploration activities.

During the financial year the Company's principal activities related to the commencement of processing and mining of gold ores from the Mt Boppy Gold Project through the Wonawinta plant, the release of an updated Mineral Resource Estimate for both the Wonawinta Silver Project and the Mt Boppy Gold project, significant progress on various drilling programs and commencement of internal feasibility work for the restart the Wonawinta Silver Project.

The financial report includes the consolidated financial statements and notes of Manuka Resources Limited and its controlled entity Mt Boppy Resources Pty Ltd (Consolidated Group or Group).

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. These include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures the that the financial report, comprising the financial statements and the notes, complies with International Financial Reporting Standards (IFRS). Manuka Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

Manuka Resources Ltd is a Public Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Level 4, Grafton Bond Building, 201 Kent Street, Sydney, New South Wales.

The consolidated financial statements for the year ended 30 June 2021 were approved and authorised for issue by the Board of Directors on 23 September 2021. The directors have the power to amend and reissue the financial statements.

2 Changes in accounting policies

2.1 New and amended standards adopted

The accounting policies adopted by the Group are consistent with those of the previous financial year.

2.2 Accounting standards and interpretations not yet effective

New accounting standards and interpretations that have been published that are not mandatory for the 30 June 2021 reporting period, have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is that they are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 Summary of accounting policies

3.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The financial statements have been prepared on a historical cost basis, except for the assets held for sale which are measured at fair value less cost of disposal. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

3.2 Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The financial statements do not include any adjustments that might be necessary to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report, should the Group not be able to continue as a going concern.

During the financial year ended 30 June 2021, the Group achieved the following significant milestones:

- Official Quotation of the Company's shares commenced on 14 July 2020. The Company raised $7,000,000 (before costs of $512,450) pursuant to the offer under its prospectus dated 22 May 2020 by the issue of 35,000,000 shares at an issue price of $0.20 per share.
- On 17 December 2020, the Company completed a placement of $7,000,000 (before costs of $444,737) through the issue of 17,500,000 ordinary shares at $0.40 per share, to sophisticated, professional and institutional investors. Funds raised from the Placement supported accelerated exploration and resources drilling activities at the Mt Boppy Gold Project and the Wonawinta Silver and Base Metals Project and also provided general working capital to the Group. In addition to the Placement the Company converted $1,000,000 in unsecured loans to equity through the issue of 2,500,000 ordinary shares at $0.40 per share.
- The Company has repaid approximately US$4 million of its debt facility (TFC/TA Facility) with TransAsia Private Capital Limited (TPC) and has successfully extended repayment of the facility to 30 September 2022.
- The Company released a significantly improved Mt Boppy Gold Project Resource Upgrade in February 2021 which contains a 23% increase in contained ounces and a 20% increase in grade, when compared with the last reported JORC Resource (September 2016)20 and an updated Mineral Resource Estimate for the Wonawinta Silver Project with a 43% increase in Measured and Indicated Resources[21].
- Completion of the Wonawinta Deeps Proof-of-Concept drilling program[22] which confirmed the presence of carbonate-hosted sulphides in the Winduck Shelf strata down-dip from the existing Wonawinta open pits encountering lead-zinc-silver mineralisation over 3km and supported the existence of lead-zinc-silver sulphide mineralisation with Mississippi Valley Type (MVT) affinities.
- Commencement of internal feasibility work for the restart the Wonawinta Silver Project including extensive metallurgical test work prior to the release of its mine plan and Maiden Reserve.

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[20] Refer ASX announcement dated 1 February 2021.
[21] Refer ASX announcement dated 1 April 2021
[22] Refer ASX announcement dated 1 June 2021

Whilst a significant improvement in the net liability position of the Group is noted driven by commercial production, and the raising of $14,000,000 in capital during the year, the Group incurred a loss for the year ended 30 June 2021 of $2,895,244 (2020: loss $4,552,843). The Company has converted its balance sheet to a net asset position of $2,184,639 (2020: net deficit $2,446,727) and has improved its net current liability position to $3,459,182 as at the reporting date (2020: 22,171,038).

Management have prepared cash flow projections for the period to 30 September 2022 that support the ability of the Group to continue as a going concern.

In order to repay the senior debt facility in the timeframe, the projections rely on the proven ability of the Group maintaining profitable gold production, based on the forecast gold price, the cut-off grade, and the planned recoveries from known resources and reserves within the current pit design and the successful transition of the plant to silver production at Wonawinta. The Company's forecast silver price and the forecast USD/AUD exchange rate are also key.

The Group has also a number of alternative plans if needed including:

- Undertaking capital raising activities on the market;
- Finding alternative financing arrangements; or
- Reducing the extent of it exploration programs.

In the event the Group is unable to achieve some of the matters detailed above, this would create a material uncertainty with respect to the ability of the Group to continue as a going concern and accordingly to realise its assets and extinguish its liabilities in the ordinary course of operations. However, the Directors are satisfied with respect to the favourable outcome of the above matters and as such have therefore prepared the financial statements on a going concern basis.

3.3 Basis of consolidation

The Group's financial statements consolidate those of the Parent Company and all of its subsidiaries at the end of the reporting period. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

3.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

3.5 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Manuka Resources Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

3.6 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

3.7 Leases

Pursuant to AASB 16, the Group recognises on its balance sheet the minimum lease payments under its lease arrangements as 'right-of-use assets' with a corresponding financial lease liability. The financial liability is adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognised previously recognised under AASB 117 is replaced with a depreciation charge for the leased asset (included in operating costs), and an interest expense on the recognised lease liability (included in finance costs).

Short-term leases and leases of low value assets

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months of less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.8 Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. The Company has one Key Customer which is an LBMA Accredited Refinery. Sales revenue is recognised at the time of the Lock-in Contract. This is when goods are delivered and title and risk passes to the customer. The Lock-in contract is based on provisional assays at the spot price. Final assays are completed at the Outturn and the resulting difference in product is deposited to the Company's Unallocated Metals account, where the goods are recognised as Inventory at cost price.

3.9 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants are recorded in other income.

3.10 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service.

3.11 Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are transferred to mine properties and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site. A regular review for impairment is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Exploration expenditure which fails to meet at least one of the conditions outlined above is written off.

3.12 Property, plant and equipment

Property, plant, equipment, is stated at cost less accumulated depreciation and any impairment in value.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation commences on assets when it is deemed they are capable of operating in the manner intended. Useful lives are examined on an annual basis and adjustments, where applicable, are made on a revised useful life basis.

Asset	Depreciation rate
Freehold land – at cost	not depreciated
Computer Equipment:-	
- Laptops and mobile devices	2 years effective life (50%) - straight-lined
- Other Computer equipment	4 years effective life (25%) - straight-lined
Plant and Equipment	
Ball Mill Motor	25 years effective life (4%) - straight-lined
Other Pumps and Motors	20 years effective life (5%) - straight-lined
Generators	10 years effective life (10%) - straight-lined
Other	2-5 years effective life (20% to 50%) - straight-lined
Processing Plant	units of production

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

3.13 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through profit or loss (FVPL)
- debt instruments at fair value through other comprehensive income (FVOCI)
- equity instruments at fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

- The entity’s business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Impairment of financial assets

The AASB 9 impairment model uses forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. The application of this impairment model depends on whether there has been a significant increase in credit risk.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

Classification and measurement of financial liabilities
The Group's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

3.14 Inventories
Inventories are measured at the lower of their costs and net realisable value. An impairment provision is recognised when there is objective evidence that the Company will not be able to realise the carrying amount through use or sale.

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale inventories are valued at the lower of cost and net realisable value.

3.15 Care and Maintenance
When a mine moves into the care and maintenance stage, the costs of maintaining the mine are expensed in the period as incurred unless there are future economic benefits for other operating mines.

3.16 Mine development
Mine development expenditure relates to costs incurred to access a mineral resource. It represents those exploration and evaluation costs incurred after the technical feasibility and commercial viability of extracting the mineral resource has been demonstrated and an identified mineral reserve is being prepared for production (but is not yet in production).

Significant factors considered in determining the technical feasibility and commercial viability of the project are the completion of a feasibility study, the existence of sufficient proven and probable reserves to proceed with development and approval by the Board of directors to proceed with development of the project. Mine development costs include direct and indirect costs associated with mine infrastructure, pre-production development costs, development excavation, project execution costs and other subsurface expenditure pertaining to that area of interest. Costs related to tangible surface plant and equipment and any associated land and buildings are accounted for as property, plant and equipment.

Development costs are carried forward in respect of areas of interest in the development phase until commercial production commences. When commercial production commences, carried forward development costs are transferred to Mine Properties and amortised on a units of production basis over the life of economically recoverable reserves of the area of interest. The Group assesses future capital costs required to bring existing reserves into production and includes an estimate of these costs in the base when calculating amortisation expense. Development assets are assessed for impairment if an impairment trigger is identified. For the purposes of impairment testing, development assets are allocated to CGUs to which the development activity relates.

Production Stripping

Removal of waste material normally continues after commercial production commences and throughout the life of a mine. This activity is referred to as production stripping. The costs of production stripping are capitalised. The amount of stripping costs deferred is based on the ratio of waste tonnes mined and ore tonnes mined. Amortisation of the production stripping asset takes place on a unit of production based on the identified component of the ore body which is mined. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g. tonnes) of waste to be stripped and ore to be mined in each of these components.

