



Arizona Lithium Limited  
(Formerly Hawkstone Mining Limited)  
Annual Report

For the year ended 30 June 2021

ABN 15 008 720 223

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## Corporate Directory

### Directors

Mr Barnaby Egerton-Warburton - Non-executive Chairman  
Mr Paul Lloyd - Managing Director  
Mr Greg Smith - Non-executive Director

### Company Secretary

Ms Oonagh Malone

### Registered Office

Level 1, 10 Outram Street  
West Perth WA 6005

### Share Registry

Automic Registry Services  
Level 5, 126 Phillip Street  
Sydney NSW 2000  
Tel: 02 9698 5414

### Auditor

HLB Mann Judd (WA Partnership)  
Level 4  
130 Stirling Street  
Perth WA 6000

### Securities Exchange Listing

Australian Securities Exchange  
Level 40, Central Park  
152 – 158 St Georges Terrace  
Perth WA 6000  
Code: HWK

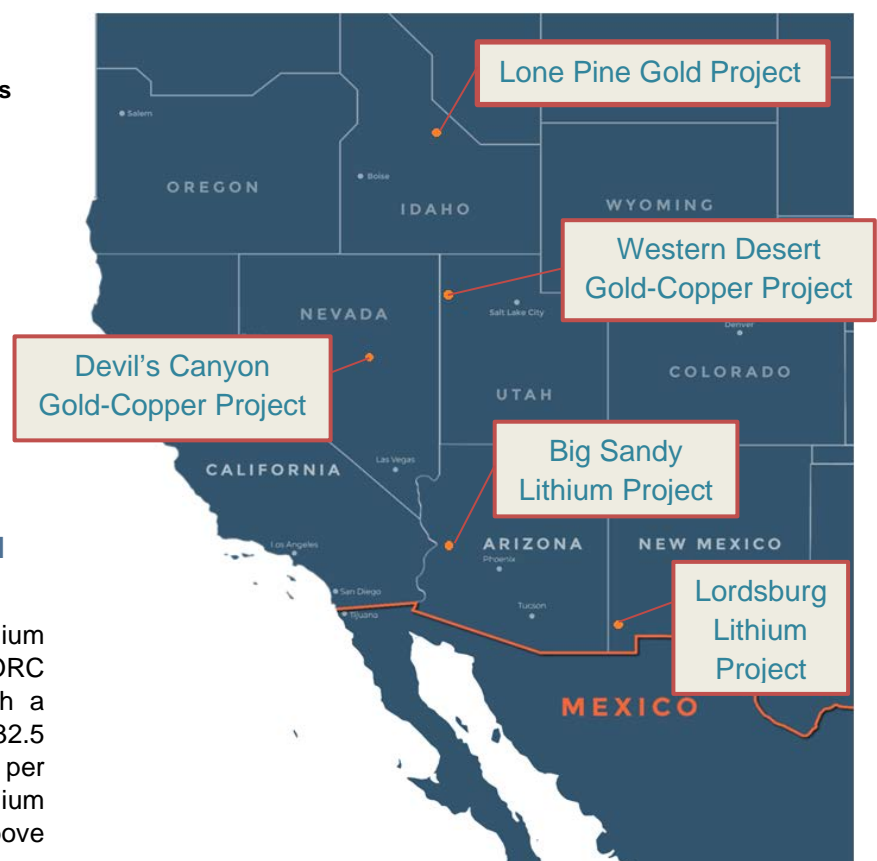
## Review of Operations

The 2021 year has been a very active one for the Company with exploration and project acquisition building the portfolio of lithium and gold projects. Highlights of the year include:

- The planned spin-out of the gold projects, Devil's Canyon, Western Desert and Lone Pine into a new company, Diablo Resources Limited, leaving Arizona to become a lithium focused explorer. The company was renamed Arizona Lithium Limited on 2 September 2021 and will focus on the Big Sandy and Lordsburg Lithium Projects.
- Excellent results from ongoing metallurgical testwork by Hazen Research on the Big Sandy mineralised material with the production of 99.8% "battery grade" lithium;
- A successful maiden drill programme on the Lone Pine Gold Project in conjunction with extensive rock chip sampling and the acquisition of the King Solomon mine leading to a major expansion of project.
- Acquisition of the Devil's Canyon Gold-Copper Project located in the "Carlin Gold Trend". Highly anomalous rock samples were reported from several areas in the project with peak results of 191.5 g/t Gold (Au), 524 g/t Silver (Ag) and 10.25% Copper (Cu);
- The Western Desert Gold-Copper Project was significantly expanded and exploration consisted of both ground magnetic and gravity surveys to complement the stream sediment geochemical programs, geological mapping and photogeological interpretation.

All our projects will be explored in 2021 through 2022 and we look forward to implementing our planned programs on the projects.

**Figure 1 – Location Plan of the Company's Projects in USA.**



### BIG SANDY SEDIMENTARY LITHIUM PROJECT

Drilling in 2019 on the Big Sandy Lithium Project successfully delineated a JORC compliant Maiden Mineral Resource, with a Total Indicated and Inferred Resource of 32.5 Million Tonnes (Mt) grading 1,850 parts per million (ppm) Li, or 320,800 tonnes Lithium Carbonate Equivalent (LCE), reported above an 800 ppm Li cut-off (Figures 1 & 2).

## Review of Operations

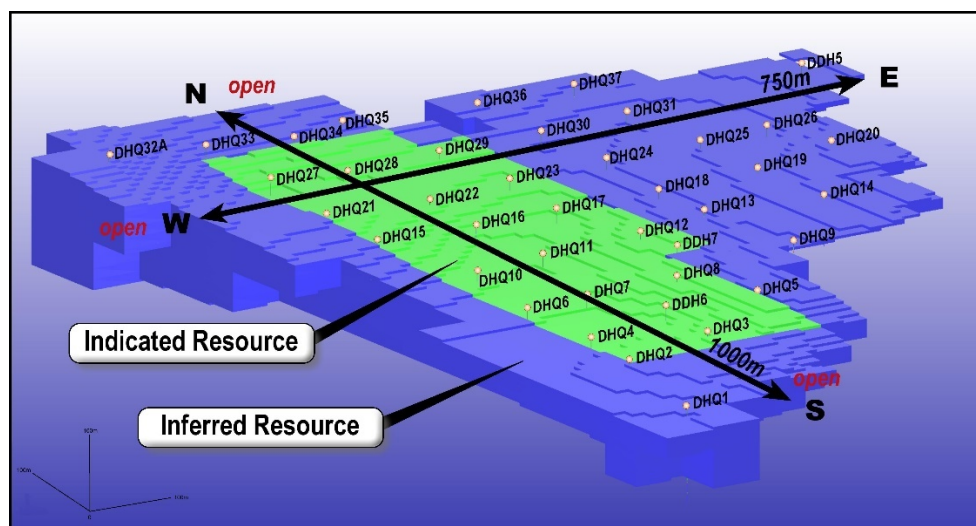
**Table 1 – Big Sandy Project Mineral Resource Statement (above 800 ppm Li cut-off)**

Resource Classification	Tonnes (Mt)	Li Grade (ppm)	Contained Li Metal (t)	Contained LCE (t)
<b>Indicated</b>	14.6	1,940	28,400	150,900
<b>Inferred</b>	17.9	1,780	31,900	169,900
<b>Total</b>	<b>32.5</b>	<b>1,850</b>	<b>60,300</b>	<b>320,800</b>

This estimate included a higher-grade zone of 12.7 Mt grading 2,360 ppm Li above a cut-off of 2,000 ppm Li for 159,500 tonnes LCE, representing 49% of the total contained LCE.

**Table 2 – Big Sandy Project Mineral Resource Statement (above 2,000 ppm Li cut-off)**

Resource Classification	Tonnes (Mt)	Li Grade (ppm)	Contained Li Metal (t)	Contained LCE (t)
<b>Indicated</b>	6.4	2,330	15,000	79,800
<b>Inferred</b>	6.3	2,390	15,000	79,800
<b>Total</b>	<b>12.7</b>	<b>2,360</b>	<b>30,000</b>	<b>159,500</b>



**Figure 2 – Big Sandy, Drilling and Resource**

Excellent potential exists to further expand the size of the Mineral Resource, with further drilling planned targeting Blocks B and C, adjacent to Block A in the Northern Mineralised Zone.

The total exploration target for Northern and Southern Mineralised Zones is estimated at between 271Mt – 483Mt of sedimentary material grading between 1,000 and 2,000 ppm Li (Table 3). Note that the potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a mineral resource and it is uncertain whether future exploration will result in the definition of a mineral resource.

## Review of Operations

**Table 3 – Big Sandy Project - Exploration Target**

Zone	Resource Block	Grade Range Li ppm	m <sup>2</sup>	Thickness Lower (m)	Thickness Upper (m)	SG	Lower (Mt)	Upper (Mt)
North	B	1000 - >2000	1,150,000	40	60	1.8	82,800,000	124,200,000
North	C	1000 - >2000	750,000	20	35	1.8	27,000,000	47,250,000
North	D	1000 - >2000	1,250,000	20	35	1.8	39,600,000	69,300,000
South	SMZ1	1000 - >1500	1,550,000	30	60	1.8	83,700,000	167,400,000
South	SMZ2	1000 - >1500	703,704	30	60	1.8	38,000,000	75,000,000
<b>Total</b>							<b>271,100,000</b>	<b>483,150,000</b>

The Company is conducting an extended bench-scale and concurrent demonstration plant design program at Hazen. This testing and design work will be used to develop a flowsheet and form a design basis for a full-scale operation to bring Big Sandy to commercial production. A scalable, continuous demonstration plant design will be developed enabling additional technology development, testing of different ore types, and in support of project financing requirements.

The hydrometallurgical process that Hazen is evaluating involves sulphuric acid leaching, leach solution purification, and the subsequent production of 99.8% Li<sub>2</sub>CO<sub>3</sub> used in the production of lithium-ion batteries.

The POE (Permit of Exploration) enabling the Company to complete further resource definition drilling and bulk sampling was delayed by the BLM to allow further stakeholder submissions. All stakeholder submissions have been received and a BLM decision is awaited.

### LONE PINE GOLD PROJECT

In early 2020, the Company acquired the Lone Pine Gold Project located approximately 10km west of Salmon, Idaho, USA. It has since been expanded to 250 BLM claims and 2 patented claims covering approximately 20km<sup>2</sup> including the acquisition of the King Solomon Gold Mine (Figures 1 & 3).

The Lone Pine Gold Project contains one of the numerous precious metal occurrences related to the Trans-Challis Fault System including the Arnett Creek and Beartrack mines, 16km and 8km east respectively of the project (Figure 3). The gold mineralisation is hosted by a quartz veined zone in a northeast-trending steeply 80° west dipping shear in a granite. The vein zone has been traced over a strike length of 500m. It has been traced down dip via adits for up to 150m (Figures 4 & 5).

Review of Operations

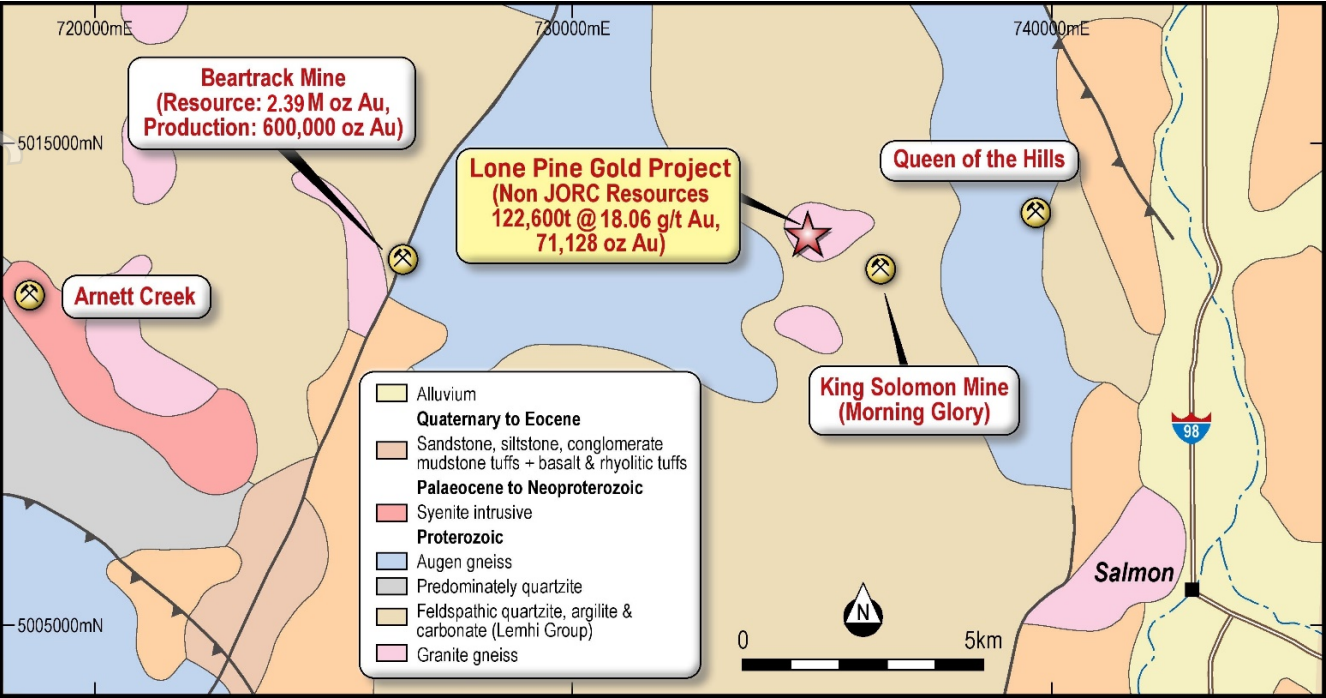


Figure 3 – Project Location Map

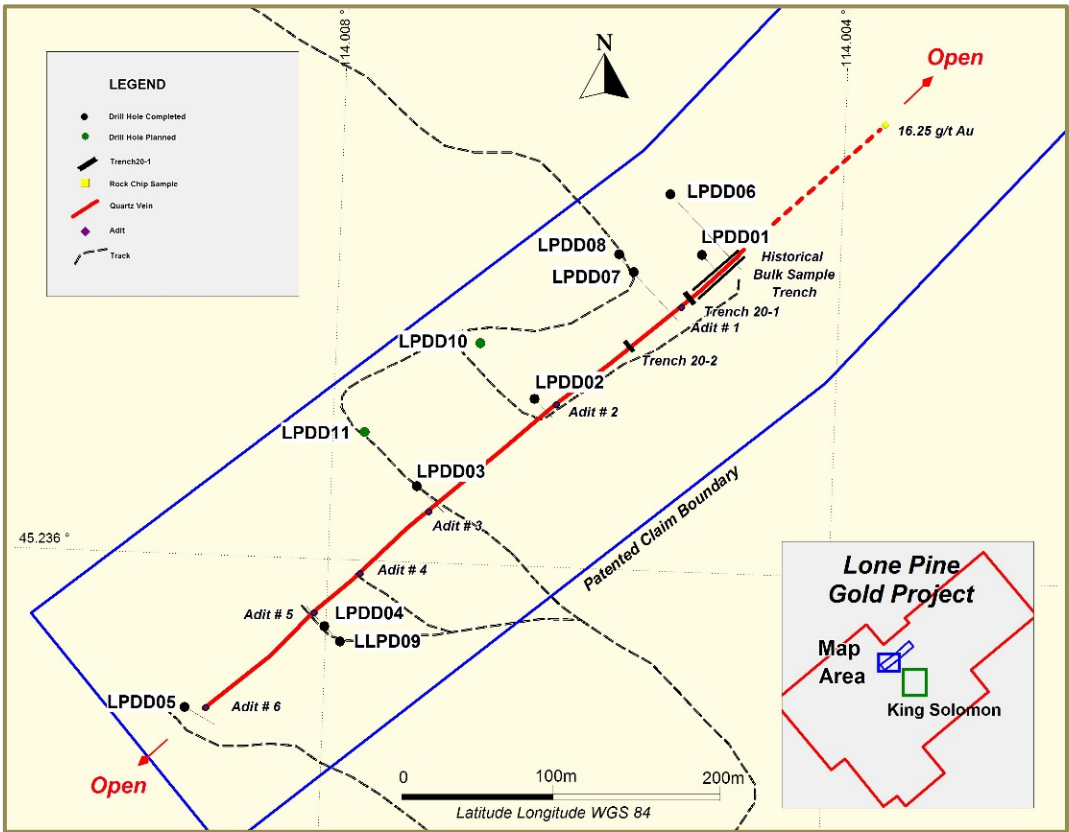


Figure 4 – Lone Pine Drill Hole Location

## Review of Operations

### Diamond Drill – Trenching Program

Maiden drilling (LPDD001 to LPDD011 inclusive) at the Lone Pine Gold Project confirms the high grade and geological continuity of the quartz vein zone, that has been intersected in all holes including:

