



**EMETALS**  
— LIMITED —

**ABN 71 142 411 390**

**Annual Financial Report**  
**For the year ended 30 June 2021**

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## CORPORATE INFORMATION

ABN 71 141 411 390

|                  |               |                               |
|------------------|---------------|-------------------------------|
| <b>Directors</b> | Mathew Walker | <i>Executive Director</i>     |
|                  | Gary Lyons    | <i>Non-executive Chairman</i> |
|                  | Teck Wong     | <i>Non-executive Director</i> |

|                          |             |
|--------------------------|-------------|
| <b>Company secretary</b> | Sonu Cheema |
|--------------------------|-------------|

|                          |                               |
|--------------------------|-------------------------------|
| <b>Registered office</b> | Suite 9, 330 Churchill Avenue |
|                          | Subiaco WA 6008               |
|                          | Telephone: (08) 6489 1600     |
|                          | Fax: (08) 6489 1601           |

|                                    |                               |
|------------------------------------|-------------------------------|
| <b>Principal place of business</b> | Suite 9, 330 Churchill Avenue |
|                                    | Subiaco WA 6008               |

|                       |                                 |
|-----------------------|---------------------------------|
| <b>Share register</b> | Automic Registry Services       |
|                       | Level 2, 267 St Georges Terrace |
|                       | Perth WA 6000                   |
|                       | Telephone: 08 9324 2099         |

|                   |                         |
|-------------------|-------------------------|
| <b>Solicitors</b> | Steinepreis Paganin     |
|                   | Lawyers and Consultants |
|                   | Level 4, Next Building  |
|                   | 16 Milligan Street      |
|                   | Perth WA 6000           |

|                |                          |
|----------------|--------------------------|
| <b>Bankers</b> | National Australia Bank  |
|                | Level 1, 1238 Hay Street |
|                | West Perth WA 6005       |

|                 |                                |
|-----------------|--------------------------------|
| <b>Auditors</b> | HLB Mann Judd (WA) Partnership |
|                 | Level 4, 130 Stirling Street   |
|                 | Perth WA 6000                  |

|                |                                                                                     |
|----------------|-------------------------------------------------------------------------------------|
| <b>Website</b> | <a href="https://www.emetalslimited.com.au/">https://www.emetalslimited.com.au/</a> |
|----------------|-------------------------------------------------------------------------------------|

# DIRECTORS' REPORT

The directors of eMetals Limited (ASX: EMT) (Company or eMetals) submit herewith the annual report of the Company and the entities it controlled during the period ("the Group") for the year ended 30 June 2021. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

## Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

|               |                        |
|---------------|------------------------|
| Mathew Walker | Executive Director     |
| Gary Lyons    | Non-executive Chairman |
| Teck Wong     | Non-executive Director |

## Names, experience and special responsibilities

### Mr Mathew Walker

#### Executive Director

Mr Walker has extensive experience in public company management and in the provision of corporate advice. Specialising in the natural resources sector, Mr Walker has served as Executive Chairman or Managing Director for public companies with mineral interests in North America, South America, Africa, Eastern Europe, Australia and Asia. Currently he serves as Chairman of Blue River Mining Limited. He is also Chairman of corporate advisory firm Cicero Corporate Services based in London, UK.

During the last three years, Mr Walker has served as a director of the following listed companies:

Frugl Group Limited (appointed 9 July 2018)

Blaze International Limited (appointed 1 August 2020)

### Mr Gary Lyons

#### Non-executive Chairman

Mr Lyons is a successful and well-respected Perth based businessman being a shareholder and the Managing Director of the Heiniger Groups Australasian operations for the last 30 years.

During the last three years, Mr Lyons has served as a director of the following listed companies:

GWR Group Limited (appointed 2 June 2010)

Tungsten Mining Limited (appointed 16 July 2014)

### Mr Teck Wong

#### Non-executive Director

Mr Wong has considerable international business experience having worked in Hong Kong, the United Kingdom and now in Malaysia and Indonesia after graduating with a Bachelor of Business degree from Swinburne University (Melbourne). Mr Wong is involved with mining industry in China, Indonesia and Malaysia. He was previously involved in sales & exports of steel related products and was a director of a retail chain business in the United Kingdom. Mr Wong was working in the OEM plastic manufacturing industry in Hong Kong prior to taking up a position in the steel industry in Malaysia.