3.17 Cash and cash equivalents

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

3.18 Borrowings

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

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

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

3.19 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

3.20 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised immediately in profit or loss and are included in other gains/(losses) except where hedge accounting applies.

Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship, and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

For the reporting periods under review, the Group has designated certain gold swap and spot contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate short-term commodity price impacts arising from certain highly probable sales transactions and to give certainty to exchange rate and commodity price impacts on the realised sales prices of the Commodities produced by the Group.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the consolidated statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

3.21 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefit obligations

The Group also has liabilities for long service leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Share based payments

Options over ordinary shares have been granted to employees, Directors and finance providers from time to time, on a discretionary basis. The cost of these share-based payments is measured by reference to the fair value at the date at which they are granted using an option pricing model. The options may be subject to service or other vesting conditions and their fair value is recognised as an expense together with a corresponding increase in other reserve equity over the vesting period.

3.22 Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include the following:

- **Share based payment reserve** – comprising assessed fair value of options issued to employees, executives and other parties
- **Reserve for cash flow hedges** – comprising gains and losses relating to these types of financial instruments

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities if the dividends have been being appropriately authorised and are no longer at the discretion of the entity prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

3.23 Earnings per share

Basic earnings per share

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

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

3.24 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

3.25 Rehabilitation

Provisions made for rehabilitation are recognised where there is a present obligation as a result of exploration, development or production activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning mining activities and restoring the affected areas. The provision for future rehabilitation costs is the best estimate of the present value of the expenditure required to settle the obligation at the reporting date, based on current legal requirements and technology. Future rehabilitation costs are reviewed annually, and any changes are reflected in the present value of the rehabilitation provision at the end of the reporting period. The amount of the provision for future rehabilitation costs relating to exploration and development activities is capitalised as a cost of those activities. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate the risks specific to the liability.

3.26 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Rehabilitation provision

The Company is required by the relevant regulatory authorities to ensure that appropriate rehabilitation is carried out on tenements that are mined. The amount of the rehabilitation cost is an estimate based upon the estimated life of each mined tenement, as well as the future timing and cost of such rehabilitation. The provision is constantly revised as information about the life of mine, depth of mining and cost estimates are updated.

Share based payment reserve

Management uses valuation techniques to determine the fair value of the reserve created when options are issued to employees and executives. This involves developing estimates and assumptions determined by reference to historical data of comparable entities over a period of time. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available.

Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates consider both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by the Australian Taxation Office.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised and are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Key judgements are applied in considering the costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

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 Group 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 Group 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 Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Life of mine method of amortisation and depreciation

The Group applies the life of mine method of amortisation and depreciation to its mine specific plant and to mine properties and development based on ore tonnes mined. These calculations require the use of estimates and assumptions. Significant judgement is required in assessing the available reserves and the production capacity of the plants to be depreciated under this method. Factors that are considered in determining reserves and production capacity are the complexity of metallurgy, markets and future developments. When these factors change or become known in the future, such differences will impact pre-tax profit and carrying values of assets.

Net realisable value of inventories

The calculation of net realisable value for raw materials, work in progress and finished goods involves significant judgement and estimates in relation to timing and cost of processing, commodity prices, recoveries. A change in any of these assumptions will alter the estimated net realisable value and may therefore impact the carrying value of inventories.

Determination of mineral resources and ore reserves

The Group reports its Mineral Resources and Ore Reserves in accordance with the Joint Ore Reserves Committee (**JORC**) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code**). The information on Mineral Resources and Ore Reserves is prepared by Competent Persons as defined by the JORC Code.

There are numerous uncertainties inherent in estimating the quantities of economically recoverable Mineral Resources and Ore Reserves. Assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes may impact asset carrying values, depreciation and amortisation rates, deferred development costs and provisions for rehabilitation.

Commencement of production

The Group achieved operating status on 17 April 2020, reaching production for accounting purposes. Accordingly, for the period 17 April 2020 to 30 June 2020, revenues derived from mining activities and associated costs were no longer capitalised and were recognised in profit or loss, and depreciation and amortisation of mine properties commenced on 17 April 2020.

4 Segment reporting

Identification of reportable segments

The Group has identified operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. Currently all the Group's gold and silver tenements and resources are in New South Wales. Two operating segments have been identified:

- Exploration: Exploration of existing gold leases and exploration leases at Wonawinta and Mt Boppy projects
- Operations: being the appraisal, development and processing of gold and silver deposits

The following table presents revenue and loss information regarding operating segments for the years ended 30 June 2021 and 30 June 2020.

Year ended 30 June 2021	**Exploration**	**Operations**	**Total $**
Segment revenue (external customers)	-	43,752,567	**43,752,567**
Segment cost of sales	-	(43,312,892)	**(43,312,892)**
Segment operating contribution	**-**	**439,675**	**439,675**
Other income	-	791,888	**791,888**
Expenses	(23,677)	(2,363,355)	**(2,387,032)**
Finance income / (expenses)	(499)	(1,739,276)	**(1,739,775)**
Loss before income tax	**(24,176)**	**(2,871,068)**	**(2,895,244)**

Year ended 30 June 2020	**Exploration**	**Operations**	**Total $**
Segment revenue (external customers)	-	9,261,798	**9,261,798**
Segment cost of sales	-	(7,264,503)	**(7,264,503)**
Segment operating contribution	**-**	**1,997,295**	**1,997,295**
Other income	-	206,522	**206,522**
Expenses	(64,520)	(3,164,360)	**(3,228,880)**
Finance income / (expenses)	-	(3,527,780)	**(3,527,780)**
Loss before income tax	**(64,520)**	**(4,488,323)**	**(4,552,843)**

The following table presents segment assets and liabilities of operating segments at 30 June 2021 and 30 June 2020.

Segment Assets	Exploration	Operations	Total $
As at 30 June 2021	4,780,492	30,464,885	35,245,377
As at 30 June 2020	322,305	36,104,910	36,427,215

Segment Liabilities	Exploration	Operations	Total $
As at 30 June 2021	317,125	32,743,613	33,060,738
As at 30 June 2020	68,865	38,805,077	38,873,942

Revenue and assets by geographical region

The Company's revenue is derived from sources and assets located wholly within Australia.

Major customers

The Company currently delivers all its product to one off-taker.

Financial information

Reportable items required to be disclosed in this note are consistent with the information disclosed in the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position and are not duplicated here.

5 Revenue and other income

	Notes	30 June 2021 $	30 June 2020 $
(a) Operating sales revenue			
Sale of mineralised ore – gold		42,993,529	9,243,350
Sale of mineralised ore – silver		759,038	18,448
Total revenue from contracts with customers		**43,752,567**	**9,261,798**
(b) Other income			
Government grant - Jobkeeper		463,500	168,000
Income from cash settled hedges	18.4	248,454	-
Other income		79,934	38,522
Total other income		**791,888**	**206,522**

6 Expenses

(a) Cost of sales

		30 June 2021 $	30 June 2020 $
Operating expenses	6(b)	43,610,478	8,555,954
Royalties		1,996,666	439,201
Inventory movements		(2,294,252)	(1,730,652)
Total operating expenses		**43,312,892**	**7,264,503**

(b) Operating expenses

		30 June 2021 $	30 June 2020 $
Mining expenses		9,038,681	647,863
Hauling and crushing expenses		10,042,536	1,684,782
Processing and refining expenses		15,422,039	3,110,883
Site administration expenses		4,889,892	2,130,244
Amortisation of mine properties	0	4,217,330	982,182
Total operating expenses		**43,610,478**	**8,555,954**

(c) Other expenses

		30 June 2021 $	30 June 2020 $
Professional expenses		963,558	1,169,448
Employment expenses	6(d)	904,632	519,420
Depreciation		56,142	64,145
IPO expenses		-	429,282
Other expenses		462,700	371,843
Total other expenses		**2,387,032**	**2,554,138**

(d) Employment Expenses

	30 June 2021 $	30 June 2020 $
Wages and Salaries	768,112	423,585
Superannuation	66,293	81,602
Employment taxes	70,227	14,233

7 Finance costs

	30 June 2021 $	30 June 2020 $
Finance costs are made up of the following items:		
Interest expenses and other finance charges – net of capitalisation of borrowing costs	3,483,608	2,439,578
Net discounting impact of rehabilitation provisions and financial assets	(41,592)	242,794
Net foreign exchange (gain) / loss	(1,721,879)	181,135
Accrued interest charged to notes	19,638	664,274
Total finance costs	1,739,775	3,527,781

8 Income tax expense

	30 June 2021 $	30 June 2020 $
(a) Income tax benefit recognised in the income statement		
Current tax	-	-
Deferred tax	-	-
Income tax as reported in the statement of comprehensive income	-	-
(b) Reconciliation of income tax expense to prima facie tax payable		
The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Loss from ordinary activities before income tax expense	(2,895,244)	(4,552,843)
Tax at the Australian rate of 26% (2020 : 27.5%)	(752,763)	(1,252,032)
Increase / (decrease) in income tax due to:		
Temporary differences	(1,802,769)	(1,355,229)
Permanent differences	(117,240)	(134,776)
Unused tax losses not recognised	2,672,772	2,742,037
Income tax expense	-	-
(c) Deferred tax assets not recognised		
Deferred tax assets		
- carry forward tax losses at 26% (2020: 27.5%) not recognised	8,348,716	6,003,401
- other deferred tax assets	2,875,421	2,985,591
Deferred tax liabilities	(6,254,124)	(2,978,743)
Net deferred tax assets not recognised	4,970,013	6,010,249

The Company has no available franking credits.