- **LPDD001 - 17.02 g/t Au** over 1.22m including 65.6 g/t Au over 0.31m
- **LPDD006 - 19.6 g/t Au** over 0.45m
- **LPDD007 - 7.06 g/t Au** over 2.63 including 1.37m @ 13.23 g/t Au

Shallow trenching (Trenches 20-1 and 20-2) returned high grades including:

- **9.38 g/t Au** over 1.83m
- **20.32 g/t Au** over 0.91m

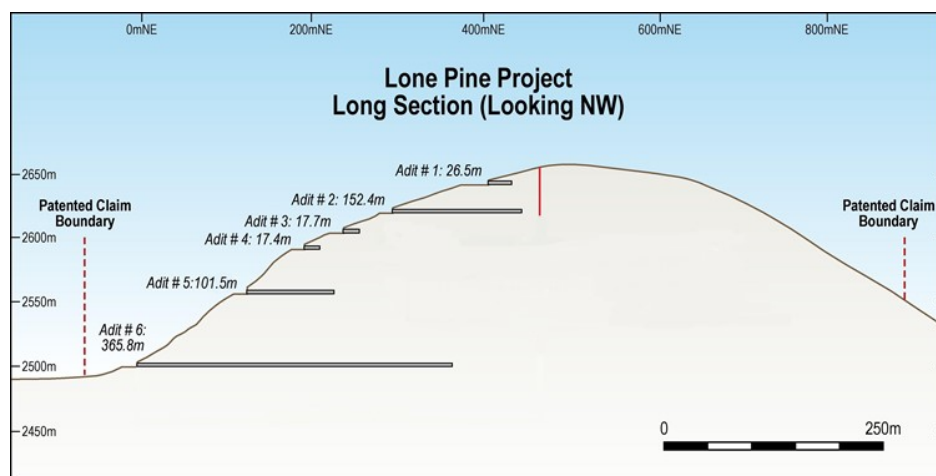


Figure 5 - Lone Pine Vein Zone - Long Section Looking NW (plane of vein)

### King Solomon Gold Mine

Acquired from Jervois Mining Ltd and located 900m southeast of the Lone Pine vein zone, the King Solomon ground is demonstrating excellent potential adding significantly to the mineralised footprint of the overall Lone Pine Gold Project.

Previous exploration in the 1990's defined broad northeast trending mineralised stockwork zones at King Solomon, with evidence of historical workings (3 adits) and historical soil sampling identifying other, largely untested mineralised zones.

Limited drilling completed in the early 1990's produced prospective downhole drill intercepts including:

- **18.0 m @ 3.75 g/t Au** (KS90-06)
- **18.0 m @ 2.3 g/t Au** (KS92-12)
- **1.5 m @ 3.9 g/t Au** (KS90-02)

Recent rock chip sampling included **92.70 g/t Au** and **69.50 g/t Au** at King Solomon. In addition, results of **15.70 g/t Au** and **11.15 g/t Au** were returned from samples between the Lone Pine structure and the King Solomon mineralisation indicating the potential for further mineralization within the 900m wide north east trending mineralised corridor.



## Review of Operations

### Planned Exploration

Diamond drilling is in planning for the summer field season of 2022 to test both the Lone Pine and King Solomon the mineralised zones.

### DEVIL'S CANYON GOLD-COPPER PROJECT

Devil's Canyon Gold-Copper Project, acquired in October 2020, consists of 90 BLM claims and covers 7.28km<sup>2</sup> in the prolific Carlin Gold Trend. It lies 20km west of Kinross's Bald Mountain Gold Mine (5.95Moz Au) and 40km north of Barrick's Ruby Hill Gold Mine (1.6Moz Au) (Figures 1 & 6).

### Regional Geology

The Project is underlain by a sequence of Palaeozoic sediments. North-northwest trending normal faults and northeast trending transform faults control the regional position, orientation, and alignment of the gold mineralisation in the Carlin and Battle Mountain gold trends.

### Mapping and Sampling

During the year numerous anomalous rock samples were reported from several areas with peak results of **191.5 g/t Gold (Au)**, **524 g/t Silver (Ag)** and **10.25% Copper (Cu)** (Figure 7).

**Structural Target 1** contains 10 samples, DC042 to DC051 that returned highly elevated values: **Gold (Au) ranging from 1.12 g/t to 191.5 g/t**, **Silver (Ag) from 22.1 g/t to 524 g/t**, **Copper (Cu) from 0.54% to 10.25%** on the contact between the Ely Limestone to the north and the intrusive granites to the south.

Parallel to structural **Target T3** and lying 200m north, 5 samples, DC034 to DC038 define a NE trending mineralised zone containing significant values: **Gold (Au) ranging from 0.9 g/t to 7.15 g/t**, **Silver (Ag) from 32.6 g/t to 174 g/t** and **Copper (Cu) from 1.32% to 6.14%**.

Lying to the west of **Target 1** and consisting of 5 samples DC016 to DC020 is an area containing elevated copper values: **Copper (Cu) ranging from 0.22% to 4.41%**, **Silver (Ag) from 0.6 g/t to 63.6 g/t**. It is possibly the western extension of **Target 1**.

**Structural Targets T5 and T6** underlie 4 samples, DC026 to DC029 containing **Copper (Cu) from 0.40% to 7.74%** and **Silver (Ag) from 0.60 g/t to 30.1 g/t**.

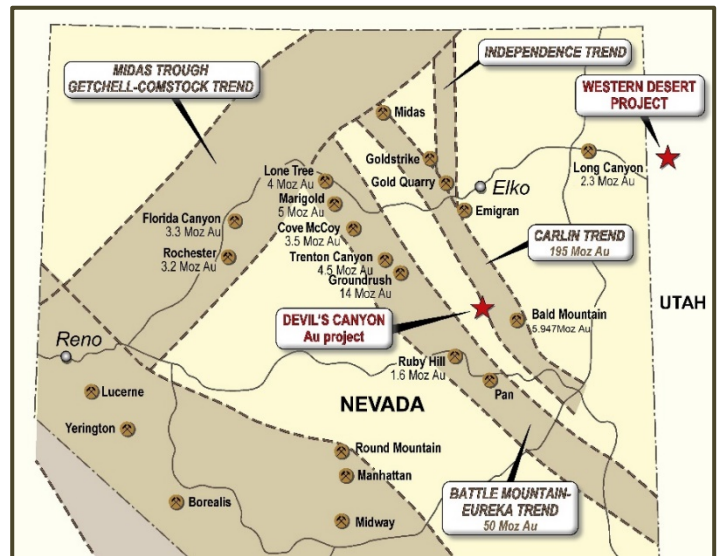


Figure 6 – Location of the Devil's Canyon Project Gold-Copper Project

## Review of Operations

### Airborne Geophysics

An airborne drone (UAV) magnetic survey completed over the project area by independent US based contractors (MHW Geo-Surveys International Ltd) shows the presence of magnetic highs related to possible magnetite rich intrusives, alteration zones or skarns. Significant magnetic lows are also present possibly representing areas of magnetic destruction. Initial processing of the magnetic survey data is finished and Resource Potentials Ltd is completing magnetic modelling.

### Planned Exploration

- Soil geochemistry to better define gold-copper and copper mineralised zones
- Detailed geological and structural mapping to aid in drill planning
- Drilling of selected targets

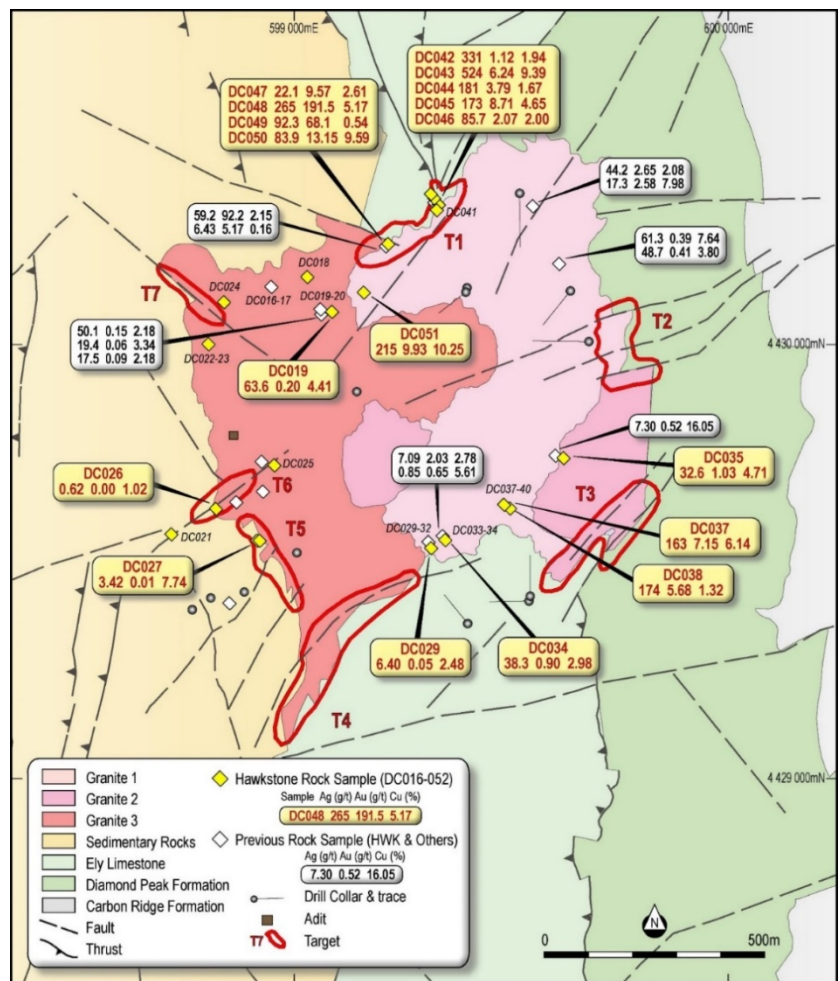


Figure 7 – Devil's Canyon Geology and RC (rock chip) Sampling

## Review of Operations

### WESTERN DESERT GOLD-COPPER PROJECT

The Western Desert Gold-Copper Project was expanded to 218 BLM lode mining claims and 1 state lease covering 25.41 km<sup>2</sup>, located in western Utah near the Nevada Border.

The Western Desert Project lies within the same sequence of Cambro-Ordovician carbonate and sedimentary rocks, that host the Carlin Trend gold deposits 200km to the west, the Long Canyon gold mine (Newmont 2.3M oz Au), 65 km to the north west, and Tug Deposit (431,000 oz Au and 13.8M oz Ag) of West Kirkland Mining INC 40km to the north. The Project lies 150 km west-north-west of the Bingham Canyon Mine (Rio Tinto 23Mt Cu & 38.5M oz Au) (Figures 6 & 8).

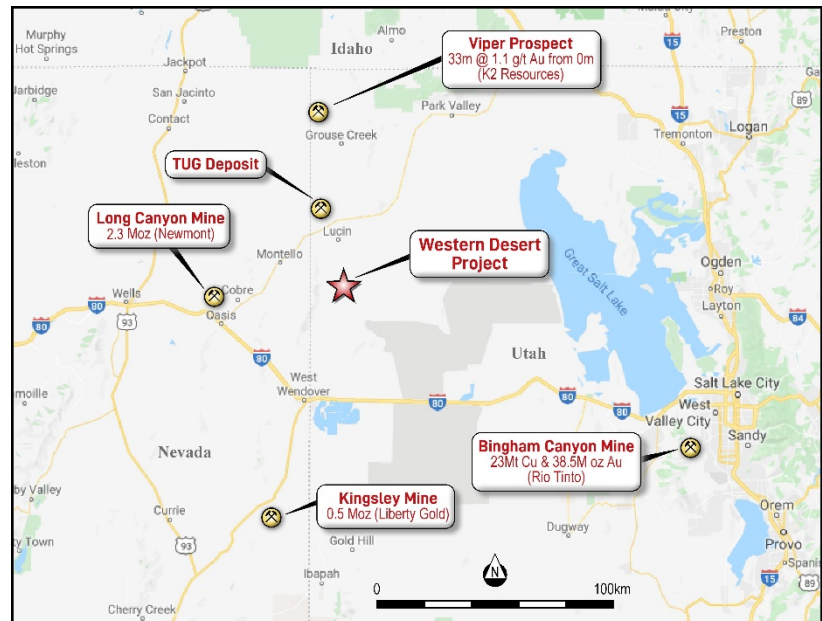


Figure 8 – Western Desert Location Plan

### Exploration

Exploration has been ongoing at the Project since acquisition with photogeological interpretation identifying 11 targets on the basis of their potential to host Carlin Style gold mineralisation (Figure 9). Two phases of stream sediment and follow up rock chip sampling followed. Both ground magnetics and gravity have been completed to enhance the interpretation and enable drill planning.

Rock chip sampling across the Project area from areas of observed alteration, visible copper mineralisation and old workings including Copper Blossom returned:

- **Au** >0.2 g/t up to a maximum of **6.92 g/t Au**.
- **Ag** > 3g/t up to a maximum of **1,495 g/t Ag (48 oz)**.
- **Cu** up to **5.9%**.
- **Pb** up to **>20%**.

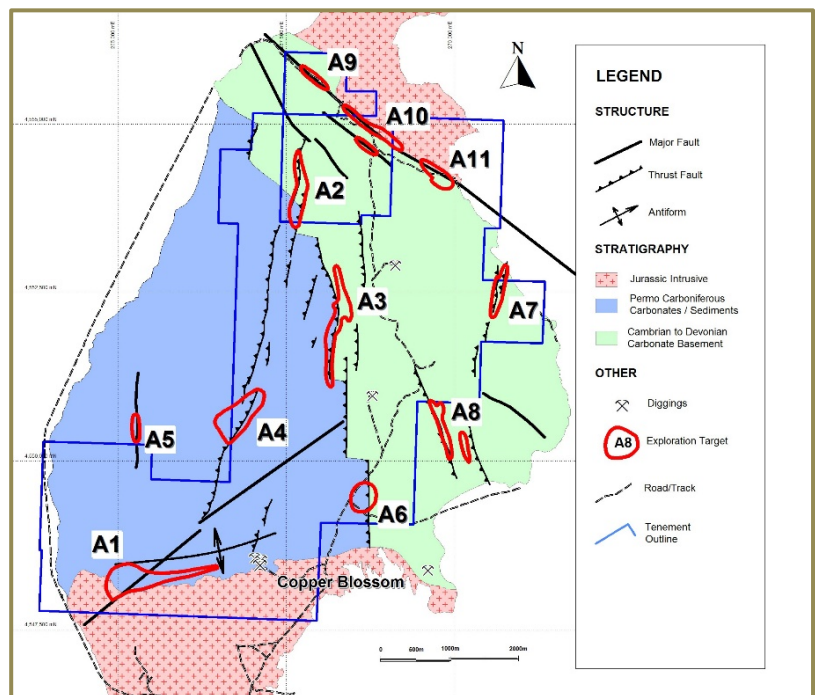


Figure 9 – Western Desert Geology and Targets

### Planned Exploration

The Company has completed geophysics and is planning to commence drilling in the 2<sup>nd</sup> half of 2021.

## Review of Operations

### LORDSBURG LITHIUM PROJECT

The Lordsburg Project is located the southwest corner of the state of New Mexico. It is easily accessed along the I10 interstate between Tucson, Arizona, and La Cruces, New Mexico, close to the Arizona-New Mexico border (Figure 1). Rail lines pass to the north of the claim block and through the lake system to the south. Minimal work has been conducted to date on the Lordsburg Project.