During the last three years, Mr Wong has served as a director of the following ASX listed companies:

GWR Group Limited (Alternate director appointed 27 July 2011)

Tungsten Mining Limited (appointed 8 February 2016)

**Mr Sonu Cheema****Company Secretary**

Sonu Cheema is an accountant and company secretary who has worked for mineral exploration companies with interests in Australia, Africa and Mongolia.

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

The following relevant interests in shares and options of the Group or a related body corporate were held by the directors as at the date of this report:

| <b>Directors</b>           | <b>Number of options<br/>over ordinary shares</b> | <b>Net increase<br/>in shares held</b> | <b>Number of fully paid<br/>ordinary shares</b> |
|----------------------------|---------------------------------------------------|----------------------------------------|-------------------------------------------------|
| Mathew Walker <sup>3</sup> | 10,000,000                                        | 2,500,000                              | 20,000,000                                      |
| Gary Lyons <sup>2</sup>    | 10,000,000                                        | -                                      | 6,164,114                                       |
| Teck Wong <sup>1</sup>     | 10,000,000                                        | -                                      | 21,433,300                                      |
| <b>Totals</b>              | <b>30,000,000</b>                                 | <b>2,500,000</b>                       | <b>47,597,414</b>                               |

<sup>1</sup> 16,433,300 Shares held in the name of Bluebay Investments Group Corporation, an entity controlled by Teck Wong

<sup>2</sup> Shares and options are held in the name of Lyons Superannuation Fund.

<sup>3</sup> Shares and options are held in the name of Great Southern Flour Mills Pty Ltd, an entity controlled by Mathew Walker

There were no ordinary shares issued by the Group during or since the end of the financial year as a result of the exercise of options.

During the year, there were no issues of options, and no options were issued subsequent to the balance date and up to the date of this report. There were no alterations to the terms and conditions of options granted since their grant date.

**Dividends**

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

**Principal Activities**

The principal activity of the Group during the financial year was mineral exploration within Australia.

**Financial position**

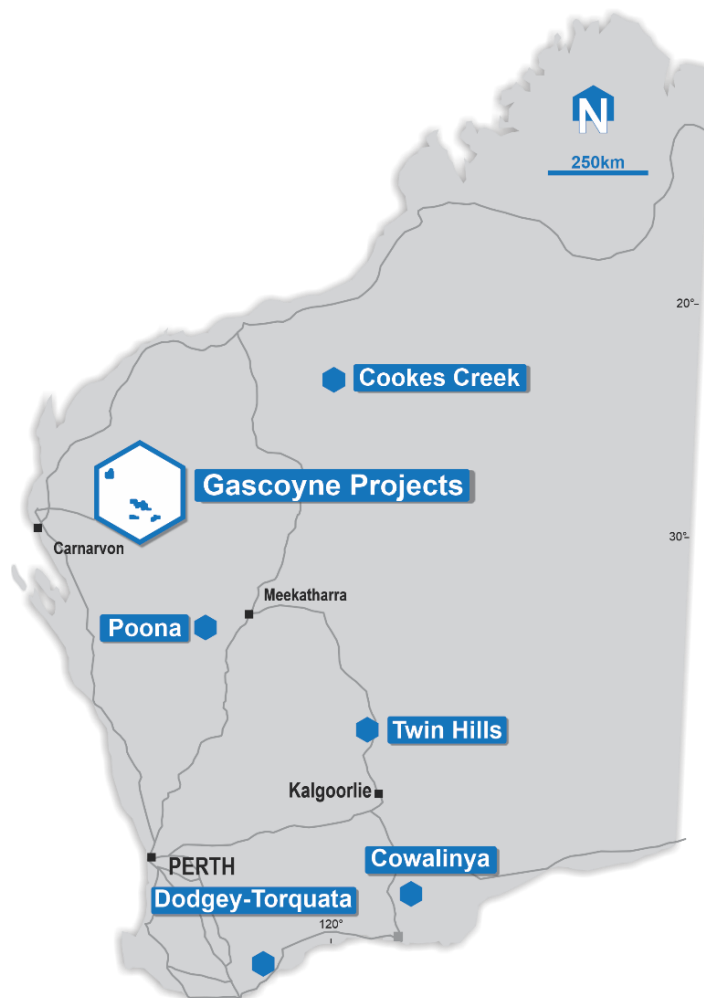
The cash balance at the end of the 30 June 2021 is \$686,415. The Group continues to review and appraise new commercial opportunities both within and outside the mining sector and will advise the market of any developments in this regard if and when they eventuate.