Potential deferred tax assets attributable to tax losses and other temporary differences have not been brought to account as at 30 June 2021. Because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will be obtained if:

- The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the expenditure to be realised; and
- No changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the expenditure.

9 Auditor remuneration

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	30 June 2021 $	30 June 2020 $
Audit of financial statements		
Grant Thornton Audit Pty Ltd – audit and review of financial reports	143,500	189,997
Remuneration from audit of financial statements	**143,500**	**189,997**
Other services		
Grant Thornton Australia Ltd – Investigating Accountants Report	-	69,025
Total other services remuneration	**-**	**69,025**
Total auditor's remuneration	**143,500**	**259,022**

10 Dividends

No dividends for the year ended 30 June 2021 have been declared or paid to shareholders by the Company.

11 Cash and cash equivalents

	30 June 2021 $	30 June 2020 $
Cash and cash equivalents comprise the following:		
Cash at bank and in hand	1,018,035	1,509,040
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**1,018,035**	**1,509,040**

Cash at bank and in hand is non-interest bearing.

12 Trade and other receivables

	30 June 2021 $	30 June 2020 $
Current		
Trade receivables	355,290	200,403
Other receivables	338,281	453,337
IPO funds raised not yet received	-	7,000,000
Total trade and other receivables	**693,571**	**7,653,740**

13 Inventories

	30 June 2021 $	30 June 2020 $
Consumables, supplies and spares	667,383	277,109
Gold concentrate in circuit at cost	2,882,813	1,085,212
Ore stockpiles	1,142,091	645,440
Inventories at cost	**4,692,287**	**2,007,761**

14 Development assets and mine properties

	30 June 2021 $	30 June 2020 $
Development assets at cost	995,350	450,919
Accumulated amortisation	-	-
Net carrying amount	**995,350**	**450,919**
Mine properties at cost	10,643,708	9,874,559
Accumulated amortisation	(5,199,512)	(982,182)
Net carrying amount	**5,444,196**	**8,892,377**
Total development assets and mine properties at cost	11,639,058	10,325,478
Accumulated amortisation	(5,199,512)	(982,182)
Total net carrying amount	**6,439,546**	**9,343,296**

The following tables show the movements in development assets and mine properties:

	30 June 2021 $	30 June 2020 $
Development assets		
Opening carrying value	450,919	3,307,887
Additions at cost	544,431	5,516,730
Transfer to mine properties	-	(8,373,698)
Closing carrying value net of accumulated amortisation	**995,350**	**450,919**
Mine Properties		
Opening carrying value	8,892,377	-
Transfer from development assets	-	8,373,698
Additions at cost	208,777	1,500,861
Adjustment to rehabilitation cost estimates	560,372	-
Amortisation charge for the year	(4,217,330)	(982,182)
Closing carrying value net of accumulated amortisation	**5,444,196**	**8,892,377**
Total development assets and mine properties at cost		
Opening carrying value	9,343,296	3,307,887
Additions at cost	753,208	7,017,591
Adjustment to rehabilitation cost estimates	560,372	-
Amortisation charge for the year	(4,217,330)	(982,182)
Total closing carrying value net of accumulated amortisation	**6,439,546**	**9,343,296**

15 Exploration and evaluation assets

Exploration and evaluation costs carried forward in respect of areas of interest:

	Note	30 June 2021 $	30 June 2020 $
Exploration assets			
Opening net book amount		322,305	-
Exploration and evaluation costs during the year	0(a)	4,458,187	322,305
Net book value		**4,780,492**	**322,305**

(a) During the year, the Company undertook planning and evaluation activities to assess the potential to mine silver, lead and zinc sulphide in line with the activities outlined in its prospectus dated 22 May 2020. The Company's exploration planning and drilling programs are divided into three key components, as follows:

(i) near-mine evaluation activities at Mt Boppy (ML/GLs and adjacent EL5842),
(ii) near-mine evaluation at Wonawinta (Wonawinta ML and adjacent Wonawinta ELs); and
(iii) early/follow-up-phase exploration on the Company's exploration tenements/mining leases.

16 Property, plant and equipment

The following tables show the movements in property, plant and equipment:

	Land $	IT Equipment $	Plant & Equipment $	Fixtures & Fittings $	Motor Vehicles $	Total $
Balance 30 June 2019						
Cost	754,994	1,664	1,215,714	-	293,610	2,265,982
Depreciation	-	(1,664)	-	-	(63,608)	(65,272)
Net book value	**754,994**	**-**	**1,215,714**	**-**	**230,002**	**2,200,710**
Year ended 30 June 2020						
Opening net book value	**754,994**	**-**	**1,215,714**	**-**	**230,002**	**2,200,710**
Additions	-	42,361	6,384,420	12,757	93,794	6,533,332
Depreciation	-	(13,065)	(96,396)	(1,107)	(34,455)	(145,023)
Closing net book value	**754,994**	**29,296**	**7,503,738**	**11,650**	**289,341**	**8,589,019**
Balance 30 June 2020						
Cost	754,994	44,025	7,600,134	12,757	387,404	8,799,314
Depreciation	-	(14,729)	(96,396)	(1,107)	(98,063)	(210,295)
Net book value	**754,994**	**29,296**	**7,503,738**	**11,650**	**289,341**	**8,589,019**

	Land	IT Equipment	Plant & Equipment	Fixtures & Fittings	Motor Vehicles	Total
	$	$	$	$	$	$
Year ended 30 June 2021						
Opening net book value	**754,994**	**29,296**	**7,503,738**	**11,650**	**289,341**	**8,589,019**
Additions	-	35,895	2,122,815	13,829	176,428	2,348,967
Depreciation	-	(39,518)	(753,926)	(4,578)	(49,332)	(847,354)
Closing net book value	**754,994**	**25,673**	**8,872,627**	**20,901**	**416,437**	**10,090,632**
Balance 30 June 2021						
Cost	754,994	79,342	9,722,949	26,586	563,832	11,147,703
Depreciation	-	(53,669)	(850,322)	(5,685)	(147,395)	(1,057,071)
Net book value	**754,994**	**25,673**	**8,872,627**	**20,901**	**416,437**	**10,090,632**

Included within Plant and Equipment is an amount of $324,000 (2020 : $782,105) representing costs incurred on equipment which was not brought to use as at 30 June 2021 and as such represents capital works in progress.

17 Right-of-use assets and liabilities

Leases

The Group has two lease contracts, including one for its office premises which commenced on 1 January 2020 and a lease for a printer which commenced September 2020. The office lease has a lease term of two years with no option to extend and with a rent increase of 4% after one year of commencement. The printer lease has a term of two years.

Short term lease expenses

The following table shows the short-term lease expenses during the period.

	30 June 2021	30 June 2020
	$	$
Rent expenses – office rental	12,500	56,712
Cost of Sales/Operating expenses – hire of plant	1,020,773	310,129
Total short-term lease expenses	1,033,273	366,841

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period.

	30 June 2021	30 June 2020
	$	$
Balance at start of period	194,557	-
Additions	4,933	258,702
Depreciation	(131,407)	(64,145)
Closing net book value	68,083	194,557

Set out below are the carrying amounts of lease liabilities.

	30 June 2021 $	30 June 2020 $
Balance at start of period	202,015	-
Additions	4,933	258,702
Accretion of interest (included in finance expenses)	20,762	16,477
Payments	(151,597)	(73,164)
Closing balance lease liabilities	76,113	202,015
Current	**75,419**	**128,937**
Non-current	**694**	**73,078**

18 Financial assets and liabilities

18.1 Categories of financial assets and financial liabilities

The carrying amounts of financial assets in each category are as follows:

	Notes	30 June 2021 $	30 June 2020 $
Financial assets at amortised cost			
Cash and cash equivalents	11	1,018,035	1,509,040
Trade and other receivables	12	355,290	7,200,403
Other financial assets	18.3	6,888,571	6,456,370
Total financial assets at amortised cost		**8,261,896**	**15,165,813**
Total financial assets		**8,261,896**	**15,165,813**

The carrying amounts of financial liabilities in each category are as follows:

	Notes	30 June 2021 $	30 June 2020 $
Financial liabilities at amortised cost			
Trade and other payables	19	9,979,330	7,670,573
Current borrowings – Other		-	251,664
Current borrowings – Convertible notes	18.2(b)	-	1,760,513
Borrowings – Related party loans owed by Manuka	18.2(a)	2,155,472	2,507,878
Borrowings – Short-term loan	18.2(c)	358,293	426,475
Borrowings – Senior secured lender – TPC facility (net of borrowing costs)	18.2(d)	14,023,439	20,561,906
Borrowings – Related Party Loans owed by Mt Boppy	18.2(e)	84,143	196,143
Lease liabilities	17	76,113	202,015
Total financial liabilities at amortised cost		**26,676,790**	**33,577,167**
Financial liabilities at fair value through profit and loss			
Derivative liabilities	0	6,297	-
Total financial liabilities at fair value through profit and loss		**6,297**	**-**
Total financial liabilities		**26,683,087**	**33,577,167**

18.2 Borrowings

Borrowings include the following financial liabilities:

	Notes	30 June 2021 $	30 June 2021 $
Current			
Related party loans owed by Manuka	(a)	-	2,507,878
Convertible notes	(b)	-	1,760,513
Short-term Loan	(c)	-	426,475
Senior secured lender – TPC facility (net of borrowing costs)	(d)	-	20,561,906
Related party Loans owed by Mt Boppy	(e)	-	196,143
Other borrowings		-	251,664
Total current borrowings		**-**	**25,704,579**
Non-current			
Related party loans owed by Manuka	(a)	2,155,472	-
Related party Loans owed by Mt Boppy	(e)	84,143	-
Short-term Loan	(c)	358,293	-
Senior secured lender – TPC facility (net of borrowing costs)	(d)	14,023,439	-
Total non-current borrowings		**16,621,347**	**-**
Total borrowings		**16,621,347**	**25,704,579**

All borrowings are denominated in Australian Dollars except for the TPC Facility which is denominated in US Dollars.