A review is being undertaken to assess the project's potential.

### KANGWANE SOUTH ANTHRACITE PROJECT

Following the acquisition by the Company of USA Lithium Limited, the Board made the strategic decision to divest from the Kangwane South project and is currently undergoing this process. No work was undertaken on the project during the financial year.

The exploration results in this report were reported by the Company in accordance with ASX Listing Rule 5.7 on the dates set out below. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcements.

The mineral resource estimates in this report were reported by the Company in accordance with ASX Listing Rule 5.8 on 26 September 2019. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcement and that all material assumptions and technical parameters underpinning the estimates in the previous announcement continue to apply and have not materially changed.

The announcements referred to in this report are as follows:

- July 7, 2021 – Lithium Exploration Update;
- June 15, 2021 - Drilling at Big Sandy Lithium Project Expected to Commence Q3, 2021;
- June 3, 2021 - Hawkstone to Spin-Out High-Grade Gold and Gold-Copper Projects in the USA;
- May 5, 2021 - Hawkstone Commences Trading on US-Based OTCQB Market;
- March 24, 2021 - Battery Grade 99.8% Lithium Carbonate Produced;
- March 3, 2021 - 99.7% Lithium Carbonate Produced from Big Sandy Project;
- February 1, 2021 - 191.5 g/t Gold, 524 g/t Silver & 10.25% Copper, Spectacular Grades from Devil's Canyon Gold Project;
- December 9, 2020 - High Grade Rock Chip Samples Up To 24.7 g/t Au Identify Further Mineralised Zones, Expanding Potential at Lone Pine Gold Project;
- Dec 2, 2021 - High Grade Gold and Copper Results at Devil's Canyon Gold Project, Nevada;
- November 25, 2020 - Final Drill Results Confirm the High-Grade Potential of The Lone Pine Gold Project (up To 29.7 g/t Au);
- November 11, 2020 - Hawkstone Engages Hazen Research to Evaluate the Production of Battery-Grade Lithium  $\text{Li}_2\text{CO}_3$  from Big Sandy Sedimentary Lithium Deposit;
- October 23, 2020 - Target A1 Identified over 92.2 g/t Gold Rock Chip Sample at Devil's Canyon Gold Project;
- October 7, 2020 - Acquisition of Carlin Trend Gold Project with Samples up to 92 g/t Gold;
- September 22, 2020 - 233% Increase in Landholding at Lone Pine as Sampling (up to 92.7 g/t Au) Confirms potential for Multiple Mineralised Zones;
- September 15, 2020 - Initial Drilling Confirms High Grade Mineralisation at the Lone Pine Gold Project (up to 19.6 g/t Au);
- August 27, 2020 – Early Completion of King Solomon Acquisition and Exploration Update;
- August 6, 2020 – Additional Larger Drill Rig Mobilised to Lone Pine Gold Project;
- July 13, 2020 – Lone Pine Gold Project, Exploration Update;
- July 3, 2020 - 950% Increase in Landholding at Western Desert Gold-Copper Project; and
- September 26, 2019 – Big Sandy Lithium Project Maiden Mineral Resource.



## Review of Operations

The following information is provided in accordance with Listing Rule 5.21 as at 30 June 2021.

### Mineral Resource Estimation Governance Statement

Arizona Lithium Limited ensures that the Mineral Resource estimates are subject to appropriate levels of governance and internal controls. The Mineral Resources have been generated by independent external consultants and internal employees who are experienced in best practices in modelling and estimation methods. Where applicable, the consultants have also undertaken review of the quality and suitability of the underlying information used to generate the resource estimations. The Mineral Resource estimates follow standard industry methodology using geological interpretation and assay results from samples won through drilling.

Arizona Lithium Limited reports its Mineral Resources in accordance with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code) (2012 Edition). Competent Persons named by the Company qualify as Competent Persons as defined in the JORC Code.

The table below sets out the maiden Mineral Resources at 30 June 2021 for the Big Sandy Sedimentary Lithium Project in Arizona, USA. There was no change from the Mineral Resources in the prior year.

### Big Sandy Project Resources as at 30 June 2021 and as at 30 June 2020 (rounding errors apply)

Total Indicated and Inferred Resources of 32.5 Million Tonnes (Mt) grading 1,850 parts per million (ppm) Li or 320,800 tonnes Lithium Carbonate Equivalent (LCE), reported above an 800 ppm Li cut-off.

Resource Classification	Tonnes (Mt)	Li Grade (ppm)	Contained Li Metal (t)	Contained LCE (t)
<b>Indicated</b>	14.6	1,940	28,400	150,900
<b>Inferred</b>	17.9	1,780	31,900	169,900
<b>Total</b>	<b>32.5</b>	<b>1,850</b>	<b>60,300</b>	<b>320,800</b>

## Directors' Report

The Directors present their report on the consolidated group consisting of Arizona Lithium Limited and the entities it controlled (referred to hereafter as "the Group" or "Arizona") for the year ended 30 June 2021, as well as the consolidated financial report and the Auditor's Report thereon. The company's name was changed from Hawkstone Mining Limited to Arizona Lithium Limited on 2 September 2021.

### PRINCIPAL ACTIVITIES OF THE GROUP

Arizona Lithium Limited (the "Company" or "parent entity") is a mineral exploration and development company focusing on the Big Sandy and Lordsburg Projects in USA exploring for lithium, the Devil's Canyon Gold Project in USA, the Lone Pine Gold Project in USA and the Western Desert Gold – Copper Project in USA.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year the Group undertook to spin-out its portfolio of gold and gold-copper projects to form a separate listed company, Diablo Resources Limited ("Diablo"). As part of the spin-out, the Group will divest and sell its interest in the Devil's Canyon Gold-Copper Project in Nevada, Western Desert Gold-Copper Project in Utah, and the Lone Pine Gold Project, including the King Solomon Mine in Idaho to Diablo ("the Gold Projects").

The Company will receive 40,000,000 vendor shares, which upon the successful ASX listing of Diablo, will be distributed by way of an in-specie pro-rata distribution to existing shareholders of the Company. On 2 September 2021, the Company's shareholders approved the reduction in capital and in-specie distribution and the disposal of the Gold Projects to Diablo.

### SUMMARY OF RESULTS

The Group's loss attributable to members of the Company for the financial year ended 30 June 2021 was \$3,455,913 (2020: loss of \$3,490,190). The loss was largely due to the expensing of all mineral exploration expenditure including acquisition costs in accordance with the Group's accounting policy.

At 30 June 2021, the Group had net assets of \$4,869,228 (2020: \$198,544) and the Company had 1,656,034,601 (2020: 1,064,073,442) fully paid shares on issue.

### DIRECTORS

The Directors of Arizona Lithium Limited in office at any time during or since the end of the year are set out below. Directors were in office for the entire period unless otherwise stated.

- Barnaby Egerton-Warburton (Non-Executive Chairman)
- Paul Lloyd (Managing Director)
- Greg Smith (Non-Executive Director)
- Shaun Hardcastle (Non-Executive Director resigned 14 July 2020)

## Directors' Report

### INFORMATION ON CURRENT DIRECTORS

#### Mr Barnaby Egerton-Warburton – Non-Executive Chairman

Barnaby Egerton-Warburton is an experienced investment banker and corporate advisor who has held managing director and non-executive director positions in the investment banking, oil and gas and resource sectors.

Mr. Egerton-Warburton has over 25 years of investment banking, international investment and market experience with positions at JP Morgan (New York, Sydney, Hong Kong) BNP Equities (New York) and Prudential Securities (New York). An experienced investment banker and corporate advisor, having held managing director and non-executive director positions in the investment banking, technology, oil & gas and resource sectors. He holds a degree in economics and is a graduate of the Australian Institute of Company Directors

Other Current Listed Directorships:	Eneabba Gas Limited (March 2015) Invictus Energy Limited (July 2016) Isignthis Limited (April 2015) Locality Planning Energy Holdings Limited (March 2020) Pantera Minerals Limited (December 2020) Diablo Resources Limited (April 2021, seeking ASX listing)
Former Directorships in Last Three Years:	None
Interests in Shares:	4,570,000
Interests in Options:	34,250,000

#### Mr Paul Lloyd – Managing Director

Paul Lloyd is a Chartered Accountant with over 30 years' commercial experience. Mr Lloyd operates his own corporate consulting business, specialising in the area of corporate, financial and management advisory services. After commencing his career with an international accounting firm, he was employed for approximately 10 years as the General Manager of Finance for a Western Australian based international drilling contractor working extensively in Asia and Africa. Paul has been responsible for a number of IPOs, RTOs, project acquisitions and capital raisings for ASX listed public companies.

Other Current Listed Directorships:	BPM Minerals Limited (October 2020) Diablo Resources Limited (April 2021, seeking ASX listing)
Former Directorships in Last Three Years:	None
Interests in Shares:	28,682,689
Interests in Options:	65,000,000

#### Mr Greg Smith – Non-Executive Director

Greg Smith holds over 45 years of experience as an exploration/mine geologist across Australia, North America, Africa and South East Asia. He has also served as Arizona's Technical Manager and was responsible for the exploration program that defined a resource on the Company's Big Sandy Sedimentary Lithium Project located in Arizona, USA.

He previously held the role as exploration manager for Moto Gold Mines in the Democratic Republic of the Congo, leading the discovery of 22 million ounces of Gold (now Kibali Gold Mine, ranked world's 5th largest). He has also served as a managing director of several ASX listed companies.

Other Current Directorships:	BPM Minerals Limited (September 2020) Diablo Resources Limited (April 2021, seeking ASX listing)
Former Directorships in Last Three Years:	None
Interests in Shares:	19,500,000
Interests in Options:	55,000,000

## Directors' Report

### INFORMATION ON FORMER DIRECTORS

#### Mr Shaun Hardcastle – Non-Executive Director (resigned 14 July 2020)

Mr Hardcastle has over 10 years' experience as a corporate and finance lawyer and extensive experience in corporate governance, risk management and compliance. He has been involved in a broad range of cross-border and domestic transactions including joint ventures, corporate restructuring, project finance, resources and asset/equity sales and acquisitions. He graduated from the University of Western Australia in 2005 with a Bachelor of Laws and a Bachelor of Arts.

#### Ms Oonagh Malone – Company Secretary

Ms Malone is a principal of a corporate advisory firm which provides company secretarial and administrative services. She has over 10 years' experience in administrative and company secretarial roles for listed companies and is a member of the Governance Institute of Australia. She currently acts as company secretary for ASX-listed African Gold Ltd, Aston Minerals Limited, Benz Mining Corp, Caprice Resources Limited, Carbine Resources Limited, RareX Limited and Riversgold Limited. She is a non-executive director of Peak Minerals Limited.

### DIVIDENDS

No dividends were paid or are proposed to be paid to members during the financial year (2020: Nil).

### FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Future developments for the Group depend on activity regarding the Company's exploration projects.

### EVENTS OCCURRING AFTER THE REPORTING PERIOD

No events that would have significant effect on the financial report have occurred since the end of the reporting period, other than:

- On 13 July 2021 the Company issued 51,541,667 shares on exercise of share options with an exercise price of \$0.02 each, raising \$1,030,833.
- On 4 August 2021 the Company issued 4,286,677 shares on exercise of share options with an exercise price of \$0.02 each, raising \$85,734.
- On 13 August 2021 the Company issued 4,398,152 shares on exercise of share options with an exercise price of \$0.02 each, raising \$87,963.
- On 2 September 2021, shareholders at a general meeting of the Company approved the following resolutions:
  - Change of Company name to Arizona Lithium Limited
  - Disposal of interests in the Company's gold assets in the USA to Diablo Resources Limited
  - Equal reduction of capital and in-specie distribution
  - Issue of Diablo Performance Rights to Mr Paul Lloyd, Mr Greg Smith and Mr Barnaby Egerton-Warburton
- On 7 September 2021, the Company's Priority Offer for shares in Diablo Resources Limited to raise up to \$3.5 million closed.
- On 22 September 2021 the Company issued 3,583,334 shares on exercise of share options with an exercise price of \$0.02 each, raising \$71,667.



## Directors' Report

### OPTIONS

Unissued ordinary shares of Arizona Lithium Limited under option at the date of this report are as follows:

Expiry date	Exercise price	Number under option	
		2021	2020
21 December 2020	\$0.048	- <sup>1</sup>	6,000,000
7 September 2022	\$0.04	52,250,000 <sup>2</sup>	47,250,000
7 September 2022	\$0.05	47,250,000	47,250,000
30 December 2021	\$0.06	22,250,000	22,250,000 <sup>3</sup>
30 December 2021	\$0.07	12,500,000	12,500,000 <sup>4</sup>
29 April 2023	\$0.012	82,500,000	259,166,667 <sup>5</sup>
2 December 2022	\$0.02	22,006,890 <sup>6</sup>	-
1 April 2023	\$0.05	1,666,667 <sup>7</sup>	-
1 April 2023	\$0.06	1,666,667 <sup>7</sup>	-
1 April 2023	\$0.07	1,666,667 <sup>7</sup>	-
<b>Total</b>		<b>243,756,891</b>	<b>399,416,667</b>

<sup>1</sup> 6,000,000 options lapsed unexercised on 21 December 2020.

<sup>2</sup> 5,000,000 options were issued on 24 August 2020.

<sup>3</sup> Includes 12,000,000 options issued to brokers and advisers during the year ended 30 June 2020 in respect of services related to the 2019 placement.

<sup>4</sup> Includes 6,000,000 options issued to brokers during the year ended 30 June 2020 for capital raising services.

<sup>5</sup> 166,666,667 of these options were free attaching options issued on 20 April 2020 as part of a capital raising. The balance of 92,500,000 options comprises 82,500,000 options issued to Directors as remuneration (see Remuneration Report) and 10,000,000 options issued to brokers in consideration for services related to the capital raising.

<sup>6</sup> A total of 209,444,445 options were issued on 2 December 2020. 194,444,445 of these options were free attaching options issued as part of a capital raising. The balance of 15,000,000 options were issued to brokers in consideration for services related to the capital raising. 63,809,830 of these options have been exercised since 30 June 2021, leaving 22,006,890 on issue at the date of this report.

<sup>7</sup> 5,000,001 options issued under the Company's Employee Securities Incentive Plan on 1 April 2021.

### DIRECTORS' MEETINGS

During the financial year, 3 meetings of Directors were held and 9 circular resolutions signed. Attendances by each Director during the year were as follows:

Name	Directors' meetings	
	No. of meetings eligible to attend	No. of meetings attended
Barnaby Egerton-Warburton	3	3
Paul Lloyd	3	3
Greg Smith	3	3

### AUDIT COMMITTEE

The Company does not have a formally constituted audit committee. The Board considers that the Company's current position in respect of the composition of the Board, the size of the Company and the minimal complexities involved in its financial activities at present, the Company is not in a position to justify the establishment of an audit committee. The full Board performs the duties of this committee.

# Directors' Report

## REMUNERATION REPORT (AUDITED)

The remuneration report outlines the remuneration arrangements for the Key Management Personnel ("KMP") of the Group, being the Company's Board members, and is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Remuneration committee and board charter
3. Details of remuneration

### Principles Used to Determine the Nature and Amount of Remuneration

In determining competitive remuneration rates, the Board seeks independent advice as required on local and international trends among comparative companies and industry generally. Independent advice may be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

The Board recognises that the Company operates in a global environment. To prosper in this environment it must attract, motivate and retain key executive staff.

The principles supporting the remuneration policy are as follows:

- reward reflects the competitive global market in which the Company operates;
- rewards to executives are linked to creating value for shareholders;
- remuneration arrangements are equitable and facilitate the development of senior management across the Company;
- where appropriate, senior managers receive a component of their remuneration in equity to align their interests with those of the shareholders; and
- long term incentives are used to ensure that remuneration of KMP reflects the Group's financial performance, with particular emphasis on the Group's earnings and the consequence of the Group's performance on shareholder wealth.

Fees and payments to directors reflect the demands which are made on, and the responsibilities of, the directors. Directors' fees and payments are reviewed annually by the Board. The Board also ensures that directors' fees and payments are appropriate and in line with the market.

There are no retirement allowances or other benefits paid to directors.