## Review of Operations

The Directors of eMetals Limited are pleased submit the Review of Operations for the year ended 30 June 2021.

### OPERATIONS

The Company continues to progress its exploration across its major projects during and subsequent to the year ended 30 June 2021. The Company has consolidated its tenement base through the acquisition existing and application for new tenements throughout the year to capitalise on its exploration potential.



### POONA NICKEL AND COPPER PROJECT

#### MUGHAL PROSPECT EM CONDUCTORS IDENTIFIED

The Mughal Prospect is a greenfields nickel, copper and platinum group element prospect which eMetals Limited has developed on its 90% owned Poona Project, near Cue, Western Australia.

Evidence of potential nickel sulphide mineralization has been developed from soil sampling over mafic and ultramafic rocks carried out in 2020. Soil anomalies have been defined over approximately 9 kilometres of stratigraphy, with highly coincident geochemistry up to 0.15% Ni, 240ppm Cu, 380ppm Co and 114ppb PGE's overlying lateritised ultramafic rocks.

Mapping of the Mughal Prospect area during the period has identified a series of gabbro, pyroxenite and olivine cumulate ultramafic rocks intruding into strongly deformed mafic metasediments ('amphibolite'). eMetals geologists interpret the arrangement of these rock types, and textures as indicative of a mafic-ultramafic intrusive complex, or 'layered intrusion' dubbed the Mindoola Bore Intrusion. This intrusion continues for ~20 kilometres along strike and is cut into three major lobes by a series of late thrusts. The majority of the intrusion is located on E20/885, as depicted in Figure 1.