(a) The related party loans include the following:

	30 June 2021 $	30 June 2020 $
ResCap Investments Pty Ltd	1,624,493	2,005,327
Gleneagle Securities (Aust) Pty Ltd	530,979	502,551

The loan provided by ResCap Investments Pty Ltd includes working capital drawn down during the period and amounts owing for services provided. The loan on the working capital portion has an interest rate of 16%. On 3 July 2019, the facility was subordinated to the TPC Facility changing the repayment date of the loan to after the repayment of new TPC facility.

The loan provided by Gleneagle Securities (Aust) Pty Ltd includes working capital drawn down during the period and amounts owing for services provided. The loan on the working capital portion has an interest rate of 12%. On 3 July 2019, the facility was subordinated to the TPC Facility changing the repayment date of the loan to after the repayment of new TPC facility.

(b) On the 1st September 2016 the Company issued 3,231,000 convertible notes with a $1.00 face value. The terms of the Convertible Notes are outlined in a Convertible Note Deed Poll and they were to convert to shares on occurrence of the any of an IPO event, an RTA event or a Trade Sale event. The Company was admitted to the ASX on 30 June 2020, and the convertible note was reassessed as Other Contributed Equity. At 30 June 2020, total interest of $1,760,513 (2019: $1,096,238) has been accrued on the note. Interest owing on the convertible note was paid in full on 14 July 2020 and the principal of $3,231,000 was converted into equity on IPO.

(c) Short-term Loan – The Short-term loan was drawn down in November 2017 and was expected to be repaid following a partial sale of an asset which fell over during final documentation. On 3 July 2019 this facility was subordinated to the TPC Facility, changing the repayment date of the loan to after the repayment of the TPC facility.

(d) The Company signed a US$13 Million debt facility agreement (TPC Facility) with TransAsia Private Capital Limited (TPC) during July 2019, with the first drawdown occurring in July 2019. During April 2020 the TPC Facility limit was increased to US$14 Million (and the additional US$1 Million was drawn). The interest rate attributable to this facility is 14% per annum payable quarterly. The Company has repaid approximately US$4 million of its debt facility (TPC Facility) with TransAsia Private Capital Limited (TPC) and has successfully extended repayment of the facility to 30 September 2022.

(e) The related party loans include the following loans advanced to Mt Boppy Resources Pty Ltd:

	30 June 2021	30 June 2020
	$	$
ResCap Investments Pty Ltd	84,143	196,143

The loan provided by ResCap Investments Pty Ltd includes amounts advanced and working capital drawn down during the period. No interest has been charged.

18.3 Other financial assets

	Notes	30 June 2021	30 June 2020
		$	$
Other financial assets comprises the following:			
Current assets at amortised cost			
Mt Boppy Resources - Deposit for environmental bond	(b)	84,000	-
Non-current assets at amortised cost	(a)		
Manuka Resources - Deposit for environmental bond		5,157,158	4,825,210
Term Deposit – at amortised cost		183,366	171,563
Rental Bond – at amortised cost		91,065	86,615
Non-current asset at amortised cost			
Mt Boppy Resources – Deposit for environmental bond	(b)	1,372,982	1,372,982
		6,888,571	**6,456,370**

The carrying amount of other financial assets is considered a reasonable approximation of fair value unless stated below:

(a) The Environmental Bond and Rental Bond Deposits in the name of Manuka Resources Ltd have been amortised with reference to a discount rate of 1.84% (2020 : 2.6%). They have been discounted over a 5 year period which is a reasonable approximation as to when the rehabilitation work will have to be conducted.

(b) The Environmental Bond Deposits in the name of Mt Boppy Resources Pty Ltd have been recorded at historical cost which has been assessed as a reasonable approximation of its fair value given the rehabilitation work will have to be undertaken within 12 months.

18.4 Derivative financial instruments and hedge accounting

Derivatives are only used for economic hedging purposes and not as speculative investments. As at 30 June 2021 the Company had a hedge liability/asset position reflecting a negative/positive mark-to-market value of gold contracts. As at year end gold hedges comprised spot and swap gold contracts for 1,000 ounces of gold (2020: Nil) at an average price of $2,359 per ounce (2020: Nil) for maturity over the period July 2021 to September 2021.

Derivative Financial instruments are measured at fair value and are summarised below:

	30 June 2021 $	30 June 2020 $
Other financial liabilities comprises the following:		
Gold spot and swap exchange contracts – cash flow hedge	6,297	-
Total derivative financial liabilities	**6,297**	**-**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income through the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income within other income or other expense.

Amounts accumulated in the cash flow hedge reserve are reclassified to the Statement of Profit or Loss and Other Comprehensive Income in the periods when the hedged item affects profit or loss for instance when the forecast sale that is hedged takes place.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, fixed assets) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as depreciation in the case of fixed assets.

The Group has designated certain gold swap and spot contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate short-term commodity price impacts arising from certain highly probable sales transactions and to give certainty to exchange rate and commodity price impacts on the realised sales prices of the Commodities produced by the Group.

The Group's Policy is to hedge up to 60% of highly probable forecast metal produced.

The following movements in the cash flow hedge reserve relate to one risk category being hedges relating to cash flows arising from gold sales.

	30 June 2021 $	30 June 2020 $
Cash flow hedging reserve		
Opening balance at start of period	-	-
Change in fair value of hedging instrument recognised in other comprehensive income (OCI)	6,297	-
Closing balance at end of period	**6,297**	**-**

No amounts have been reclassified to profit or loss. No ineffectiveness arose during the year ended 30 June 2021 (2020: n/a).

The effect of hedge accounting on the Group's consolidated financial position and performance is as follows, including the outline timing and profile of the hedging instruments:

	30 June 2021 $	30 June 2020 $
Carrying amount of gold forward contracts	(6,297)	-
Notional amount of gold forward contracts	2,359,080	-
Hedge Ratio	1:1	n/a
Maturity date	July to September 2021	n/a
Average forward gold price per oz (in AUD)	2,359	-

18.5 Other financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value due to the short-term nature of the financial instruments:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Other financial assets

19 Trade and other payables

	30 June 2021 $	30 June 2020 $
Current		
Trade creditors	7,183,356	5,733,337
Other creditors and accruals	2,795,974	1,937,236
Total trade and other payables	**9,979,330**	**7,670,573**

Trade and other payables amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

20 Provisions

	Notes	30 June 2021 $	30 June 2020 $
Current			
Provision for annual leave		460,189	188,617
Total current provisions		**460,189**	**188,617**
Non-current			
Provision for long service leave		17,125	-
Rehabilitation provisions	20.1	5,900,337	5,108,158
Total non-current provisions		**5,917,462**	**5,108,158**
Total provisions		**6,377,651**	**5,296,775**

20.1 Rehabilitation provisions

Rehabilitation provisions split between the parent and subsidiary are as follows:

	30 June 2021 $	30 June 2020 $
Rehabilitation provisions		
Manuka Resources Ltd	4,778,733	3,912,817
Mt Boppy Resources Ltd	1,121,604	1,195,341
Total rehabilitation provisions	**5,900,337**	**5,108,158**

Set out below are the movements of the rehabilitation provision during the period.

	30 June 2021 $	30 June 2020 $
Carrying amount at start of year	5,108,158	5,339,653
Re-assessment of provision	560,372	(587,297)
Payments	(73,736)	-
Net impact of discounting	305,543	355,802
Carrying amount at end of year	5,900,337	5,108,158

Provisions made for rehabilitation are recognised where there is a present obligation as a result of exploration, development or production activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning mining activities and restoring the affected areas. The provision for future rehabilitation costs is the best estimate of the present value of the expenditure required to settle the obligation at the reporting date, based on current legal requirements and technology. Future rehabilitation costs are reviewed annually, and any changes are reflected in the present value of the rehabilitation provision at the end of the reporting period. The amount of the provision for future rehabilitation costs relating to exploration and development activities is capitalised as a cost of those activities. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate the risks specific to the liability. The fair value of the rehabilitation provision for Manuka Resources has been calculated with reference to a discount rate of 4.8% (2020 : 5.6%) over 5 years. The discounting impact for Mt Boppy has been considered to be non-material as a result of the Company expecting to complete its rehabilitation work within twelve to eighteen months.