### Remuneration Committee and Board Charter

The Charter of the Remuneration Committee extends the duties to that of a Nominations Committee. The Board considers that given the Company's current position in respect of the composition of the Board and the size of the Company, the Company is not in a position to justify the establishment of a Remuneration Committee and the full Board performs the duties of this committee, with members abstaining from discussions and decisions as appropriate.

The Remuneration Committee is responsible for making recommendations on remuneration policies and packages applicable to Board members and for approval of remuneration for executive officers of the Company taking into account the financial position of the Company. The broad remuneration policy per the formal Charter is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

## Directors' Report

It is the Remuneration Committee's policy to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities though taking into account the financial position of the Company and the Company's shareholder-approved limits. The Constitution of the Company specifies that the aggregate remuneration of directors, other than salaries paid to executive directors, shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is divided between those directors as they agree. The latest determination was at the Annual General Meeting held on 20 April 2007 when shareholders approved an aggregate remuneration of \$250,000 per year.

The Board as a whole determines the amount of the fees paid to each non-executive director. All Directors may be allocated options to acquire shares in the Company under the Director and Employee Share Option Plan approved by shareholders from time to time.

The Board approves remuneration packages for executive officers based on performance criteria and the Group's financial performance. Other employee remuneration packages are determined and approved by the Board based on salary market rate indicators, press advertisements, performance criteria and against the Group's financial state of affairs.

### Additional information for consideration of shareholder wealth

This table summarises the earnings of the Group and other factors that are considered to affect shareholder wealth for the 5 years to 30 June 2021.

	2021	2020	2019	2018	2017
Loss after income tax attributable to shareholders (\$)	(3,455,913)	(3,490,190)	(12,621,063)	(1,255,408)	1,450,733
Share price at year end (\$)	0.025	0.013	0.021	0.034	0.011
Total dividends declared (cents per share)	-	-	-	-	-
Returns of capital (cents per share)	-	-	-	-	-
Basic earnings/(loss) per share (cents)	(0.24)	(0.41)	(2.37)	(0.45)	1.49

### Details of Remuneration - Service Agreements

Director	Position held as at 30 June 2021	Contract details (duration & termination)
Barnaby Egerton-Warburton	Non-Executive Chairman	Letter of appointment / In accordance with Constitution No termination benefits payable
Paul Lloyd	Managing Director	Service agreement Remuneration of \$200,000pa plus statutory superannuation (up to 31 December 2020) Remuneration of \$300,000pa inclusive of statutory superannuation (from 1 January 2021) Termination without cause requires 6 months' notice or payment
Greg Smith	Non-Executive Director	Letter of appointment / In accordance with Constitution No termination benefits payable

## Directors' Report

### Remuneration Details for the Year Ended 30 June 2021

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the KMP of the Group. The aggregate remuneration of non-executive directors was less than the approved aggregate remuneration of \$250,000 per year.

**Table of Benefits and Payments for the Year Ended 30 June 2021**

		Short-term Benefits Cash salary and fees \$	Post Employment Benefits Super- annuation \$	Consulting fees \$	Share based payment Options/ Rights \$	Total \$	Proportion of remuneration performance related %
B Egerton-Warburton	2021	67,897	2,603	-	28,268	98,768	29%
	2020	54,795	5,205	-	5,498	65,498	8%
P Lloyd	2021	270,946	10,173	-	43,972	325,091	14%
	2020	205,896	19,000	-	8,554	233,450	4%
G Smith	2021	36,000	-	7,000	31,408	74,408	42%
	2020 <sup>1</sup>	11,170	-	109,905	6,110	127,185	55%
S Hardcastle	2021 <sup>2</sup>	1,500	-	-	-	1,500	-
	2020	36,000	-	-	-	36,000	-
O Malone	2020	49,000 <sup>3</sup>	-	-	-	49,000	-
<b>Total</b>	<b>2021</b>	<b>376,343</b>	<b>12,776</b>	<b>7,000</b>	<b>103,648</b>	<b>499,767</b>	<b>21%</b>
	<b>2020</b>	<b>356,861</b>	<b>24,205</b>	<b>109,905</b>	<b>20,162</b>	<b>511,133</b>	<b>5%</b>

<sup>1</sup> Appointed 9 March 2020.

<sup>2</sup> Resigned 14 July 2020.

<sup>3</sup> This includes \$22,000 of company secretarial fees for July 2019 to June 2020. No company secretarial fees were payable from July 2018 to June 2019.

### Director related parties

Mr Lloyd is a related party of Coral Brook Pty Ltd. Coral Brook Pty Ltd was reimbursed administration fees of \$18,900 for the year ended 30 June 2021 (2020: \$25,200) with an accrued liability of \$Nil for administration fees at 30 June 2021 (2020: \$6,300) and \$75,000 for director remuneration (2020: \$Nil) at year end.

## Directors' Report

### KMP Shareholdings

The number of ordinary shares in Arizona Lithium Limited held by each KMP of the Company, as disclosed to the ASX, during the financial year is as follows:

30 June 2021	Balance at beginning of year or appointment	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year or resignation
B Egerton-Warburton	4,570,000	-	-	-	4,570,000
P Lloyd	28,682,689	-	-	-	28,682,689
G Smith	19,500,000	-	-	-	19,500,000
S Hardcastle	-	-	-	-	-

30 June 2020	Balance at beginning of year or appointment	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year or resignation
B Egerton-Warburton	2,480,000	-	-	2,090,000	4,570,000
S Hardcastle	-	-	-	-	-
P Lloyd	13,341,346	-	-	15,341,343*	28,682,689
O Malone	-	-	-	-	-
G Smith	18,500,000	-	-	1,000,000	19,500,000

\* This includes 13,341,343 shares issued on conversion of deferred consideration shares. All other changes during the year were share purchases.

### KMP Option Holdings

The number of share options in Arizona Lithium Limited held by each KMP of the Company, as disclosed to the ASX, during the financial year is as follows:

30 June 2021	Balance at beginning of year or appointment	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year or resignation
B Egerton-Warburton	34,250,000	-	-	-	34,250,000
P Lloyd	65,000,000	-	-	-	65,000,000
G Smith	55,000,000	-	-	-	55,000,000
S Hardcastle	4,000,000	-	-	(4,000,000)**	-

30 June 2020	Balance at beginning of year or appointment	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year or resignation
B Egerton-Warburton	11,750,000	22,500,000*	-	-	34,250,000
S Hardcastle	4,000,000	-	-	-	4,000,000
P Lloyd	30,000,000	35,000,000*	-	-	65,000,000
O Malone	4,000,000	-	-	-	4,000,000
G Smith	30,000,000	25,000,000*	-	-	55,000,000

\* The directors were issued these options on 29 April 2020 after approval at the general meeting held on 20 April 2020. These options have an exercise price of \$0.012 per share with an expiry date of 29 April 2023. Half of these options vest on announcement by the Company to ASX that the Company has defined a JORC compliant inferred resource of 150,000 ounces of gold or gold equivalent from either the Lone Pine Project in Idaho, USA or the Western Desert Project in Utah USA. The other half of these options vest on announcement by the Company to ASX that the Company has defined a JORC compliant inferred resource of 250,000 ounces of gold or gold equivalent from either the Lone Pine Project in Idaho, USA or the Western Desert Project in Utah USA. These options have been valued at \$0.0038 each for a total value of \$313,500 based on a Black-Scholes

## Directors' Report

valuation with a volatility of 162%, a risk free interest rate of 0.27%, a share price at the grant date of \$0.005, a maximum term of 3.02 years and no dividends. These options are being expensed over the expected vesting period to 29 April 2023 with a total of \$103,648 recognised during the year.

\*\* Balance on resignation.

### Cash Bonuses, Performance-Related Bonuses and Share-Based Payments

There were no cash bonuses, or other short term performance related bonuses, made to any KMP in the financial years ended 30 June 2021 or 30 June 2020.

There were no options over ordinary shares provided as remuneration to any KMP in the financial year ended 30 June 2021.

Details of options over ordinary shares in the Company provided as remuneration to KMP during 2020 as disclosed above are set out below. When exercised, each option is convertible into one ordinary share of Arizona Lithium Limited. No options issued to directors during 2020 vested during the year. No options issued to current or previous KMP expired or lapsed during the year.

KMP	Grant date	Number granted	Exercise price (\$)	Value per option (\$)	Value of options granted (\$)	Issue date	Expiry date
B Egerton-Warburton	20/04/2020	22,500,000	0.012	\$0.0038	85,500	29/04/2020	29/04/2023
P Lloyd	20/04/2020	35,000,000	0.012	\$0.0038	133,000	29/04/2020	29/04/2023
G Smith	20/04/2020	25,000,000	0.012	\$0.0038	95,000	29/04/2020	29/04/2023
<b>Total</b>		<b>82,500,000</b>			<b>313,500</b>		

Details of all options held by KMP, at the date of this report, are shown below.

KMP	Grant date	Number granted	Value of options granted (\$)	Issue date	Expiry date	Vested (%)
B Egerton-Warburton	28/02/2019	3,750,000	23,025	28/02/2019	30/12/2021	100
B Egerton-Warburton	16/05/2019	4,000,000	30,080	16/05/2019	30/12/2021	100
B Egerton-Warburton	16/05/2019	4,000,000	27,400	16/05/2019	30/12/2021	100
B Egerton-Warburton	20/04/2020	22,500,000	85,500	29/04/2020	29/04/2023	-
P Lloyd	3/08/2018*	15,000,000	358,350	7/09/2018	7/09/2022	100
P Lloyd	3/08/2018**	15,000,000	343,050	7/09/2018	7/09/2022	100
P Lloyd	20/04/2020	35,000,000	133,000	29/04/2020	29/04/2023	-
G Smith	3/08/2018*	15,000,000	358,350	7/09/2018	7/09/2022	100
G Smith	3/08/2018**	15,000,000	343,050	7/09/2018	7/09/2022	100
G Smith	20/04/2020	25,000,000	95,000	29/04/2020	29/04/2023	-

\* These options with an exercise price of \$0.04 were granted, for accounting purposes, at the General Meeting on 3 August 2018, but issued on 7 September 2018 at completion of the USA Lithium acquisition.

\*\* These options with an exercise price of \$0.05 were granted, for accounting purposes, at the General Meeting on 3 August 2018, but issued on 7 September 2018 at completion of the USA Lithium acquisition.

**[END OF AUDITED REMUNERATION REPORT]**

## Directors' Report

### ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements in other jurisdictions and is not aware of any breach of those environmental requirements as they apply to the Group.

### INDEMNIFYING OFFICERS OR AUDITORS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by them in their capacity as Officer, or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. The Company has agreed to pay a premium for Directors and Officers Insurance.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. The Company has not paid a premium in respect of a contract to insure the auditor of the Company.

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

### NON-AUDIT SERVICES

The aggregate amount of fees paid or payable to HLB Mann Judd (WA) Pty Ltd during the year ended 30 June 2021 in relation to non-audit services were as follows:

	\$
Other services – compliance matters	3,500

The Board of Directors, are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2021. The directors are satisfied that the services disclosed do not compromise the external auditors' independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

## Directors' Report

### AUDITORS' INDEPENDENCE DECLARATION

The auditors' independence declaration for the year ended 30 June 2021 has been received and is included on page 24.

Signed in accordance with a resolution of the Directors:



**Mr Barnaby Egerton-Warburton**

Non-Executive Chairman

Dated at Perth this 28<sup>th</sup> day of September 2021



## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Arizona Lithium Limited (formerly Hawkstone Mining Limited) for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia  
28 September 2021



**L Di Giallonardo**  
Partner

**hlb.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

## Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue from continuing operations	3	26,702	15,384
Directors' fees	4(b)	(375,437)	(359,066)
Share based payment expense	24	(313,475)	(100,952)
Corporate and regulatory expenses		(456,746)	(164,221)
Exploration and evaluation	4(c)	(1,744,899)	(1,509,899)
Foreign exchange gain/(loss)		24,853	(109,083)
Administrative expenses	4(a)	(524,398)	(479,258)
Gain on / (impairment of) financial asset	10	(19,414)	37,233
Exploration and evaluation expenditure expensed on acquisition of mineral exploration interests	25	(48,065)	(808,559)
<b>Loss before income tax</b>		<b>(3,430,879)</b>	<b>(3,478,421)</b>
Income tax	6	-	-
<b>Loss after income tax from continuing operations attributable to members of the Company</b>		<b>(3,430,879)</b>	<b>(3,478,421)</b>
<b>Operations of disposal group (discontinued operation)</b>			
Exploration and evaluation	9	(25,034)	(11,769)
<b>Loss for the year from disposal groups</b>		<b>(25,034)</b>	<b>(11,769)</b>
<b>Loss attributable to members of the Company</b>		<b>(3,455,913)</b>	<b>(3,490,190)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign controlled entities, net of tax		(59,053)	22,154
<b>Other comprehensive (loss)/income for the year</b>		<b>(59,053)</b>	<b>22,154</b>
<b>Total comprehensive loss for the year</b>		<b>(3,514,966)</b>	<b>(3,468,036)</b>
<b>Loss per share attributable to the ordinary equity holders of the company</b>			
Basic loss per share in cents	19	<b>(0.24)</b>	<b>(0.41)</b>
Diluted loss per share in cents	19	<b>(0.24)</b>	<b>(0.41)</b>
<b>Loss per share from continuing operations attributable to the ordinary equity holders of the company</b>			
Basic loss per share in cents	19	<b>(0.24)</b>	<b>(0.40)</b>
Diluted loss per share in cents	19	<b>(0.24)</b>	<b>(0.40)</b>

The accompanying notes form part of these financial statements.

## Consolidated statement of financial position as at 30 June 2021

	Notes	30 June 2021 \$	30 June 2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	4,951,159	230,752
Trade and other receivables	8	52,065	10,855
Prepayments		14,722	14,432
<b>TOTAL CURRENT ASSETS</b>		<b>5,017,946</b>	<b>256,039</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	10	363,412	356,771
<b>TOTAL NON-CURRENT ASSETS</b>		<b>363,412</b>	<b>356,771</b>
<b>TOTAL ASSETS</b>		<b>5,381,358</b>	<b>612,810</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	512,130	399,753
Provisions		-	14,513
<b>TOTAL CURRENT LIABILITIES</b>		<b>512,130</b>	<b>414,266</b>
<b>TOTAL LIABILITIES</b>		<b>512,130</b>	<b>414,266</b>
<b>NET ASSETS</b>		<b>4,869,228</b>	<b>198,544</b>
<b>EQUITY</b>			
Contributed equity	12	79,616,174	71,841,949
Reserves	13	4,555,966	4,203,594
Accumulated losses		(79,302,912)	(75,846,999)
<b>TOTAL EQUITY</b>		<b>4,869,228</b>	<b>198,544</b>

The accompanying notes form part of these financial statements.

## Consolidated statement of changes in equity for the year ended 30 June 2021

	Issued Capital	Unissued Shares	Share based payment reserve	Foreign translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>67,000,549</b>	<b>3,625,000</b>	<b>6,213,662</b>	<b>(2,202,182)</b>	<b>(72,356,809)</b>	<b>2,280,220</b>
<b>Comprehensive Income</b>						
Loss for the year	-	-	-	-	(3,490,190)	(3,490,190)
Other comprehensive income for the year						
Exchange differences on translation of controlled entities	-	-	-	22,154	-	22,154
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,154</b>	<b>(3,490,190)</b>	<b>(3,468,036)</b>
<b>Transactions with owners, in their capacity as owners, and other transfers</b>						
Equity instruments issued during the period	1,410,444	-	-	-	-	1,410,444
Conversion of contingent consideration shares	3,625,000	(3,625,000)	-	-	-	-
Recognition of share based payments	-	-	169,960	-	-	169,960
Share issue costs	(194,044)	-	-	-	-	(194,044)
<b>At 30 June 2020</b>	<b>71,841,949</b>	<b>-</b>	<b>6,383,622</b>	<b>(2,180,028)</b>	<b>(75,846,999)</b>	<b>198,544</b>

## Consolidated statement of changes in equity for the year ended 30 June 2021 (continued)

	Issued Capital \$	Share based payment reserve \$	Foreign translation reserve \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2020</b>	<b>71,841,949</b>	<b>6,383,622</b>	<b>(2,180,028)</b>	<b>(75,846,999)</b>	<b>198,544</b>
<b>Comprehensive Income</b>					
Loss for the year	-	-	-	(3,455,913)	(3,455,913)
Other comprehensive income for the year	-	-	(59,053)	-	(59,053)
Exchange differences on translation of controlled entities	-	-	(59,053)	-	(59,053)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(59,053)</b>	<b>(3,455,913)</b>	<b>(3,514,966)</b>
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
Equity instruments issued during the year	8,092,556	-	-	-	8,092,556
Recognition of share based payments	-	411,425	-	-	411,425
Share issue costs	(318,331)	-	-	-	(318,331)
<b>At 30 June 2021</b>	<b>79,616,174</b>	<b>6,795,047</b>	<b>(2,239,081)</b>	<b>(79,302,912)</b>	<b>4,869,228</b>

The accompanying notes form part of these financial statements.