The Company is required by the relevant regulatory authorities to ensure that appropriate rehabilitation is carried out on tenements that are mined. The amount of rehabilitation cost is an estimate based upon the estimated life of each mined tenement, as well as the future timing and cost of such rehabilitation. The provision is constantly revised as information about the life of mine, depth of mining and cost estimates are updated.

21 Equity

21.1 Share capital

The share capital of Manuka Resources consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Manuka Resources.

	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	# Shares	# Shares	$	$
Shares issued and fully paid:				
• At beginning of period	193,087,960	305,838,647	5,112,041	1
• share issue 23 September 2019	-	3,023,353	-	296,170
• share issue 24 February 2020	-	2,400,000	-	200,000
• share issue 27 February 2020	-	6,153,846	-	500,000
• share consolidation 11 May 2020	-	(144,907,234)	-	-
• share issue 11 May 2020	-	2,500,000	-	500,000
• share issue 12 May 2020	-	679,348	-	135,870
• share issue 13 May 2020	-	17,400,000	-	3,480,000
• share issue 8 July 2020 [a]	21,265,752	-	3,231,000	-
• share issue 8 July 2020 [b]	35,000,000	-	7,000,000	-
• share issue 17 December 2020 [c]	17,500,000	-	7,000,000	-
• share issue 17 December 2020 [d]	2,500,000	-	1,000,000	-
• issue costs - options issued to broker	-	-	(873,499)	-
• IPO and Placement expenses	-	-	(957,187)	-
Total share capital at end of period	**269,353,712**	**193,087,960**	**21,512,355**	**5,112,041**

a) On 8 July 2020, the Company issued 21,265,752 shares at $0.15 per share for the conversion of $3,231,000 in Convertible Notes to equity.

b) On 8 July 2020 the Company issued 35,000,000 shares at an issue price of $0.20 per share pursuant to the offer under its prospectus dated 22 May 2020.

c) On 17 December 2020, the Company completed a Placement of $7,000,000 before costs through the issue of 17,500,000 ordinary shares at $0.40 per share, to sophisticated, professional and institutional investors.

d) On 17 December 2020, the Company converted $1,000,000 in unsecured loans to equity through the issue of 2,500,000 ordinary shares at $0.40 per share.

21.2 Movements in options on issue or granted

	Number of Options	
	2021	2020
Beginning of the financial year	21,250,000	3,000,000
Forfeited on 6 May 2020, exercisable at $0.35	-	(3,000,000)
Issued, exercisable at $0.25 on or before 17 April 2023	-	11,250,000
Granted, exercisable at $0.25 on or before 14 July 2023	-	10,000,000
End of the financial year	**21,250,000**	**21,250,000**

21.3 Capital management policies and procedures

Management's objectives when managing the capital of the company are to maintain a good debt to equity ratio, provide the shareholders with adequate returns and to ensure that the company can fund its operations and continue as a going concern.

The Company's capital includes ordinary share capital, short-term borrowings and financial liabilities, supported by financial assets.

The Company has a Loan to Value Ratio requirement of 80% under its TPC Facility. Borrowings are regularly monitored and reported monthly to the Senior Secured Lender.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. In making decisions to adjust its capital structure the company considers not only its short-term position but also its long-term operational and strategic objectives. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, pay dividends to shareholders or issue new shares.

22 Other contributed equity

Other contributed equity comprises the following:

	30 June 2021 $	30 June 2020 $
Shares allotted but not yet issued in respect of		
• services rendered	-	-
• IPO funds raised, not yet received	-	7,000,000
• convertible notes	-	3,231,000
IPO expenses in equity	-	(490,094)
Share based payments in equity	-	(873,499)
Total other contributed equity	**-**	**8,867,407**

23 Reconciliation of cash flows from operating activities

(a) Details of the reconciliation of cash flows from operating activities are listed in the following table:

	30 June 2021 $	30 June 2020 $
Cash flows from operating activities		
Loss for the period	(2,895,244)	(4,552,843)
Adjustments for non-cash items:		
• depreciation and amortisation	5,506,027	1,191,350
• discounting of provisions and financial assets	(41,591)	242,794
• share based payments	-	435,611
• accretion of interest	17,288	16,477
• amortisation of finance transaction costs	556,361	120,606
• finance costs paid (included in operating cashflows)	(4,775,256)	-
• finance costs accrued, but not paid	2,899,865	1,871,711
• unrealised foreign exchange gains	(1,129,722)	-
• movement in fair value of derivative liability	-	239,131
Change in operating assets and liabilities:		
• change in trade and other receivables	(44,363)	(439,547)
• change in prepayments	(218,500)	(351,127)
• change in inventories	(2,684,526)	(2,007,761)
• change in trade, other payables and related party advances	2,728,757	4,830,856
• change in provisions	288,697	171,010
Net cash provided by operating activities	**207,793**	**1,768,268**

(b) The Company has undertaken a number of non-cash investing and financing activities. Details of the non-cash financing activities which have resulted in the issue of shares are outlined above at Note 21.1. In addition, the Company has issued options in respect of non-cash financing and investing activities as outlined in the table below.

	# options	30 June 2021 $	30 June 2020 $
3 June 2020 - Options granted to lead broker for IPO services • Other contributed equity	10,000,000	-	(873,499)
16 April 2020 – Options issued to finance provider in respect of financing and extension of financing • Borrowings – capitalised finance expenses	3,250,000	-	(176,967)

24 Loss per share

	30 June 2021 $	30 June 2020 $
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	(2,895,244)	(4,552,843)
	No of shares	**No of shares**
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share *	258,805,422	138,695,011
	Cents per share	**Cents per share**
Basic and diluted loss per share	(1.12)	(3.28)

As the Group made a loss for the year ended 30 June 2021, none of the potentially dilutive securities were included in the calculation of diluted earnings per share. These securities could potentially dilute basic earnings per share in the future.

* In accordance with AASB 133 paragraph 26, the weighted average number of shares outstanding during the period and for all periods presented shall be adjusted for events (such as a share consolidation) that have changed the number of shares outstanding without a corresponding change in resources. As a result, the share consolidation which occurred on 11th May 2020 has been applied to the full financial year ended 30 June 2020.

25 Reserves

25.1 Share based payments

Options over ordinary shares have been granted to employees and Directors and finance providers from time to time, on a discretionary basis. The cost of these share-based payments is measured by reference to the fair value at the date at which they are granted using an option pricing model. The options may be subject to service or other vesting conditions and their fair value is recognised as an expense together with a corresponding increase in other reserve equity over the vesting period.

No options were granted during the year. The weighted average fair value of the options granted during the prior year was 25 cents. The fair values were determined using a variation of the binomial option pricing model that takes into account factors such as the vesting period, applying the following inputs:

	30 June 2021	30 June 2020
Weighted average exercise price (cents)	-	25
Weighted average life of the option (years)	-	3
Weighted average underlying share price (cents)	-	17
Expected share price volatility	-	77%
Risk free interest rate	-	0.25%

Set out below is a summary of the share-based payment options granted:

	30 June 2021		30 June 2020	
	# Options	**Weighted average exercise price cents**	**# Options**	**Weighted average exercise price cents**
Beginning of the year	21,250,000	25	3,000,000	35
Granted	-	-	21,250,000	25
Forfeited	-	-	(3,000,000)	35
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year end	**21,250,000**	**25**	**21,250,000**	**25**
Exercisable at year end	**21,250,000**	**25**	**21,250,000**	**25**

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 1.9 years (2020: 2.9 years), and the exercise prices are at 25 cents.

During the period there were no share-based payment expenses recorded (2020: $435,611) in the profit or loss and there was to no movement in the share option reserve. At 30 June 2021 the total value of the share based payment reserve is $1,486,077 (2020 : $1,486,077).

25.2 Hedging Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments (net of tax) used in cash flow hedges pending subsequent recognition in profit or loss The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss. At 30 June 2021, the total value of the hedging reserve is ($6,297).

26 Financial risk management

General objectives, policies and processes

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Activities undertaken by the Company may expose the Company to market risk (including gold price risk, currency risk and interest rate risk), credit risk and liquidity risk. The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority to its finance team, for designing and operating processes that ensure the effective implementation of the objectives and policies of the Company. The Company's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Company where such impacts may be material. The Board receives regular updates from Management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility.

At 30 June 2021, the Company held the following financial instruments:

	30 June 2021	30 June 2020
Financial assets	**$**	**$**
Cash and cash equivalent	1,018,035	1,509,040
Trade and other receivables	355,290	7,200,403
Other financial assets	6,888,571	6,456,370
Total financial assets	**8,261,896**	**15,165,813**

	30 June 2021	30 June 2020
Financial liabilities	**$**	**$**
Trade and other payables	9,979,330	7,670,573
Related party loans	2,239,615	2,704,021
Convertible notes	-	1,760,513
Other interest-bearing loans (net of borrowing costs)	14,381,732	20,988,381
Lease liabilities	76,113	202,015
Other borrowings	-	251,664
Derivative liabilities	6,297	-
Total financial liabilities	**26,683,087**	**33,577,167**

The fair value of these current financial instruments is assumed to approximate their carrying value.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, interest rates and equity prices will affect the consolidated entity income or the value of its holdings of financial instruments.