## Consolidated statement of cash flows for the year ended 30 June 2021

	Note	30 June 2021 \$	30 June 2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(3,176,112)	(2,726,583)
Interest received		2,439	3,567
Grant income		24,263	11,817
<b>Net cash used in operating activities</b>	21(b)	<b>(3,149,410)</b>	<b>(2,711,199)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for other financial assets		-	(33,401)
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(33,401)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds of share issues		8,092,556	1,000,000
Share issue costs		(220,381)	(49,464)
<b>Net cash generated by financing activities</b>		<b>7,872,175</b>	<b>950,536</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,722,765</b>	<b>(1,794,064)</b>
Cash and cash equivalents at the beginning of the year		230,752	2,024,216
Effects of exchange rate changes on cash and cash equivalents		(2,358)	600
<b>Cash and cash equivalents at the end of the year</b>	7	<b>4,951,159</b>	<b>230,752</b>

The accompanying notes form part of these financial statements.

## Notes to the financial statements

### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements include the consolidated financial statements and notes of Arizona Lithium Limited ("the Company") and controlled entities ("the Group").

The significant accounting policies which have been adopted in the preparation of the financial statements are set out below.

#### (a) Basis of preparation

The financial statements are general purpose financial statements, which have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements of the Group comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs. The financial statements are presented in Australian dollars.

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

The financial statements were authorised for issue by the Directors on the 28<sup>th</sup> of September 2021.

Arizona Lithium Limited is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

#### (b) Exploration and evaluation expenditure

Exploration and evaluation expenditure in relation to all areas of interest, including acquisition costs, are expensed as incurred.

## Notes to the financial statements (continued)

### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Arizona Lithium Limited and entities (including special purpose entities) controlled by Arizona Lithium Limited (its subsidiaries).

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the Group. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.



## Notes to the financial statements (continued)

### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Impairment of assets

At the end of the reporting period, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### (e) Leases

Assets and liabilities are recognised for all leases with a term of more than 12 months unless the underlying asset is of low value or the lease is not for any specific identifiable asset.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Lease liabilities are valued at the net present value of the expected stream of committed lease payments. Lease payments are recognised as an interest expense to the extent that they represent interest on the outstanding lease liability. The Group currently has no leased assets or lease liability as the serviced office agreement does not specify or require fixed office locations, with staff offices moved at the discretion of the lessor at any time throughout the period of use, and the Group has no other agreements for the lease of identifiable assets.

#### (f) Foreign currency transactions

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting dates. The revenues and expenses of foreign operations are translated into Australian dollars using average exchange rates, which approximate exchange rates at the dates of transactions, for the period. All resulting exchange rate differences are recognised in other comprehensive income through the foreign translation reserve in equity.

#### *Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

## Notes to the financial statements (continued)

### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit and loss is the tax payable on the taxable income using applicable income tax rates enacted or substantially enacted as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Where temporary differences exist in relation to investments in subsidiaries and associates, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Research and development expenditure tax offsets receivable under Section 73Q of the Income Tax Assessment Act are recognised upon lodgement of the income tax return, when the Company has made the required election.

#### (h) Share based payment transactions

The Group recognises the fair value of options granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

The Group provides benefits to directors, employees and consultants of the Group in the form of share based payment transactions, whereby directors, employees and consultants render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with directors, employees and consultants is measured by reference to fair value at the date they are granted. The fair value is determined using the Black-Scholes option pricing model.

#### (i) Provisions and contingencies

Provisions are recognised when the Group has a legal or constructive obligation, as a result of a past event, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

## Notes to the financial statements (continued)

### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) Financial Instruments

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and are solely principal and interest. All other financial instrument assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income.

For financial liabilities, the portion of the change in fair value that relates to the Group's credit risk is presented in other comprehensive income. Hedge accounting requirements align the accounting treatment with the Group's risk management activities. The Group does not currently have any impaired financial assets, financial liabilities with changes in fair value due to credit risk presented in other comprehensive income, or financial instruments requiring hedge accounting.

#### *Impairment of financial assets*

Financial assets may be impaired based on an expected credit loss model to recognise an allowance. Such impairment is measured in a way that reflects: (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (b) the time value of money; and (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

#### (k) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at bank, short term deposits with financial institutions maturing within less than three months and net of outstanding bank overdrafts.

#### (l) Revenue recognition

Revenue from the sale of goods and disposal of other assets is recognised when the Group has satisfied the performance obligation in relevant contracts by transferring the promised asset to a customer with the customer obtaining control of the asset.

#### (m) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian 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 component of investing and financing activities, which are disclosed as operating cash flows.

#### (n) Trade and Other Payables

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

## Notes to the financial statements (continued)

### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) Classification of comparatives

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### (p) New Accounting Standards for application in future periods

The Directors have reviewed all of the new and revised Standards and interpretations in issue not yet adopted that are relevant to the Group and effective for reporting periods beginning on or after 1 July 2021. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on issue and not yet adopted by the Group and therefore no material change is necessary to Group accounting policies.

#### (q) New and Amended Accounting Policies adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

#### (r) Assets classified as held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss and other comprehensive income.

All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

## Notes to the financial statements (continued)

### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (s) Issued capital

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

### 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these Financial Statements the Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

#### Significant accounting estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

##### *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Fair values of share options are determined using the Black-Scholes model.

##### *Recognition of disposal group and assets classified as held for sale*

In 2018, the Group classified the Kangwane South Project as an asset classified as held for sale, as disclosed in note 9, because the Group actively marketed this project and considered a sale highly likely. No comparative assets or liabilities are classified as a non-current asset held for sale, because the mining rehabilitation bond was expected to be replaced by a purchaser or otherwise treated in a manner outside the scope of the definition of assets classified as held for sale. There are no other assets or liabilities related to this asset that would form part of a disposal group because all administration functions are performed directly by the parent entity and no entity in the Group other than the parent operates bank accounts or processes accounts payable. Following difficulty selling the Kangwane South Project, the Directors have resolved to dispose of this project and South African subsidiaries, leading to recognition of a disposal group at 30 June 2020 and 30 June 2021.

##### *Impairment of security bond*

The Group paid a \$565,729 (ZAR 5,574,974) mining rehabilitation bond to secure access to the Kangwane South project in 2017. Following the decision to dispose of the Kangwane South Project and seek refund of this bond, the directors considered a range of potential scenarios and their associated probabilities and expected time frames before recognising a \$184,146 or 35.6% (2020: \$164,732 or 35.2%) impairment provision based on their best available estimate of the amount and timing of the potential refund, calculated in accordance with AASB 9 Financial Instruments. Recovery of this security bond is progressing with documents lodged with the South African government, but has been delayed in 2021 by issues associated with Covid-19 in South Africa.

## Notes to the financial statements (continued)

### 3 REVENUE

	2021 \$	2020 \$
Interest received	2,439	3,567
Government grants	24,263	11,817
<b>Total revenue</b>	<b>26,702</b>	<b>15,384</b>

### 4 LOSS BEFORE INCOME TAX

#### (a) Individually significant items in administration expenses include:

Accounting and administration fees	99,035	123,835
Travel and accommodation	-	96,361
Audit fees	33,941	31,671
Legal fees	151,066	79,364
Other	240,356	227,391
<b>Total</b>	<b>524,398</b>	<b>479,258</b>

#### (b) Directors' fees:

Director fees include annual leave accrual	362,661	334,861
Superannuation	12,776	24,205
<b>Total</b>	<b>375,437</b>	<b>359,066</b>

#### (c) Exploration and evaluation:

US Lithium exploration expenditure	344,247	1,123,402
Other US exploration expenditures	1,400,652	386,497
<b>Total</b>	<b>1,744,899</b>	<b>1,509,899</b>

### 5 AUDITORS' REMUNERATION

Remuneration of auditor for audit or review of the consolidated financial report of the Company:

HLB Mann Judd (WA Partnership)	31,441	31,671
Other services – compliance matters	3,500	-

## Notes to the financial statements (continued)

### 6 TAXATION

#### (a) Income tax expense/(benefit)

	2021 \$	2020 \$
Current tax	-	-
Deferred tax	-	-
	-	-

#### (b) Reconciliation of income tax expense to prima facie tax payable:

Loss before income tax expense	(3,455,913)	(3,490,190)
Tax at the Australian tax rate of 30% (2020: 30%)	(1,036,774)	(1,047,057)
Movement in unrecognised temporary differences	131,411	71,982
Deferred tax asset not brought to account on tax losses and temporary differences	905,363	975,075
Total income tax (benefit)	-	-

#### (c) Unrecognised deferred tax assets:

Timing differences	11,572,630	11,937,829
Tax losses - revenue	6,500,422	5,568,354
Tax losses - capital	16,473	16,473
Deferred tax assets not brought to account	18,089,525	17,522,656

An Australian income tax rate of 30% has been used for 2021 because the Company is not expected to be a base rate entity when it has future taxable profits. The Group has not recognised any deferred tax assets except to the extent that they offset deferred tax liabilities. The unrecognised deferred tax assets due to timing differences include balances from fully impaired investments in, and loans to, South African subsidiaries of \$9,092,052 (2020: \$9,092,052), and the fully expensed cost of US projects of \$2,175,000 (2020: \$2,579,533).

The ability of the Group to utilise the tax losses is subject to the Company satisfying either the continuity of ownership test or the same business test.

#### (d) Franking credits

The Company has no franking credits available.

### 7 CASH AND CASH EQUIVALENTS

	2021 \$	2020 \$
Cash at bank	4,951,159	230,752
	4,951,159	230,752

### 8 TRADE & OTHER RECEIVABLES

#### CURRENT

Other receivables	52,065	10,855
	52,065	10,855

## Notes to the financial statements (continued)

### 9 DISPOSAL GROUP

#### Interest in Kangwane South Project

2021 \$	2020 \$
-	-
-	-

The Group is actively seeking to dispose of the Kangwane South Project. This is recognised as a disposal group, as it would involve disposal of subsidiaries with legal structures that meet the recognition criteria for assets, despite being measured at nil value. This also meets the definition of a discontinued operation.

The following exploration expenditure for the Kangwane South Project has been attributed to this disposal group.

#### Operations of disposal group (discontinued operation)

Exploration and evaluation	(25,034)	(11,769)
<b>Loss from disposal group</b>	<b>(25,034)</b>	<b>(11,769)</b>

Exploration expenditure for the Kangwane South Project has been classified as relating to the disposal group with the following required disclosures. No gain or loss has been recognised on remeasurement to fair value less cost to sell. No asset or liability is recognised in this disposal group because mineral exploration expenditure is fully expensed. Although the assets have nil value, they are presented because they are qualitatively material.

#### Kangwane South Project

Revenue	-	-
Exploration costs	(25,034)	(11,769)
Total expenses	(25,034)	(11,769)
Pre-tax loss from operation of disposal group	(25,034)	(11,769)
Income tax expense relating to operation of disposal group	-	-
Gain or loss recognised on the measurement to fair value less cost to sell	-	-
Income tax expense related to gain or loss on remeasurement	-	-
<b>Amount of income or loss from operation of disposal group attributable to owners of the parent</b>	<b>(25,034)</b>	<b>(11,769)</b>

#### Cash flow details

Net cash flow attributable to operating activity for disposal group	(25,034)	(16,247)
Net cash flow attributable to investing activity for disposal group	-	-
Net cash flow attributable to financing activity for disposal group	-	-
<b>Net cash flow attributable to operation of disposal group</b>	<b>(25,034)</b>	<b>(16,247)</b>

Although the mining rehabilitation bond of \$312,869 disclosed in note 10 is for the Kangwane South project, this has not been reclassified as relating to a disposal group both because this bond may be treated in a manner outside the scope of the definition of a disposal group, and because impairment considerations for this bond under AASB 9 Financial Instruments are clearer if this bond is disclosed separately. The bond has not been included as relating to the disposal group because it may be recovered in a separate transaction. There are no other assets or liabilities related to this asset that would form part of a disposal group because all administration functions are performed directly by the parent entity and no entity in the Group other than the parent operates bank accounts or processes accounts payable.

A foreign currency translation reserve balance of \$2,202,861 relates to this disposal group (30 June 2020: \$2,210,379), but this may only be reclassified to profit or loss on actual disposal.



## Notes to the financial statements (continued)

### 10 OTHER FINANCIAL ASSETS

#### NON CURRENT

Mining rehabilitation bond – South Africa  
Mining rehabilitation bond – USA  
Other financial assets

2021 \$	2020 \$
312,869	303,258
30,543	33,513
20,000	20,000
363,412	356,771

#### Mining rehabilitation bond – South Africa

In 2017, the Company paid a mining rehabilitation bond of \$570,933 (ZAR 5,574,974) to secure access to the Kangwane South Project. This was revalued to \$497,015 at 30 June 2021 (2020: \$467,990) due to movements in the AUD:ZAR exchange rate, before a \$184,146 (2020: \$164,732) loss allowance was recognised against this asset based on the Directors' estimate of losses following consideration of unbiased probability-weighted amounts that are determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

### 11 TRADE AND OTHER PAYABLES

#### CURRENT

Unsecured liabilities:

Trade payables  
Other payables

363,851	261,998
148,279	137,755
512,130	399,753

### 12 CONTRIBUTED EQUITY

Contributed equity consisted of the following:

Issued capital

**Total**

79,616,174	71,841,949
79,616,174	71,841,949

## Notes to the financial statements (continued)

### 12 CONTRIBUTED EQUITY (continued)

	Number of shares 2021	Number of shares 2020	2021 \$	2020 \$
<b>Opening balance (fully paid ordinary shares)</b>	1,064,073,442	690,317,995	71,841,949	70,625,549
Placement of 291,666,667 shares at an issue price of \$0.012	291,666,667	-	3,500,000	-
Shares issued under cleansing prospectus at \$0.012 per share	100	-	1	-
Issue of shares on exercise of options	300,294,392	-	4,592,555	-
125,000,000 Deferred Consideration Shares relating to the acquisition of USA Lithium Limited valued at \$0.029 each*	-	125,000,000	-	-
Partial consideration for Lone Pine acquisition	-	66,974,252	-	334,871
Capital raising of shares at an issue price of \$0.006 each**	-	166,666,667	-	1,000,000
Shares issued in consideration for due diligence services valued at \$0.0005 per share	-	15,114,428	-	75,572
Shares issued under cleansing prospectus at \$0.006 per share	-	100	-	1
Transaction cost of share issues	-	-	(318,331)	(194,044)
<b>Closing balance</b>	<b>1,656,034,601</b>	<b>1,064,073,442</b>	<b>79,616,174</b>	<b>71,841,949</b>

\* These Deferred Consideration Shares are ordinary shares in the Company that were only to be issued on declaration by the Company of an inferred resource at the Big Sandy project of not less than 30Mt at a grade greater than 2,000ppm (or equivalent) within 36 months from Completion (occurred on 26 September 2019) along with ASX approval for this acquisition. These deferred consideration shares were valued at the Completion date at \$0.029 each for a total value of \$3,625,000 based on the share price at the Completion date. This was based on the estimated likelihood, as at the Completion date, that these deferred consideration shares would be issued.

\*\* 166,666,667 unquoted free attached share options were issued to subscribers under this capital raising, for no additional consideration. These options had an exercise price of \$0.012 per share and an expiry date of 29 March 2023.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of the winding up of the Company ordinary shareholders rank after creditors and are fully entitled to any net proceeds on liquidation. Ordinary shares have no par value, and the Company does not have a limited amount of authorised capital. At 30 June 2021 there were 307,566,721 options to acquire fully paid ordinary shares in the Company (2020: 394,416,667).

#### Options

Options on issue during the year comprise those representing share based payments, which were issued to directors, consultants and brokers as set out in note 24, 194,444,445 free attaching options exercisable at \$0.02 by 2 December 2022, which were part of the capital raising during the current year, and 166,666,667 free attaching options to the April 2020 capital raising, which were all exercised during the current year.

## Notes to the financial statements (continued)

### 13 RESERVES

#### Share-based payment reserve

Opening balance

Movement for the year

Closing balance

#### Foreign translation reserve

Opening balance

Foreign translation difference on translation of controlled entities

Closing balance

	2021 \$	2020 \$
Opening balance	6,383,622	6,213,662
Movement for the year	411,425	169,960
Closing balance	<b>6,795,047</b>	6,383,622
Opening balance	(2,180,028)	(2,202,182)
Foreign translation difference on translation of controlled entities	(59,053)	22,154
Closing balance	<b>(2,239,081)</b>	(2,180,028)
	<b>4,555,966</b>	4,203,594

#### Share-based payment reserve:

The share-based payment reserve relates to shares and share options granted by the Company to its employees under its employee share plan and other suppliers in consideration for services rendered.

#### Foreign translation reserve:

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign translation reserve. Exchange differences previously accumulated in the foreign translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.

### 14 CONTROLLED ENTITIES

Parent entity	Percentage Interest		Country of incorporation
	2021	2020	
Arizona Lithium Limited			Australia
<b>Particulars in relation to controlled entities</b>			
ZYL Mining (SA) Proprietary Limited*	100%	100%	South Africa
Oakleaf Investment Holdings (Proprietary) Limited*	100%	100%	South Africa
Altius Trading 404 (Proprietary) Limited*	70%	70%	South Africa
USA Lithium Limited	100%	100%	Australia
US Lithium Pty Ltd	100%	100%	Australia
New Mexico Lithium Pty Ltd	100%	100%	Australia
Big Sandy Inc	100%	100%	United States
Lordsburg Resource Inc	100%	100%	United States
HWK Idaho Pty Ltd	100%	100%	Australia
Ounces High Exploration Inc	100%	100%	United States
HWK Utah Pty Ltd	100%	100%	Australia
Roughhead Exploration Inc	100%	100%	United States
HWK Nevada Pty Ltd**	100%	-	Australia
HWK Nevada Inc***	100%	-	United States
Diablo Resources Limited****	100%	-	Australia

\* Included with the disposal group disclosed in note 9.

\*\* Incorporated on 10 September 2020 with all shares held by the Company.

\*\*\* Incorporated on 9 September 2020 with all shares held by the HWK Nevada Pty Ltd.

\*\*\*\* Incorporated on 1 April 2021 with all shares held by the Company.

## Notes to the financial statements (continued)

### 15 PARENT ENTITY DISCLOSURES

The following details information related to the parent entity, Arizona Lithium Limited at 30 June 2021. The information presented has been prepared using consistent accounting policies as stated in note 1.

#### (a) Summary financial information

	2021 \$	2020 \$
Current assets	5,006,955	227,505
Non-current assets	363,412	323,258
<b>Total assets</b>	<b>5,370,367</b>	<b>550,763</b>
Current liabilities	512,130	414,265
<b>Total liabilities</b>	<b>512,130</b>	<b>414,265</b>
Contributed equity	79,616,174	71,841,949
Reserves	6,795,047	6,383,622
Accumulated losses	(81,552,984)	(78,089,073)
<b>Total equity</b>	<b>4,858,237</b>	<b>136,498</b>
Loss for the year	(3,463,911)	(3,018,349)
Other comprehensive income/ (loss) for the year	-	-
<b>Total comprehensive loss for the year</b>	<b>(3,463,911)</b>	<b>(3,018,349)</b>

(b) The parent entity had not provided any material guarantees as at 30 June 2021.

(c) The parent entity did not have any material contingent liabilities as at 30 June 2021.

(d) The parent entity did not have any material contractual commitments as at 30 June 2021.

### 16 SEGMENT INFORMATION

During the year, the Group's operations consisted of mineral exploration in USA, and corporate functions and South African exploration interests that were both managed from Australia. The South African interests do not separately meet the definition of an operating segment.

The Board is the chief operating decision maker. All amounts reported to the Board are determined in accordance with accounting policies that are consistent with financial reporting requirements. Intra-group loans are valued in Australian dollars with no interest charged. There are no intragroup eliminations because assets are used across the Group and all trade payables are paid by Australian entities, with all assets, liabilities and transactions controlled from Australia. Costs of acquiring US mineral exploration interests and exploration expenditure incurred by the Company for US operations are allocated to the US segment.

## Notes to the financial statements (continued)

### 16 SEGMENT INFORMATION (continued)

#### (i) Segment performance

	Australia & South Africa		United States		Consolidated	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Interest revenue	2,439	3,567	-	-	2,439	3,567
Government grants	24,263	11,817	-	-	24,263	11,817
<b>Total revenue</b>	<b>26,702</b>	<b>15,384</b>	<b>-</b>	<b>-</b>	<b>26,702</b>	<b>15,384</b>
<b>Segment result:</b>						
Share based payment expense	(313,475)	(100,952)	-	-	(313,475)	(100,952)
Exploration and evaluation	(25,034)	(11,769)	(1,744,899)	(1,509,899)	(1,769,933)	(1,521,668)
Exploration and evaluation expensed on acquisition of subsidiaries	-	-	(48,065)	(808,559)	(48,065)	(808,559)
Administrative expenses	(471,980)	(436,818)	(52,418)	(42,440)	(524,398)	(479,258)
Other expenses	(799,711)	(595,137)	(331)	-	(800,042)	(595,137)
<b>Loss after income tax</b>	<b>(1,610,200)</b>	<b>(1,129,292)</b>	<b>(1,845,713)</b>	<b>(2,360,898)</b>	<b>(3,455,913)</b>	<b>(3,490,190)</b>

#### (ii) Segment financial position

	Australia & South Africa		United States		Consolidated	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Segment assets	5,370,367	584,276	10,991	28,534	5,381,358	612,810
Segment liabilities	(512,130)	(414,266)	-	-	(512,130)	(414,266)
<b>Segment net assets</b>	<b>4,858,237</b>	<b>170,010</b>	<b>10,991</b>	<b>28,534</b>	<b>4,869,228</b>	<b>198,544</b>

### 17 KEY MANAGEMENT PERSONNEL COMPENSATION

#### Compensation of key management personnel

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2021.

	2021	2020
	\$	\$
Short term employment benefit	383,343	466,766
Post-employment benefits	12,776	24,205
Share based payments	103,648	20,162
	<b>499,767</b>	<b>511,133</b>

## Notes to the financial statements (continued)

### 18 RELATED PARTY TRANSACTIONS AND BALANCES

Mr Hardcastle is a related party of Bellanhouse. Bellanhouse was paid legal fees of \$Nil for the year ended 30 June 2021 (2020: \$13,007) with no outstanding creditor balance at year end. Mr Lloyd is a related party of Coral Brook Pty Ltd. Coral Brook Pty Ltd was reimbursed administration fees of \$18,900 for the year ended 30 June 2021 (2020: \$25,200) with an accrued liability owing of \$Nil for administration fees (2020: \$6,300) and \$75,000 for director remuneration (2020: \$Nil) at year end.

There were no other transactions with KMP.

### 19 LOSS PER SHARE

#### Loss per share attributable to the ordinary equity holders of the company

	2021	2020
Basic/diluted loss per share in cents	(0.24)	(0.41)
Weighted average number of ordinary shares used in the calculation of basic/diluted loss per share	1,451,152,131	861,293,704
Basic/diluted loss	(3,455,913)	(3,490,190)

#### Loss per share from continuing operations attributable to the ordinary equity holders of the company

Basic/diluted loss per share in cents from continuing operations	(0.24)	(0.40)
Weighted average number of ordinary shares used in the calculation of basic/diluted loss per share	1,451,152,131	861,293,704
Basic/diluted loss from continuing operations	(3,430,879)	(3,478,421)

The options on issue at 30 June 2021 were anti-dilutive, and therefore diluted loss per share was the same as basic loss per share.

### 20 FINANCIAL INSTRUMENTS

The Group has exposure to various risks from the use of financial instruments. The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for Group operations.

#### (a) Financial risk exposure and management

Financial risks including credit risk, liquidity risk, and market risk (interest rate risk, and foreign currency risk) are managed such to maintain on optimal capital structure. The Group does not enter into derivative transactions to manage financial risks. In the current period, the Group's financial risk arises principally from cash financial assets. The Group invests its cash in term deposits and other appropriate bank accounts to obtain market interest rates.

## Notes to the financial statements (continued)

### 20 FINANCIAL INSTRUMENTS (continued)

#### (b) Capital risk management

The Group consistently monitors expenditure and adjusts expenditure and raises capital as required. The capital of the Group now consists of equity of the Group (comprising issued capital and reserves as detailed in notes 12 and 13, and accumulated losses).

#### (c) Market rate risk

##### (i) Foreign exchange risk

The Group is exposed to foreign exchange risk in relation to the acquisition of goods and services in South African Rand (ZAR) and United States Dollars (USD). The Group does not hedge this exposure by using financial instruments. The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	2021 \$	2020 \$
<b>Financial Assets</b>		
Cash and cash equivalents (USD)	10,491	28,034
Other financial assets (USD)	30,542	33,513
Other financial assets (ZAR)	312,869	303,258
<b>Financial Liabilities</b>		
Trade payables (USD)	222,664	169,268
Trade payables (ZAR)	5,205	54

The following tables show the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than the presentation currency.

	Net Financial Assets/(Liabilities) in \$AUD		
	ZAR	USD	Total
2021	307,664	(181,631)	126,033
2020	303,204	(107,721)	195,483

In respect of the above ZAR and USD foreign currency risk exposure in existence at the reporting date a sensitivity of 10% lower (or a relative strengthening of the Australian dollar) and 10% higher (or a relative weakening of the Australian dollar) has been applied. With all other variables held constant, post tax loss and equity would have been affected as follows:

ZAR:	AUD \$30,766 loss; AUD \$30,766 gain (2020: AUD \$30,320 loss; AUD \$30,320 gain)
USD:	AUD \$18,163 gain; AUD \$18,163 loss (2020: AUD \$10,772 gain; AUD \$10,772 loss)

## Notes to the financial statements (continued)

### 20 FINANCIAL INSTRUMENTS (continued)

#### (ii) Interest rate risk

The following table details the Group's exposure to interest rate risk at the end of the reporting period.

	Average Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate \$ Maturing within 12 months	Non-Bearing Interest \$	Total \$
<b>2021</b>					
<i>Financial assets</i>					
Cash at bank	0.30%	1,451,159	3,500,000	-	<b>4,951,159</b>
Trade and other receivables		-	-	52,065	<b>52,065</b>
Other financial assets	1.20%	-	20,000	343,412	<b>363,412</b>
		<b>1,451,159</b>	<b>3,520,000</b>	<b>395,477</b>	<b>5,366,636</b>
<i>Financial liabilities</i>					
Trade and other payables		-	-	512,130	<b>512,130</b>
		-	-	<b>512,130</b>	<b>512,130</b>
<b>2020</b>					
<i>Financial assets</i>					
Cash at bank	0.04%	175,284	-	55,468	<b>230,752</b>
Trade and other receivables	-	-	-	10,855	<b>10,855</b>
Other financial assets	0.07%	-	20,000	336,771	<b>356,771</b>
		<b>175,284</b>	<b>20,000</b>	<b>403,094</b>	<b>598,378</b>
<i>Financial liabilities</i>					
Trade and other payables	-	-	-	399,753	<b>399,753</b>
	-	-	-	<b>399,753</b>	<b>399,753</b>

#### Sensitivity analysis

At 30 June 2021, the effect on the Group's loss and equity as a result of changes in the interest rates, with all other variables remaining constant, would be as follows:

	<b>2021</b> Interest rate risk		2020 Interest rate risk	
	+ 0.1%	- 0.1%	+ 0.1%	-0.1%
<i>Financial assets</i>				
Cash at bank	<b>4,951</b>	<b>(4,951)</b>	175	(175)
Other financial assets	<b>20</b>	<b>(20)</b>	20	(20)
	<b>4,971</b>	<b>(4,971)</b>	195	(195)



## Notes to the financial statements (continued)

### 20 FINANCIAL INSTRUMENTS (continued)

#### (d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that it will have sufficient cash to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities or other fund raising initiatives.

#### *Maturities of financial liabilities*

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities:

Contractual maturities of financial liabilities	Less than 6 months \$	6-12 months \$	Over 12 months \$
<b>2021</b>			
<b>Non-derivatives</b>			
Trade and other payables	512,130	-	-
<b>Total non-derivatives</b>	<b>512,130</b>	<b>-</b>	<b>-</b>
<b>2020</b>			
<b>Non-derivatives</b>			
Trade and other payables	399,753	-	-
<b>Total non-derivatives</b>	<b>399,753</b>	<b>-</b>	<b>-</b>

#### (e) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, trade and other receivables, and other financial assets. The maximum exposure to credit risk, excluding the value of any collateral or other security, at the end of the reporting period to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Group has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Any term deposits are to be held by at least AA rated banks thereby mitigating the risk of default on these deposits. The Group's policy is to review all outstanding debtors at the end of the reporting period and, based on directors' view on credit risk, an appropriate provision for impairment is raised. At the end of the reporting period, examination of the Group's trade debtors ledger reveals no reason for an impairment adjustment.

The Group does not have any material credit risk exposure to any single receivable or Company or any receivables under financial instruments entered into by the Group.

## Notes to the financial statements (continued)

### 20 FINANCIAL INSTRUMENTS (continued)

In 2017 the Group paid a \$565,729 (ZAR 5,574,974) mining rehabilitation bond to secure access to the Kangwane South project. Following the decision to dispose of the Kangwane South Project and seek refund of this bond, the directors considered a range of potential scenarios and their associated probabilities and expected time frames, before recognising a \$184,146 or 35.6% (2020: \$164,732 or 35.2%) impairment provision based on their best available estimate of the amount and timing of the potential refund, calculated in accordance with AASB 9 Financial Instruments. While this bond is held by a financial intermediary to mitigate against the risk of loss, this factor has been incorporated in the calculation of the impairment provision.

#### (f) Net fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements is considered a reasonable approximation of their respective net fair values.

### 21 NOTES TO STATEMENT OF CASH FLOWS

#### (a) Reconciliation of Cash

For the purpose of the statement of cash flow, cash includes cash on hand and at bank.

Cash at the end of the financial year is reconciled to the related items in the statement of financial position as follows:

	2021 \$	2020 \$
Cash	4,951,159	230,752

#### (b) Reconciliation of (Loss) After Income Tax to Net Cash (Used In) Operating Activities

Loss after income tax	(3,455,913)	(3,490,190)
Add/(less) non-cash items:		
Net exchange differences	(82,750)	119,182
(Gain on) / Impairment of financial asset	19,414	(37,233)
Loss on acquisition of mineral exploration interests	-	334,871
Share based payment expense	313,475	100,952
Net cash used in operating activities before change in assets and liabilities	(3,205,774)	(2,972,418)
Change in assets and liabilities:		
(Increase)/Decrease in receivables	(41,210)	22,455
(Increase) in prepayments	(290)	(2,751)
(Decrease)/Increase in provisions	(14,513)	5,896
Increase/ (decrease) in payables	112,377	235,619
Net cash (used in) operating activities	(3,149,410)	(2,711,199)

#### (c) Non-cash Financing and Investing Activities

In 2021, options with a value of \$97,950 were issued in consideration of capital raising costs and options with a value of \$313,475 were issued to directors, employees and consultants for services rendered.

In 2020, 66,974,252 shares valued at \$334,871 were issued as partial consideration for the Lone Pine project as described in note 25. A total of 15,114,428 shares with a total value of \$75,572 were issued in payment for due diligence services. Options with a total value of \$144,580 were issued in consideration for capital raising costs.