The Group is currently exposed to the risk of fluctuations in prevailing market commodity prices on the gold and silver currently produced from its gold mine. The Group does not have any physical gold delivery contracts in place as at 30 June 2021 (30 June 2020: Nil).

Derivative financial instruments and hedge accounting

Derivatives are only used for economic hedging purposes and not as speculative investments.

Changes in the market gold price will affect the derivative valuation at each reporting date. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The consolidated entity enters into derivative financial instruments to hedge such transactions.

The Company's risk management policy is to hedge between 0% to 60% of forecast gold sales in local currency over a rolling 24-month period. As at 30 June 2021 the Company had a hedge liability position of $6,297 reflecting a negative mark-to-market value of gold contracts. As at year end gold hedges comprise spot and swap gold contracts for 1,000 ounces of gold (2020: Nil) at an average price of $2,359 per ounce (2020: Nil), with a maturity over the period July 2021 to September 2021.

At 30 June 2021 the Company held gold forward contracts to hedge the exposure of future gold sales. The following table sets out the current hedge position and fair value as at 30 June 2021:

	No. of contracts	Gold sold	Maturity 0-6 months $'000	Maturity 7-12 months $'000	Maturity More than 1 year $'000
As at 30 June 2021	3	1,000 oz	$6	-	-
As at 30 June 2020	-	-	-	-	-

Gold price sensitivity

The carrying amount of derivative financial instruments are valued using appropriate valuations models with inputs such as forward gold prices. The potential effect of using reasonably possible alternative assumptions in these models, based on changes in the forward gold price by 10 per cent while holding all other variables constant, is shown in the following table:

	Carrying amount $'000	Other Comprehensive Income 10% increase $'000	Other Comprehensive Income 10% decrease $'000
30 June 2021			
Derivative Financial Instruments	6	(236)	236
30 June 2020			
Derivative Financial Instruments	-	-	-

The accounting policy for derivative financial instruments and hedge accounting is outlined at Note 18.4 above.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement. During the period, the Company entered into fair value hedges for 4,000 oz of gold which did not classify for hedge accounting. An amount of $248,454 was recognised in the Profit and Loss in relation to these hedges which were settled prior to the end of the period.

Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Company incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Company. The policy of the Company is that sales are only made to customers that are credit worthy. Credit limits for each customer are reviewed and approved by Management.

Receivable balances are monitored on an ongoing basis. The Company has one Key Customer which is an LBMA Accredited Refinery. To mitigate Credit Risk associated with its Key Receivable, the Company has in place a contract which ensures payment is received at the time of transfer of title and physical delivery of goods.

To mitigate the credit risk associated with cash and cash equivalents, contracts are taken out only with reputable financial institutions in Australia.

The maximum exposure to credit risk at balance date in relation to each class of financial asset is the carrying amount of those assets, which is net of impairment losses. Refer to the summary of financial instruments table above for the total carrying amount of financial assets.

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. Prudent liquidity risk management implies maintaining sufficient cash and ensuring the availability of funding through an adequate amount of committed credit facilities.

The Company manages liquidity risk by continuously monitoring forecasted and actual cash flows, seeking the financial support from its shareholders, finding debt providers and matching the maturity profiles of financial assets and liabilities.

Maturity Analysis

The table below summarises the maturity profile of the Company's financial liabilities based on contractual commitments.

	Carrying Amount	Contractual Cash flows	< 6 months	6- 12 months	1-3 years
	$	$	$	$	$
2021					
Non-derivatives					
Trade and other payables	9,979,330	9,979,330	9,979,330	-	-
Related party loans	2,239,615	2,483,092	181,534	97,391	2,204,167
Other interest-bearing loans	14,381,732	16,644,553	905,128	905,128	14,834,297
Lease liabilities	76,113	79,370	77,497	1,405	468
	26,676,790	**29,186,345**	**11,143,489**	**1,003,924**	**17,038,932**
2020					
Non-derivatives					
Trade and other payables	7,670,573	7,670,573	7,670,573	-	-
Related party loans	2,704,021	2,842,992	196,143	2,646,849	-
Convertible notes	1,760,513	1,780,152	1,780,152	-	-
Other interest-bearing loans	20,988,381	22,659,562	4,979,156	17,680,406	-
Lease liabilities	202,015	225,347	73,164	76,092	76,091
Other borrowings	251,664	259,974	86,658	173,316	-
	33,577,167	**35,438,600**	**14,785,846**	**20,576,663**	**76,091**

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The Group has not formalised a foreign currency risk management policy however, it monitors its foreign currency expenditure considering exchange rate movements.

The Group is exposed to foreign exchange risk through the USD denominated debt facility obtained from TPC, refer Note 18.2(d). The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	30 June 2021	30 June 2020
	$	$
Borrowings	14,023,439	21,118,267

The aggregate net foreign exchange gains/losses recognised in profit or loss were:

	30 June 2021	30 June 2020
	$	$
Net foreign exchange gain / (loss) recognised in profit or loss included in finance expenses	1,721,879	(181,135)

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the USD:AUD exchange rate, with all other variables held constant, of the Company's profit/loss after tax (through the impact on USD denominated financial liabilities).

	30 June 2021	30 June 2020
	$	$
USD:AUD exchange rate – increase 10%	1,219,377	1,919,842
USD:AUD exchange rate – decrease 10%	(1,490,349)	(2,346,474)

Interest rate risk

Interest rate risk is the Company's exposure to market risk for changes in interest rates relates primarily to cash and interest-bearing liabilities. The Company's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the tables below:

	Weighted average interest rate	Floating rates	Fixed rates	Non-interest bearing	Total
		$	$	$	$
2021					
Financial assets					
Cash and cash equivalent	-	-	-	1,018,035	1,018,035
Trade and other receivables	-	-	-	355,290	355,290
Other financial assets	-	-	-	6,888,571	6,888,571
		-	-	**8,261,896**	**8,261,896**
Financial liabilities					
Trade and other payables	-	-	-	9,979,330	9,979,330
Related party loans	15%	-	1,283,881	955,734	2,239,615
Other interest-bearing loans	18%	-	13,771,435	610,297	14,381,732
Lease liability	14%	-	76,113	-	76,113
		-	**15,131,429**	**11,545,361**	**26,676,790**

	Weighted average interest rate	Floating rates	Fixed rates	Non-interest bearing	Total
		$	$	$	$
2020					
Financial assets					
Cash and cash equivalent	-	-	-	1,509,040	1,509,040
Trade and other receivables	-	-	-	7,200,403	7,200,403
Other financial assets	-	-	-	6,456,370	6,456,370
		-	-	**15,165,813**	**15,165,813**
Financial liabilities					
Other	4.5%	251,664	-	-	251,664
Trade and other payables	-	-		7,670,573	7,670,573
Related party loans	15%	-	1,217,486	1,486,535	2,704,021
Convertible notes	12%	-	1,760,513	-	1,760,513
Other interest-bearing loans	14%	-	20,825,717	162,664	20,988,381
Lease liability	14%	-	202,015	-	202,015
		251,664	**24,005,731**	**9,319,772**	**33,577,167**

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit/loss after tax (through the impact on floating rate financial assets and financial liabilities).

	Carrying amount	2021		Carrying amount	2020	
	$	+1%	-1%	$	+1%	-1%
Cash and cash deposits	1,018,035	10,180	(10,180)	1,509,040	15,090	(15,090)
Tax charge at 26% (2020: 27.5%)		(2,647)	2,647		(4,150)	4,150
After tax increase / (decrease)		**7,533**	**(7,533)**		**10,940**	**(10,940)**
Other	-	-	-	251,664	(2,517)	2,517
Tax charge at 26% (2020: 27.5%)		-	-		692	(692)
After tax increase / (decrease)		**-**	**-**		**(1,825)**	**1,825**
Net after tax increase / (decrease)		**7,533**	**(7,533)**		**9,115**	**(9,115)**

27 Commitments for expenditure

27.1 Tenement 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 State Government. Due to the nature of the Company's operations in exploring and evaluating areas of interest, exploration expenditure commitments beyond twelve months cannot be reliably determined. It is anticipated that expenditure commitments in subsequent years will be similar to that for the forthcoming twelve months.

These obligations are not provided for in the financial report and are payable as follows:

	30 June 2021	30 June 2020
	$	$
Not later than one year	561,507	910,000
Between 1 year and 5 years	671,096	1,255,000
	1,232,603	2,165,000

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the Statement of Financial Position may require review to determine the appropriateness of carrying values.

28 Contingent assets and liabilities

28.1 Bank Guarantee to Cobar Shire Council and road rehabilitation

The Company has a term deposit with NAB to cover a bank guarantee of $200,000 issued by the NAB to Cobar Shire Council. The bank guarantee is required by Cobar Shire Council to cover the estimated cost of restoring the road to their pre-mining condition.

Due to the contingent nature of the asset and liability and the significant uncertainty of timing and because the cost of necessary road repairs cannot be estimated with any degree of certainty, the value of the bank guarantee has not been brought to account in the financial statements of the Company.