## Notes to the financial statements (continued)

### 21 NOTES TO STATEMENT OF CASH FLOWS (continued)

#### (d) Financing Facilities

There were no financing facilities in place at the end of the period (2020: Nil) other than a credit card facility with a \$20,000 limit that is repaid in full monthly and secured by a \$20,000 deposit.

### 22 EVENTS OCCURRING AFTER THE REPORTING PERIOD

No events that would have significant effect on the financial report have occurred since the end of the reporting period, other than:

- On 13 July 2021 the Company issued 51,541,667 shares on exercise of share options with an exercise price of \$0.02 each, raising \$1,030,833.
- On 4 August 2021 the Company issued 4,286,677 shares on exercise of share options with an exercise price of \$0.02 each, raising \$85,734.
- On 13 August 2021 the Company issued 4,398,152 shares on exercise of share options with an exercise price of \$0.02 each, raising \$87,963.
- On 2 September 2021, shareholders at a general meeting of the Company approved the following resolutions:
  - Change of Company name to Arizona Lithium Limited
  - Equal reduction of capital and in-specie distribution
  - Disposal of interests in the Company's gold assets in the USA to Diablo Resources Limited
  - Issue of Diablo Performance Rights to Mr Paul Lloyd, Mr Greg Smith and Mr Barnaby Egerton-Warburton
- On 7 September 2021, the Company's Priority Offer for shares in Diablo Resources Limited to raise up to \$3.5 million closed.
- On 22 September 2021 the Company issued 3,583,334 shares on exercise of share options with an exercise price of \$0.02 each, raising \$71,667.

The disposal of interests in the Company's gold assets in the USA to Diablo Resources Limited, the consideration received in the form of Diablo shares, and the subsequent distribution of those shares in-specie to Arizona shareholders, will have no financial effect on the net assets of Arizona.

### 23 CONTINGENT LIABILITIES AND COMMITMENTS

As a condition for the execution of the Kangwane South mining right, an environmental bond of ZAR5,574,974 (worth \$312,869 at 30 June 2021 after recognition of a \$184,146 impairment provision) was required by the South African Department of Mineral Resources prior to the commencement of mining activities on the tenement. This was paid on 17 February 2017 and is disclosed in note 10. However, no related liability is required or included in the Consolidated Statement of Financial Position at 30 June 2021. Following the cessation of exploration activity on the project by the Group and the intended disposal, this contingent liability has been replaced by the impairment provision.

Except for the above, as at the end of the reporting period, the Directors were not aware of any other contingent liabilities or contingent assets.

## Notes to the financial statements (continued)

### 23 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

The following agreements create expenditure commitments that are not recognised as liabilities in the financial statements:

	2021 \$	2020 \$
<b>Administrative and legal services commitments</b>		
Due within 1 year	-	60,000
Due greater than 1 year and less than 5	-	-
<b>Total</b>	-	60,000

	2021 \$	2020 \$
<b>Executive services commitments</b>		
Due within 1 year	150,000	109,500
Due greater than 1 year and less than 5	-	-
<b>Total</b>	150,000	109,500

### 24 SHARE BASED PAYMENTS

	2021 \$	2020 \$
<b>Share based payments in the Statement of Profit or Loss and Other Comprehensive Income</b>		
Share based payments for directors expensed	(103,648)	(20,162)
Issue of 15,114,428 shares at deemed price of \$0.005 per share for due diligence services in connection with Lone Pine acquisition	-	(75,572)
Share based payments for other employees and advisors	(209,827)	(5,218)
<b>Total</b>	(313,475)	(100,952)
<b>Share based payments recognised as a capital raising cost</b>		
Issue of 15,000,000 options to a stockbroker for the capital raising	(97,500)	(144,580)

The following share options were issued and recognised during 2021:

- 5,000,000 \$0.04 options expiring 7 September 2022 to unrelated consultants for services rendered. The value of these options of \$65,900 have been recognised as a share based payment expense.
- 15,000,000 \$0.02 options expiring 2 December 2022 to a stockbroker for capital raising services. The value of these options of \$97,950 has been recognised as a capital raising cost in 2021.
- 1,666,667 \$0.05 options expiring 1 April 2023 to unrelated consultants for services rendered. The value of these options of \$49,873 have been recognised as a share based payment expense.
- 1,666,667 \$0.06 options expiring 1 April 2023 to unrelated consultants for services rendered. The value of these options of \$47,890 have been recognised as a share based payment expense.
- 1,666,667 \$0.07 options expiring 1 April 2023 to unrelated consultants for services rendered. The value of these options of \$46,163 have been recognised as a share based payment expense.

## Notes to the financial statements (continued)

### 24 SHARE BASED PAYMENTS (continued)

The following share options were issued and recognised during 2020:

- 6,000,000 \$0.06 options expiring 30/12/2021 and 6,000,000 \$0.07 options expiring 30/12/2021 were issued to a stockbroker for capital raising services on 10/02/2020 following approval at the 29/11/2019 general meeting for capital raising services. These options have been valued as at 29/05/2019 being the date the relevant services were performed. The combined value of these options of \$110,580 has been recognised as a capital raising cost in 2020.
- 10,000,000 \$0.012 options expiring 29/04/2023 were issued on 29/04/2020 to a stockbroker for capital raising services effectively performed on 20/02/2020. The value of these options of \$34,000 has been recognised as a capital raising cost in 2020.
- 82,500,000 \$0.012 options expiring 29/04/2023 were issued to directors on 29/04/2020 following shareholder approval on 20/04/2020. 41,250,000 of these options vest on announcement by the Company to ASX that the Company has defined a JORC compliant inferred resource of 150,000 ounces of gold or gold equivalent from either the Lone Pine Project in Idaho, USA or the Western Desert Project in Utah USA. 41,250,000 of these options vest on announcement by the Company to ASX that the Company has defined a JORC compliant inferred resource of 250,000 ounces of gold or gold equivalent from either the Lone Pine Project in Idaho, USA or the Western Desert Project in Utah USA. These options are being expensed over the expected vesting period to 29 April 2023. Of the total value of these options of \$313,500, \$103,648 has been expensed during 2021 (2020: \$20,162) with the following details:

Director	Number of options granted	Value of options granted (\$)	Amount expensed during 2020 (\$)	Amount expensed during 2021 (\$)
B Egerton- Warburton	22,500,000	85,500	5,498	28,268
P Lloyd	35,000,000	133,000	8,554	43,972
G Smith	25,000,000	95,000	6,110	31,408
<b>Total</b>	<b>82,500,000</b>	<b>313,500</b>	<b>20,162</b>	<b>103,648</b>

## Notes to the financial statements (continued)

### 24 SHARE BASED PAYMENTS (continued)

Set out below are the summaries of Options issued as share based payments.

Issue Date	Expiry Date	Exercise Price (\$)	Balance 01/07/20	Granted during the year	Expired or change due to resigning	Balance 30/06/21	Number vested & exercisable
21/12/2017	21/12/2020	0.048	6,000,000	-	(6,000,000)	-	-
7/09/2018	7/09/2022	0.04	47,250,000	-	-	47,250,000	47,250,000
7/09/2018	7/09/2022	0.05	47,250,000	-	-	47,250,000	47,250,000
28/02/2019	30/12/2021	0.06	6,250,000	-	-	6,250,000	6,250,000
28/02/2019	30/12/2021	0.07	2,500,000	-	-	2,500,000	2,500,000
16/05/2019	30/12/2021	0.06	4,000,000	-	-	4,000,000	4,000,000
16/05/2019	30/12/2021	0.07	4,000,000	-	-	4,000,000	4,000,000
10/02/2020	30/12/2021	0.06	6,000,000	-	-	6,000,000	6,000,000
10/02/2020	30/12/2021	0.06	6,000,000	-	-	6,000,000	6,000,000
10/02/2020	30/12/2021	0.07	6,000,000	-	-	6,000,000	6,000,000
29/04/2020	29/04/2023	0.012	92,500,000	-	-	92,500,000	10,000,000
24/08/2020	7/9/2022	0.04	-	5,000,000	-	5,000,000	5,000,000
3/12/2020	2/12/2022	0.02	-	15,000,000	-	15,000,000	15,000,000
1/4/2021	1/4/2023	0.05	-	1,000,000	-	1,000,000	1,000,000
1/4/2021	1/4/2023	0.06	-	1,000,000	-	1,000,000	1,000,000
1/4/2021	1/4/2023	0.07	-	1,000,000	-	1,000,000	1,000,000
20/4/2021	1/4/2023	0.05	-	666,667	-	666,667	666,667
20/4/2021	1/4/2023	0.06	-	666,667	-	666,667	666,667
20/4/2021	1/4/2023	0.07	-	666,667	-	666,667	666,667
			227,750,000	25,000,001	(6,000,000)	246,750,001	164,250,001
Weighted average exercise price (\$)			0.0345	0.0320	-	0.0339	0.0449

The weighted average remaining contractual life of share-based payment options outstanding as at 30 June 2021 was 1.34 years (2020: 2.30 years).

The weighted average fair value of options outstanding as at 30 June 2021 was \$0.0118 (2020: \$0.0119).

## Notes to the financial statements (continued)

### 24 SHARE BASED PAYMENTS (continued)

Fair values of share options issued are determined using the Black-Scholes model based on information available as at the measurement date, considering the exercise price, term of option, the share price at grant date, expected price volatility of the underlying share, expected yield and the risk-free interest rate for the term of the option. Parameters for valuations of all share options issued during the year or prior year that affects the current year expense were as below, with nil dividend yield expected:

Measurement date	1/4/2021	1/4/2021	1/4/2021	20/4/2021	20/4/2021	20/4/2021
Issue date	1/4/2021	1/4/2021	1/4/2021	20/4/2021	20/4/2021	20/4/2021
Expiry date	1/4/2023	1/4/2023	1/4/2023	1/4/2023	1/4/2023	1/4/2023
Expected volatility (%)	162%	162%	162%	137%	137%	137%
Risk-free interest rate (%)	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%
Expected life of options (years)	2	2	2	1.95	1.95	1.95
Underlying share price	\$0.044	\$0.044	\$0.044	\$0.042	\$0.042	\$0.042
Option exercise price	\$0.05	\$0.06	\$0.07	\$0.05	\$0.06	\$0.07
Value of option	\$0.0322	\$0.0311	\$0.0302	\$0.0265	\$0.0251	\$0.0240
Number of options issued or expected to be issued	1,000,000	1,000,000	1,000,000	666,667	666,667	666,667
Value of options	\$32,200	\$31,129	\$30,187	\$17,671	\$16,760	\$15,972
Amount expensed during 2021	\$32,200	\$31,129	\$30,187	\$17,671	\$16,760	\$15,972

Measurement date	20/04/2020	24/08/2020	3/12/2020
Issue date	29/04/2020	24/08/2020	3/12/2020
Expiry date	29/04/2023	7/9/2022	2/12/2022
Expected volatility (%)	162%	162%	162%
Risk-free interest rate (%)	0.27%	0.10%	0.10%
Expected life of options (years)	3.02	2.1	2
Underlying share price	\$0.005	\$0.02	\$0.01
Option exercise price	\$0.012	\$0.04	\$0.02
Value of option	\$0.00380	\$0.01318	\$0.00653
Number of options issued or expected to be issued	82,500,000	5,000,000	15,000,000
Value of options	\$313,500	\$65,908	\$97,950
Amount expensed during 2020	\$20,162	-	-
Amount recognised as capital raising cost during 2020	-	-	-
Amount expensed during 2021	\$103,648	\$65,908	-
Amount recognised as capital raising cost during 2021	-	-	\$97,950

## Notes to the financial statements (continued)

### 25 ACQUISITIONS OF MINERAL EXPLORATION INTERESTS

During 2021, the Company incurred the following expenditures for acquisition of mineral exploration interests, that have been fully expensed in accordance with the Group's accounting policy:

	30 June 2021 \$
<b>Acquisition costs paid by the Company</b>	
USD18,000 cash consideration for the King Solomon Project	24,810
USD15,000 cash consideration for the Diamond Peak Project	20,567
Due diligence costs	2,688
<b>Total purchase consideration</b>	<b>48,065</b>

The following commitments are included in the terms of the agreement to acquire the Diamond Peak Project:

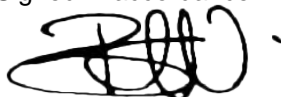
- The payment of USD15,000 per year on the anniversary date.
- The payment of 3% of the annual exploration and development work expenditures.
- On commencement of commercial production the 3% fee will convert to a 3% net smelter royalty.
- The Company has the option to purchase the 3% fee and royalty within 4 years from completion by the payment of USD3,000,000 in cash or shares as agreed between the parties.



## Directors' Declaration

- 1) In the opinion of the Directors of Arizona Lithium Limited (formerly Hawkstone Mining Limited):
  - a) the financial statements and notes, set out on pages 25 to 55 are in accordance with the Corporations Act 2001, including:
    - (i) compliance with Accounting Standards, which, as stated in accounting policy Note 1(a) to the financial statements, constitutes explicit and unreserved compliance with International Reporting Standards (IFRS); and
    - (ii) giving a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Group;
  - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2) The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors:



**Mr Barnaby Egerton-Warburton**

Non-Executive Chairman

Dated at Perth this 28<sup>th</sup> day of September 2021

## INDEPENDENT AUDITOR'S REPORT

To the members of Arizona Lithium Limited (formerly Hawkstone Mining Limited)

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Arizona Lithium Limited ("the Company") and its controlled entities ("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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the 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 financial performance for the year then ended; 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.

#### *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.

We have determined that there are no key audit matters to be communicated in our report.

**hlb.com.au**

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*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 accordingly 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.

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

*Responsibilities of the directors for the financial report*

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on the Remuneration Report**

##### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Arizona Lithium 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.



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**28 September 2021**



**L Di Giallonardo**  
**Partner**

## Corporate Governance

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition).

Unless disclosed below, all the principles and recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2021 (reporting period).

### Board Composition

The skills, experience and expertise relevant to the position of each Director in office for the year and their term of office are detailed in the Directors' report.

When determining the independent status of a Director, the Board used the Guidelines detailed in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations and has identified a director's independence in the Directors' Report.

### Diversity Policy

The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people.

Our policy is to recruit and manage on the basis of qualification for the position and performance, regardless of gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.

The Company's strategies are to:

1. recruit and manage on the basis of an individual's competence, qualification and performance;
2. create a culture that embraces diversity and that rewards people to act in accordance with this policy;
3. appreciate and respect the unique aspects that individual brings to the workplace;
4. foster an inclusive and supportive culture to enable people to develop to their full potential;
5. identify factors to be taken into account in the employee selection process to ensure we have the right person for the right job;
6. take action to prevent and stop discrimination, bullying and harassment; and
7. recognise that employees at all levels of the Company may have domestic responsibilities.

The Board is accountable for ensuring this policy is effectively implemented. Each employee has a responsibility to ensure that these objectives are achieved.

## Corporate Governance

### Compliance with ASX Recommendations

Recommendation	Current Practice
<p>1.1 A listed entity should have and disclose a board charter setting out:</p> <ul style="list-style-type: none"> <li>(a) The respective roles and responsibilities of its board and management; and</li> <li>(b) Those matters expressly reserved to the board and those delegated to management.</li> </ul>	<p>The Company's Board Charter sets out the roles and responsibilities of the Board and Management. It is available for review on the Company's website.</p>
<p>1.2 A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>(b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>	<p>The Company has implemented a policy of undertaking police and bankruptcy checks on all senior employees and directors before appointment or putting to shareholders for election.</p> <p>The Company provides all relevant information on all directors in its annual report and in the relevant notice of meeting when seeking election or re-election of a director.</p>
<p>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their employment.</p>	<p>The Company requires that a detailed letter of appointment or employment contract is agreed with each director and employee.</p>
<p>1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>The Company's organisation chart reflects the position of the Company Secretary within the Company structure in compliance with the recommendation.</p>
<p>1.5 A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) Have and disclose a diversity policy;</li> <li>(b) Through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</li> <li>(c) Disclose in relation to each reporting period: <ul style="list-style-type: none"> <li>a. the measurable objectives set for that period to achieve gender diversity;</li> <li>b. the entity's progress towards achieving those objectives; and</li> <li>c. either: <ul style="list-style-type: none"> <li>i. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</li> <li>j. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ul> </li> </ul> </li> </ul>	<p>The Company has adopted a formal Gender Diversity Policy, a summary of which is provided above.</p> <p>Due to its size and stage of development, the Company does not disclose at the end of each reporting period the measurable objectives for achieving gender diversity.</p> <p>The Board monitors the extent to which the level of diversity within the Company is appropriate on an ongoing basis and periodically considers measure to improve it.</p> <p>The Board will further consider the establishment of objectives for achieving gender diversity as the Company develops and its circumstances change.</p>

<p>1.6 A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>(b) Disclose for each reporting period whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p>The Company's Performance Evaluation Policy is available on the Company's website.</p> <p>The Board continuously assesses its performance throughout the year and undertook a formal evaluation during the period.</p>
<p>1.7 A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) Have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>(b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p>The Company's Performance Evaluation Policy is available on the Company's website.</p> <p>The Company's senior executive comprises the Managing Director. As noted above, a formal evaluation was undertaken during the period of the Managing Director's performance.</p>
<p>2.1 The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) Have a nomination committee which: <ul style="list-style-type: none"> <li>1) has at least three members, a majority of whom are independent directors; and</li> <li>2) is chaired by an independent director; and disclose: <ul style="list-style-type: none"> <li>3) the charter of the committee;</li> <li>4) the members of the committee; and</li> <li>5) as at the end of each reporting period, the number of times the committee met throughout the period, and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) If it does not have a nomination committee, disclose the fact and the processes it employs to address board succession issues and to ensure the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	<p>The Board considers that given the current size of the Board and the Company, this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a nomination committee.</p>
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The Board is structured to facilitate the effective discharge of its duties and to add value through its deliberations.</p> <p>It seeks to achieve a Board composition with a balance of diverse attributes relevant to the Company's operations and markets, including skills sets, background, gender, geography and industry experience.</p> <p>In addition to those general skills expected for Board membership, the following skills have also been identified as being necessary such as operational management, exploration and geology, mining engineering, project delivery, finance, corporate governance, equity capital markets, legal, and commercial negotiations.</p> <p>The Board is comfortable with the skills matrix represented by the current Board. A profile of each Director setting out their skills, experience and period of office is set out in the Directors' Report in this Annual</p>

## Corporate Governance

### Report.

#### 2.3 A listed entity should disclose:

- (a) The names of the directors considered by the board to be independent directors;
- (b) If a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- (c) The length of service of each director.

As at 30 June 2021, the Board consisted of three directors as follows:

Director	Role	Appointment Date	Independent
Barnaby Egerton-Warburton	Non-Executive Chairman	16 May 2019	Yes
Paul Lloyd	Managing Director	7 September 2018	No
Greg Smith	Non-Executive Director	9 March 2020	Yes

#### 2.4 A majority of the board of a listed entity should be independent directors.

The Company complies with this recommendation with 2 of the 3 directors considered to be independent.

#### 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Company complies with this recommendation as Barnaby Egerton-Warburton is an independent director and does not act in the role of CEO.

#### 2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively.

The Company has an induction program for all new directors to appropriately familiarise them with the policies and procedures of the Company.

The Company encourages and facilitates all Directors to develop their skills, including with the provision of in-house seminars to maintain compliance in areas such as risk and disclosure.

#### 3.1 A listed entity should articulate and disclose its values.

The Company is committed to doing business based on its values of integrity, honesty and accountability.

The Board has adopted a Code of Conduct, Securities Trading Policy, Social Media Policy, Whistleblower Policy, Continuous Disclosure Policy and Shareholder Communication Policy which detail frameworks for acceptable corporate behaviour.

#### 3.2 A listed entity should:

- (a) Have and disclose a code of conduct for its directors, senior executives and employees; and
- (b) Ensure that the board or a committee of the board is informed of any material breaches of that code.

The Company's Code of Conduct is available on the Company's website.

It is a requirement of the Board that it is informed of any material breaches, none of which occurred during the reporting period.

#### 3.3 A listed entity should:

- (a) Have and disclose a whistleblower policy; and
- (b) Ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

The Company's Whistleblower Policy is available on the Company's website.

It is a requirement of the Board that it is informed of any material incidents, none of which occurred during the reporting period.

#### 3.4 A listed entity should:

The Company's Anti-Bribery and Corruption Policy is available on the Company's website.



<p>(a) Have and disclose an anti-bribery and corruption policy; and</p> <p>(b) Ensure that the board or a committee of the board is informed of any material breaches of that policy.</p>	<p>It is a requirement of the Board that it is informed of any material incidents, none of which occurred during the reporting period.</p>
<p>4.1 The board of a listed entity should:</p> <p>(a) Have an audit committee which:</p> <ol style="list-style-type: none"> <li>1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>2) is chaired by an independent director, who is not the chair of the board;</li> </ol> <p>and disclose:</p> <ol style="list-style-type: none"> <li>3) the charter of the committee;</li> <li>4) the relevant qualifications and experience of the members of the committee; and</li> <li>5) as at the end of each reporting period, the number of times the committee met throughout the period, and the individual attendances of the members at those meetings; or</li> </ol> <p>(b) If it does not have an audit committee, disclose the fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>The Company does not have an audit committee due the current size of the Board and Company. The Company has adopted a policy whereby the full Board fulfils the duties of the audit committee and abides by the adopted Audit Committee Charter which is available on the Company's website.</p> <p>The Directors require that reports regularly on all financial and commercial aspects of the Company to ensure that they are familiar with all aspects of corporate reporting and believe this to mitigate the risk of not having an independent committee.</p> <p>The Board has adopted a formal policy regarding the appointment, removal and rotation of the Company's external auditor and audit partner.</p>
<p>4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal controls which is operating effectively.</p>	<p>The Board receives a section 295A declaration from the equivalent of the CEO and CFO for each quarterly, half yearly and full year report in advance of approval of these reports.</p>
<p>4.3 A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	<p>As well as receiving monthly management accounts, the Board receives a section 295A declaration from the equivalent of the CEO and CFO for each quarterly in advance of approval of these reports.</p>
<p>5.1 A listed entity should have a written policy for complying with its continuous disclosure obligations under Listing Rule 3.1.</p>	<p>The Board has adopted a formal Continuous Disclosure Policy to ensure compliance with the ASX Listing Rules. The Policy is available on the Company's website.</p>
<p>5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p>	<p>The Board approves all material market announcements made by the Company prior to release to the ASX and is notified once release has occurred.</p>

## Corporate Governance

5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	The Company complies with this recommendation.
6.1	A listed entity should provide information about itself and its governance to investors via its website.	The Company complies with this recommendation and all relevant information can be found on the Company's website.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company has developed a Shareholder Communications Strategy to ensure all relevant information is identified and reported accordingly.
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	The Company encourages all shareholders to attend General Meetings of the Company via its notices of meeting, and in the event they cannot attend, to participate by recording their votes by lodgement of a proxy form.
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by poll rather than by a show of hands.	The Company has adopted a policy of deciding all resolutions put to shareholders to a poll.
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Company and its share registry actively encourage electronic communication. All new shareholders are issued with a letter encouraging the registration of electronic contact methods.
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> <li>1) has at least three members, a majority of whom are independent directors; and</li> <li>2) is chaired by an independent director; and disclose:</li> <li>3) the charter of the committee;</li> <li>4) the members of the committee; and</li> <li>5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings: or</li> </ol> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>The Company does not have a risk committee due the current size of the Board and Company. The Company has adopted a policy whereby the full Board, including Executive Directors, fulfil the duties of the risk committee and abides by the adopted Risk Management Policy (available on the Company's website).</p> <p>The Directors require that management report regularly on all financial and commercial aspects of the Company to ensure that they are familiar with all aspects of corporate reporting and believe this to mitigate the risk of not having an independent committee.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	The Board reviews its risk management strategy annually and considers it to be sound.

<p>7.3 A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</li> </ul>	<p>The Company is not of the size or scale to warrant the cost of an internal audit function. This function is undertaken by the Board as a whole via the regular and consistent reporting in all risk areas.</p>
<p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>The Company does not currently have any material exposure to any economic, environmental and social sustainability risks.</p>
<p>8.1 The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a remuneration committee which: <ul style="list-style-type: none"> <li>1) has at least three members, a majority of whom are independent directors; and</li> <li>2) is chaired by an independent director; and disclose: <ul style="list-style-type: none"> <li>3) the charter of the committee;</li> <li>4) the members of the committee; and</li> <li>5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</li> </ul>	<p>The Board consider that given the current size of the Board, this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a remuneration committee.</p> <p>The Board considers industry peers when evaluating the remuneration for all directors and executives. The Board is cognisant of the fact that it wishes to attract and retain the best people, and considers strategies other than monetary to balance the need for the best people and the financial position of the Company.</p>
<p>8.2 A listed entity should separately disclose its policies and practises regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>The Company discloses its policies on remuneration in the Remuneration Report set out in its annual report.</p>
<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> <li>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	<p>The Company recognises that Director, executives and employees may hold securities in the Company and that most investors are encouraged by these holdings. The Company's Securities Trading Policy (available on the Company's website) explains and reinforces the Corporations Act 2001 requirements relating to insider trading. The Policy applies to all Directors, executives, employees and consultants and their associates and closely related parties.</p>

## ASX ADDITIONAL INFORMATION

The following information is based on share registry information processed up to 23 September 2021.

### Ordinary Share Capital

1,719,844,431 shares are held by 7,561 individual holders.

### Voting Rights

The voting rights attaching to ordinary shares are that on a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote. Options do not carry any voting rights.

### Restricted Securities

The Company has no restricted securities on issue.

### Distribution of Holders of Equity Securities – Fully Paid Ordinary Shares

Holdings Range	Holders	Number of Shares
1 – 1,000	176	31,825
1,001 – 5,000	33	78,589
5,001 – 10,000	261	2,494,421
10,001 – 100,000	4,999	208,142,025
100,001 and over	2,092	1,509,097,571
<b>Total</b>	<b>7,561</b>	<b>1,719,844,431</b>

### Unmarketable Parcels

Holders: 863  
Units: 7,083,445

### On-market Buy Back

There is no current on-market buy-back.

### Substantial Shareholders

There are no substantial shareholders.

## ASX ADDITIONAL INFORMATION

### Twenty Largest Holders of Quoted Fully Paid Ordinary Shares (Grouped)

	Holder Name	Holding	% Issued Capital
1	Mr Danny Allen Pavlovich <Pavlovich Family Spec 2 A/C>	70,755,556	4.11%
2	Yallingup Invest Pty Ltd	46,333,333	2.69%
3	Mr Hien Quang Trinh <Trinvest Capital A/C>	30,623,657	1.78%
4	Coral Brook Pty Ltd <Lloyd Super Fund A/C>	28,682,690	1.67%
5	BNP Paribas Nominees Pty Ltd <Ib Au Noms Retailclient Drp>	23,379,708	1.36%
6	Citicorp Nominees Pty Limited	22,672,245	1.32%
7	Mr Andrew William Spencer & Mrs Benedicte Marie Francoise Spencer <Spencer Sf A/C>	19,458,353	1.13%
8	Razorback Ridge Investments Pty Ltd <Greg Smith Super Fund A/C>	18,500,000	1.08%
9	Mr Tim Powe	18,000,000	1.05%
10	Mr Michael Filippou	16,463,980	0.96%
11	Mr Avdo Tabakovic	16,076,000	0.93%
12	HSBC Custody Nominees (Australia) Limited	15,458,780	0.90%
13	Citylight Asset Pty Ltd <Graham Super Fund A/C>	14,944,445	0.87%
14	Mrs Danielle Simone McDonald	14,000,000	0.81%
15	CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C>	13,064,186	0.76%
16	Mr Mark Ronald Wilkinson	11,208,331	0.65%
17	Harrison Land Services LLC	10,447,761	0.61%
18	Mr Michael Charles Mann <MNNJ Investment A/C>	9,918,563	0.58%
19	Superhero Nominees Pty Ltd	9,746,632	0.57%
20	Mr Paul Hughan	9,005,000	0.52%
	<b>Total</b>	<b>418,739,220</b>	<b>24.35%</b>

### Unquoted Securities

Class	Number
Options exercisable at \$0.06 each on or before 30 December 2021	22,250,000
Options exercisable at \$0.07 each on or before 30 December 2021	12,500,000
Options exercisable at \$0.04 each on or before 7 September 2022	52,250,000
Options exercisable at \$0.05 each on or before 7 September 2022	47,250,000
Options exercisable at \$0.02 each on or before 2 December 2022	22,006,890
Options exercisable at \$0.05 each on or before 1 April 2023	1,666,667
Options exercisable at \$0.06 each on or before 1 April 2023	1,666,667
Options exercisable at \$0.07 each on or before 1 April 2023	1,666,667
Options exercisable at \$0.012 each on or before 29 April 2023 vesting on ASX announcement of JORC compliant inferred resource of 150,000 ounces of gold or gold equivalent on the Lone Pine Project or the Western Desert Project	41,250,000
Options exercisable at \$0.012 each on or before 29 April 2023 vesting on ASX announcement of JORC compliant inferred resource of 250,000 ounces of gold or gold equivalent on the Lone Pine Project or the Western Desert Project	41,250,000

## ASX ADDITIONAL INFORMATION

### Unquoted Securities >20% Holders

Class	Holder	Number	Percentage
Options exercisable at \$0.04 each on or before 7 September 2022	Mr Gregory Smith	15,000,000	29%
	Mr Paul Lloyd	15,000,000	29%
Options exercisable at \$0.05 each on or before 7 September 2022	Mr Gregory Smith	15,000,000	32%
	Mr Paul Lloyd	15,000,000	32%
Options exercisable at \$0.06 each on or before 30 December 2021	BXW Ventures Pty Ltd	7,750,000	35%
	Marbex LLC	5,000,000	22%
Options exercisable at \$0.07 each on or before 30 December 2021	BXW Ventures Pty Ltd	4,000,000	32%
	Union Square Capital Advisors LLC	2,500,000	20%
Options exercisable at \$0.012 each on or before 29 April 2023 vesting on ASX announcement of JORC compliant inferred resource of 150,000 ounces of gold or gold equivalent on the Lone Pine Project or the Western Desert Project	Coral Brook Pty Ltd	17,500,000	42%
	Mr Gregory Smith	12,500,000	30%
	BXW Ventures Pty Ltd	11,250,000	27%
Options exercisable at \$0.012 each on or before 29 April 2023 vesting on ASX announcement of JORC compliant inferred resource of 250,000 ounces of gold or gold equivalent on the Lone Pine Project or the Western Desert Project	Coral Brook Pty Ltd	17,500,000	42%
	Mr Gregory Smith	12,500,000	30%
	BXW Ventures Pty Ltd	11,250,000	27%
Options exercisable at \$0.05 each on or before 1 April 2023	Pitts and Associates LLC	1,566,667	94%
Options exercisable at \$0.06 each on or before 1 April 2023	Pitts and Associates LLC	1,666,667	100%

### Company Secretary

Oonagh Malone

### Registered Office in Australia

Level 1, 10 Outram Street  
West Perth WA 6005

### Share Registry

Automic Registry Services  
Level 5, 126 Phillip Street  
Sydney NSW 2000  
Tel: 1300 288 664

## ASX ADDITIONAL INFORMATION

### Schedule of Mining Tenements

Project	Claim Number	Location	Interest
Big Sandy	WIK-001 to WIK-112	Arizona, USA	100%
Big Sandy	BSL-001 to BSL-146	Arizona, USA	100%
Big Sandy	BSLII 001 to BSLII 053	Arizona, USA	100%
Lordsburg	LLP-211 to LLP-274	New Mexico, USA	100%
Lordsburg	LLP-283 to LLP-298	New Mexico, USA	100%
Lordsburg	LLP-307 to LLP-322	New Mexico, USA	100%
Lone Pine	LP001 to LP075 LP EXT-076 to LP EXT-250 LP-251 to LP-268 U.P Patented Claim Burlington Patented Claim	Idaho, USA	100%
Western Desert	WD001 to WD030	Utah, USA	100%
Western Desert	WD-030 to WD-258	Utah, USA	100%
Western Desert	State Lease Sections T4N R17W Sect 16 T4N R16W Sect 2 T5N R16W Sect 36	Utah, USA	100%
Kangwane South	N/A	Mpumulanga Province, South Africa	70%