28.2 Meadowhead royalty agreement

Pursuant to a royalty agreement attaching to the Mt Boppy Gold Project, the Company is also potentially required to provide Meadowhead Investments Pty Ltd (Meadowhead) with 3% of all gold produced from any of the existing mining leases associated with the Mt Boppy Gold Project. Subsequent to the end of the reporting period the Company reached an agreement in relation to settlement of the royalty agreement, the cost of which has been fully provisioned as at 30 June 2021.

29 Interests in Subsidiaries

Set out below are details of the subsidiaries held directly by the Group:

Name of the subsidiary	Place of incorporation and place of business	Principal activity	Proportion of ownership interests held by the Group 30 June 2021	 30 June 2020
Mt Boppy Resources Pty Ltd	Australia	Gold Mine	100%	100%

30 Parent Entity Information

Information relating to Manuka Resources Ltd (the Parent Entity):

	30 June 2021 $	30 June 2020 $
Current assets	7,079,698	11,521,149
Non-current assets	26,047,606	19,020,187
Total assets	**33,127,304**	**30,541,336**
Current liabilities	12,122,674	29,002,168
Non-current liabilities	18,819,991	3,985,895
Total liabilities	**30,942,665**	**32,988,063**
Net assets / (deficit)	**2,184,639**	**(2,446,727)**
Statement of profit or loss and other comprehensive income		
Loss for the year	(3,095,442)	(6,105,758)
Other comprehensive income / (loss)	(6,297)	-
Total comprehensive loss	**(3,101,739)**	**(6,105,758)**

The Parent Entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end. Refer to Note 28 for details of the Group's contingent liabilities.

31 Related party transactions

31.1 Transactions with related parties and outstanding balances

The Company's related parties include key management personnel, and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

	Notes	30 June 2021 $	30 June 2020 $
DETAILS OF TRANSACTIONS WITH RELATED PARTIES:			
Details of related party transactions with ResCap Investments Pty Ltd, an entity controlled by a member of KMP:			
• interest charged on intercompany loan		83,640	107,225
• amounts charged pursuant to sublease to ResCap Investments Pty Ltd and month to month lease payments		-	21,267
• amounts charged pursuant to service agreement to ResCap Investments Pty Ltd		-	240,000
• conversion of debt in Mt Boppy Resources to equity in Manuka Resources		-	2,088,000
• conversion of debt to equity in Manuka Resources	21.1 (d)	1,000,000	-

	Notes	30 June 2021 $	30 June 2020 $
Details of related party transactions with Cobar Gold Unit Trust 2020, an entity related to KMP:			
• interest paid in relation to prepayment of sale of gold	31.1 (a)	-	95,000
Details of related party transactions with MCP Unit Trust, an entity related to KMP:			
• interest expenses and finance fees charged on loan		-	16,287
Details of related party transactions with Gleneagle Securities (Aust) Pty Ltd, being an entity which is a related party due its control over the Convertible Notes pursuant to the Convertible Note Deed Poll. Gleneagle Securities (Aust) Pty Ltd ceased being a related party on conversion of the Convertible Notes in July 2020.			
• interest charged on intercompany loan		28,428	25,452
• interest on notes payable to convertible note holders		19,638	664,274
Details of related party transactions with Gleneagle Securities Nominees Pty Ltd, an entity which was a substantial shareholder of the Company. Gleneagle Securities Nominees Pty Ltd ceased as a shareholder and related party on 6 May 2020.			
• conversion of debt in Mt Boppy Resources to equity in Manuka Resources		-	1,392,000
• conversion of trade creditor amount to equity in Manuka Resources		-	200,000

	Notes	30 June 2021 $	30 June 2020 $
DETAILS OF BALANCES WITH RELATED PARTIES:			
Balance of loan with Manuka Resources Ltd			
- payable to ResCap Investments Pty Ltd	18.2(a)	1,624,493	2,005,327
- payable to Gleneagle Securities (Aust) Pty Ltd	18.2(a)	530,979	502,551
Balance of convertible notes	18.2(b)	-	1,760,513
Balance of Directors fees and wages payable to KMP		-	181,122
Balance of loan with Mt Boppy Resources Pty Ltd			
- payable to ResCap Investments Pty Ltd	18.2(e)	84,143	196,143

a) Agreement for Prepayment of Gold Sales with Cobar Gold Unit Trust 2020 - Mr Dennis Karp, the Executive Chairman, is a director of Cobar United Pty Ltd the trustee for the Cobar Gold Unit Trust 2020. Manuka entered into a prepayment in relation to the sale of gold to Cobar United Pty Ltd ATF Cobar Gold Unit Trust 2020 amounting to $950,000. There is a call and put option in Manuka's favour in relation to the agreement. The put option was exercised and payment was made to Cobar Unit Trust on 26 June 2020 to settle the agreement.

31.2 Transactions with key management personnel

Key management personnel remuneration includes the following expenses:

	30 June 2021 $	30 June 2020 $
Short-term employee benefits	846,890	600,026
Post-employment benefits	62,517	43,673
Long-term benefits	-	-
Share-based payments	-	408,385
Total remuneration	**909,407**	**1,052,084**

Detailed remuneration disclosures are provided in the remuneration report on pages 29 to 34.

32 Events subsequent to the end of the reporting period

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

Throughout the reporting period the Company has continued to consider the potential implications of the Coronavirus. The Company has continued to adapt its policies to monitor and mitigate the impacts of COVID-19 such as safety and health measures in line with government guidelines and securing the supply of essential materials and equipment. During August 2021, a worker who had left site returned a positive result for COVID-19 as he prepared to return to site. The test was conducted in line with our standard operating procedures (the requirement of a current negative test result prior to returning to work). This led to a number of on-site workers being tested and placed in isolation. The health and welfare of our employees is fundamental to our Company, and Manuka management worked closely with NSW Health and its regional agencies. All close contacts returned negative results on initial and subsequent retests. No parties including the primary contact reported any adverse symptoms. These actions caused a temporary period of limited activity at the plant and importantly tested the Company's Covid management plan.

Containing a possible transmission of the virus to protect our employees has been a priority since the risk of COVID–19 arose in March 2020 and continues to be the case and protocols are in place for such a circumstance. The Company does maintain a dual roster workforce and is able to recall additional workers to site if necessary. Even with the above there been no significant impact to the Group's operations, however, there is still significant uncertainty around the breadth and duration of business disruptions in Australia in general (which may or may not impact operations of the Group) related to COVID-19.

- **Documentation of Secured Debt Facility Extension and issuance of options**

  During the period, the Company successfully negotiated to extend the term of the facility to 30 September 2022[23]. The agreement was signed by the parties on the 20th July 2021. The first tranche of Options pursuant to the term of the negotiated extension, being 5,000,000 options at a strike price of $0.30 with an expiry of 28 July 2023, were issued on 28 July 2021.

- **Meadowhead royalty agreement**

  Pursuant to a royalty agreement attaching to the Mt Boppy Gold Project, the Company was potentially required to provide Meadowhead Investments Pty Ltd (Meadowhead) with percentage of all gold produced from any of the existing mining leases associated with the Mt Boppy Gold Project. Subsequent to the end of the reporting period, the Company reached an agreement in relation to settlement of the royalty agreement, the cost of which was already fully provisioned as at 30 June 2021.

Apart from the matters noted above, there are no other matters or circumstances that have arisen since the end of the period that has significantly affected or may significantly affect either:

- the entity's operations in future financial years;
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

33 Company Details

The registered office and principal place of business of the Company is:

Manuka Resources Ltd
Level 4 Grafton Bond Building
201 Kent Street, Sydney, New South Wales

[23] Refer ASX announcements dated 14 May 2021 and 29 June 2021

Directors' Declaration

In the opinion of the Directors of Manuka Resources Ltd:

a The financial statements and notes of Manuka Resources Ltd are in accordance with the *Corporations Act 2001*, including:

 i. Giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

 ii. Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

b There are reasonable grounds to believe that Manuka Resources Ltd will be able to pay its debts as and when they become due and payable; and

c a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors.

Dennis Karp
Executive Chairman

Dated the 23rd day of September 2021

Grant Thornton

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Independent Auditor's Report

To the Members of Manuka Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Manuka Resources Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Material uncertainty related to going concern

We draw attention to Note 3.2 in the financial statements, which indicates that the Group incurred a net loss of $2,895,244 during the year ended 30 June 2021, has net cash inflows from operating activities of $207,793 and as of that date, the Group's current liabilities exceeded its current assets by $3,459,182. As stated in Note 3.2, these events or conditions, along with other matters as set forth in Note 3.2, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Valuation of ore inventory (Note 13)	
As at 30 June 2021, the Group has recognised an inventory balance (including ore inventory) of $4.692 million. The Group's inventory, as disclosed in Note 13 to the financial report, is a key audit matter as the inventory costing model requires significant estimates to calculate the cost of the ore inventory and net realisable value ('NRV').	Our audit procedures included, but were not limited to: • Virtually attending the stocktake for consumables and ensuring consistency with the quantities held at year-end; • Obtaining management's technical reports, including surveying reports and reconciling the ore grades and tonnages included in the inventory costing model as at 30 June 2021; • Assessing management's gold-in-circuit calculation by comparing the input data in the inventory model to assaying results and corroborating the accuracy and the completeness of the data to actual sales quantities realised subsequent to the end of the reporting date; • Assessing the competency and objectivity of the experts used by management in the preparation of the technical reports; • Assessing the costing model applied by the Group in determining the cost for ore inventory and its consistency with operating expenses; • Performing a review of sales realised subsequent to the end of the reporting date to ensure inventories are valued at the lower of cost and net realisable value in accordance with AASB 102 - Inventories; and • Assessing the adequacy of the related disclosures in the financial report.
Accounting for mine properties (Note 14)	
As at 30 June 2021, the Group has recorded mine properties and development assets totalling $6.440 million. The Group's carrying value of mine properties, as disclosed in Note 14, is a key audit matter as the carrying value of these assets is impacted by various key estimates and judgements, in particular the following: • Ore reserve and resource estimates; • Commercial production; and • Amortisation rates.	Our audit procedures included, but were not limited to: • Evaluating the Group's amortisation policy in accordance with Australian Accounting Standards and relevant accounting interpretations and reviewing its consistency with the mine plan; • Testing a sample of additions and assessing whether the Group has recorded mining expenses in line with the requirements of AASB 116 Property, plant and equipment;

Furthermore, as the carrying value of mine properties represents a significant asset to the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of the mine properties may exceed its recoverable amount.

- Agreeing the inputs including the ore reserve and resource estimates and ounces of gold produced during the year that were used in the calculation of the amortisation rates to supporting documentation;
- Testing the mathematical accuracy and application of the amortisation rates applied to the carrying value of all mine properties in commercial production by recalculating amortisation for the year;
- Assessing the competency and objectivity of the experts used by management in the preparation of the ore reserve and resource reports;
- Evaluating whether there were any indicators of impairment under the Australian Accounting Standards; and
- Assessing the adequacy of the related disclosures in the financial report.

Exploration and evaluation assets (Note 15)

The Group recognises capitalised exploration and evaluation expenditure in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources.

As at 30 June 2021, exploration and evaluation assets amount to $4.780 million. During the year, the Group capitalised $4.458 million of costs to exploration and evaluation assets in relation to different areas of interest.

This area is a key audit matter due to the inherent subjectivity that is involved in making judgements in relation to the evaluation for any impairment indicators, in accordance with AASB 6 - Exploration for and Evaluation of Mineral Resources.

There are a number of assumptions made when assessing the recoverability of capitalised costs and many times it is dependent upon the future success of projects and initiatives.

Our procedures included, amongst others:

- Obtaining from management a reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;
- Vouching a sample of expenditure to ensure they meet the recognition criteria under AASB 6;
- Reviewing management's areas of interest considerations against AASB 6;
- Confirming whether the rights to tenure for the areas of interest remained current at balance date;
- Obtaining an understanding of the status of ongoing exploration programmes for the respective areas of interest;
- Obtaining evidence of the future intention for the areas of interest, including reviewing future budgeted expenditure;
- Understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; and
- Assessing the appropriateness of the related disclosures within the financial statements.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 29 to 34 of the Directors' report for the year ended 30 June 2021.

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

Responsibilities

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

N P Smietana
Partner – Audit & Assurance

Sydney, 23 September 2021

ASX Additional Information

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 23rd September 2021.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

			Ordinary shares	
			Number of holders	Number of shares
1	-	1,000	151	106,711
1,001	-	5,000	736	2,029,974
5,001	-	10,000	489	4,190,452
10,001	-	100,000	681	22,011,742
100,001		and over	174	241,014,833
			2,231	**269,353,712**
The number of equity security holders holding less than a marketable parcel of securities are:			331	345,383

(b) Twenty largest shareholders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	RESCAP INVESTMENTS PTY LTD	10,440,000	10.29%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,928,215	6.83%
3	SPINITE PTY LTD	4,293,000	4.23%
4	CLAYMORE CAPITAL PTY LTD <NOMINEE TRADING A/C>	3,745,804	3.69%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	3,500,000	3.45%
6	WONG JOON KWANG	2,000,000	1.97%
7	LANGSTON KEY LIMITED	1,925,000	1.90%
8	CLAYMORE CAPITAL PTY LTD <NOMINEE TRADING A/C>	1,889,000	1.86%
9	TOI DOWNS LIMITED	1,694,826	1.67%
10	CITICORP NOMINEES PTY LIMITED	1,623,857	1.60%
11	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,576,150	1.55%
12	UBS NOMINEES PTY LTD	1,250,000	1.23%
13	JONATHAN MARQUARD & AMANDA HUTTON <JANEZ FAMILY A/C>	1,217,630	1.20%
14	MR BENJAMIN EARL STUBBS	1,100,000	1.08%
15	A N HOLMAN INVESTMENTS PTY LIMITED <THE HOLMAN FAMILY A/C>	1,027,387	1.01%
16	LEVEL 1 PTY LTD <THE LEVEL ONE A/C>	1,022,000	1.01%
17	SPINITE PTY LTD	898,454	0.89%
18	INVIA CUSTODIAN PTY LIMITED <PRECISION MGNT CO PL A/C>	750,000	0.74%
19	ARUNDEL WILTON PTY LIMITED <WILTON FAMILY S/F A/C>	750,000	0.74%
20	PILLAIYAR PTY LTD	691,446	0.68%
		48,983,774	**48.26%**

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of Shares	% Issued Capital
Level 1 Pty Ltd (ACN 105 622 928) <The Level one trust>, Kizogo Pty Ltd (ACN003 334 370) <Bergan Executive Retirement Fund>, Claymore Capital Pty Ltd (ACN 082 722 290) <Nominee trading a/c>, Mile Oak Investments Limited, Sharron Ruth Rosenberg	29,696,368	11.03%
ResCap Investments Pty Ltd	90,273,280	34.09%
Dennis Karp (including holding of ResCap Investments Pty Ltd)	91,814,557	33.51%

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(e) Schedule of interests in mining tenements as at 23 September 2021

Location : **Wonawinta Silver Project** is situated approximately 90 kilometres to the south of Cobar, NSW, and comprises one (1) granted mining lease and seven (7) granted exploration licences as below, plus processing plant and associated infrastructure .

Tenement	Percentage held / earning	Change during quarter
ML1659	100%	-
EL6482	100%	-
EL7345	100%	-
EL6155	100%	-
EL6302	100%	-
EL7515	100%	-
EL6623	100%	-
EL8498	100%	-

Location : **Mt Boppy Gold Project** is situated approximately 45 kilometres east of Cobar, NSW, adjacent to the Barrier Highway. The Project comprises four (4) gold leases , two(2) mining leases, one (1) mining purpose lease and one (1) exploration licence which encompasses the MLs and extends the project area to the south.

Tenement	Percentage held / earning	Change during quarter
GL3255	100%	-
GL5836	100%	-
GL5848	100%	-
GL5898	100%	-
ML311	100%	-
ML1681	100%	-
MPL240	100%	-
EL5842	100%	-

(f) Unquoted Securities

At 23rd September 2021, the Company had the following unlisted securities on issue:

			Holders of 20% or more of the class	
Class	Number of Securities	Number of Holders	Holder Name	Number of Securities
$0.25 options, expiring 17/04/2023	11,250,000	8	n/a	
$0.25 options, expiring 14/07/2023	10,000,000	1	Bell Potter Securities Ltd	10,000,000
$0.30 options, expiring 28/07/2023	5,000,000	1	Conan Minerals Group Pty Ltd	5,000,000

(f) Restricted Securities

At 23rd September 2021, the Company had the following restricted securities on issue:

Class	Number of Securities	Date escrow period ends
ESCROWED SHARES 24 MONTHS FROM QUOTATION	167,862,649	14/07/2022

(h) Approach to Corporate Governance

Manuka Resources Ltd ACN 611 963 225 (**Company**) has established a corporate governance framework commencing from when the Company was admitted to the official list of ASX. In establishing its corporate governance framework, the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th edition (**Principles & Recommendations**). The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices.

The following governance-related documents can be found on the Company's website at www.manukaresources.com.au, under the section marked "About Us > Corporate Governance":

Charters

- Board
- Audit & Risk Committee
- Nomination Committee
- Remuneration Committee

Policies and Procedures

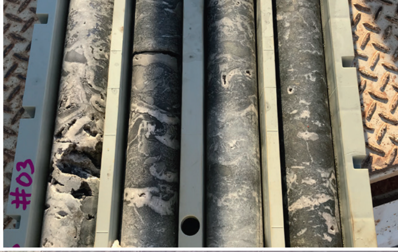
- Corporate Code of Conduct
- Disclosure - Performance Evaluation
- Disclosure - Continuous Disclosure
- Disclosure - Risk Management
- Trading Policy
- Diversity Policy
- Shareholder Communication Strategy
- Hedging Policy
- Whistleblower Policy

For the financial year ended 30 June 2021 (**Reporting Period**) the Company has adopted the fourth edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council. The Company's 2021 Annual Corporate Governance Statement has been approved by the Board and is publicly available on the Company's website at www.manukaresources.com.au/site/about/corporate-governance. It will also be released to the ASX at the same time as this 2021 Annual Report.

(i) Use of Proceeds

The Company was admitted to the official list of the ASX on 11 July 2020. In accordance with Listing Rule 4.10.19, the Company has, during the financial year ended 30 June 2021, used cash and assets in a form readily convertible to cash, in a way consistent with its business objectives.



MANUKA
RESOURCES

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