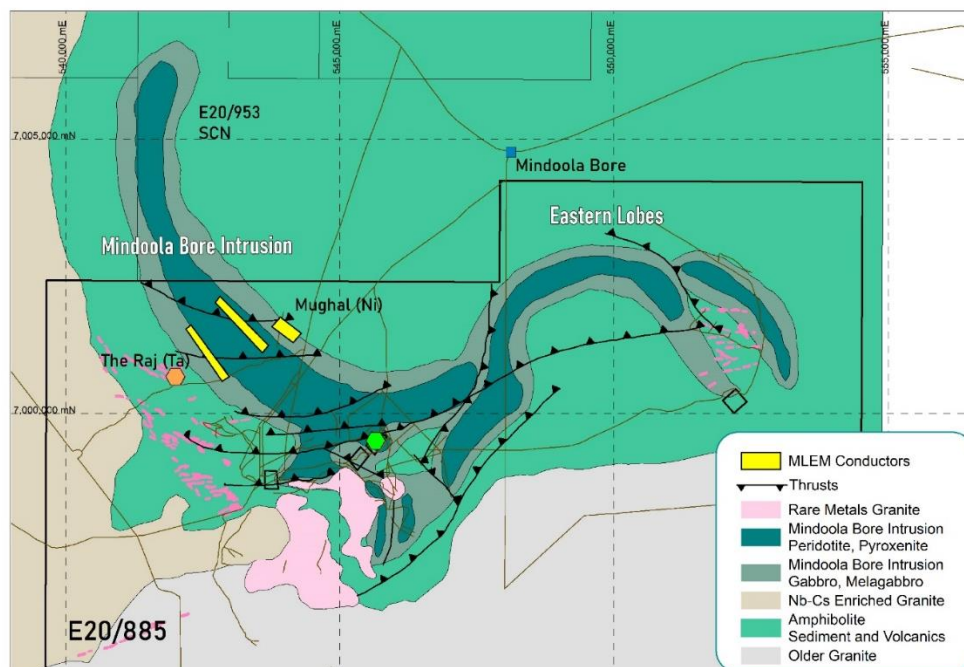


Figure 1 EMT interpretation of the Mindoola Bore Intrusion and MLEM anomalies

The Mindoolah Bore Intrusion is assumed to dip subvertically or to the north and is composed of a marginal sequence of cumulate gabbro with a core of ultramafic rocks (pyroxenite and peridotite) which appears to be reversely zoned, transitioning from melagabbro, pyroxenite to harzburgite-peridotite in the core. Mineralisation in such intrusions can often form as either disseminated to matrix textured ore in the ultramafic portions or as marginal massive and semi-massive breccia dykes or remobilised massive sulphides. The latter would match the position of the Mughal EM anomaly and the former may explain the stratigraphic conductive zones noted in the MLEM survey. These are coincident with the identified Ni-Cu-Co-PGE soil anomalies. Further important support for nickel prospectivity has been gleaned from identification of sediments in contact with the intrusion, considered a key element of magmatic nickel mineralisation.

During early May the Company completed the bulk of its planned Moving Loop EM survey with completion affected by Cyclone Seroja and further intense rainfall in the area late in May. The initial results showed a discrete EM conductor on one traverse (1000W) which has been modelled with the initial and preliminary interpretation being two plates of conductive sulphides dipping north. The Company's geophysical contractor has suggested improving the resolution of the anomaly by conducting a smaller in-fill survey around this conductor. Completion of this survey is awaiting availability of contractors and equipment.

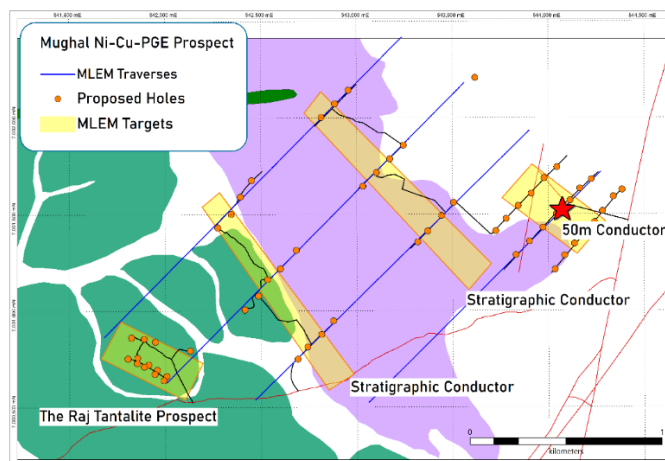


Figure 2 Preliminary MLEM conductor, stratigraphic targets, and planned tantalite drilling at The Raj, Mughal Prospect

A heritage survey had been completed with 40 drill sites approved for drilling which will test the margins of the ultramafic core sequence and test the Mughal EM anomaly. eMetals conducted regional soil sampling of the Jacksons tenement (E20/896) where a substantial lithium bearing pegmatite was mapped by Venus Metals Corporation Limited. EMT's sampling will aim to repeat the successful results on E20/885 that identified The Raj and other LCT pegmatite prospects.

### NARDOO RARE METALS PROJECT

The Nardoo Rare Metals Project consists of four granted tenements (E09/2358, E09/2302, E09/2114 and E09/2156) and three tenement applications (E09/2464, E09/2463 and E09/2472) and is prospective for a range of strategic metal and REE mineralisation styles including tungsten and REE bearing skarns.

The Company completed 29 RC holes for 1,987m of drilling, testing the Nardoo tungsten skarns and the Beryl Well Pegmatites.

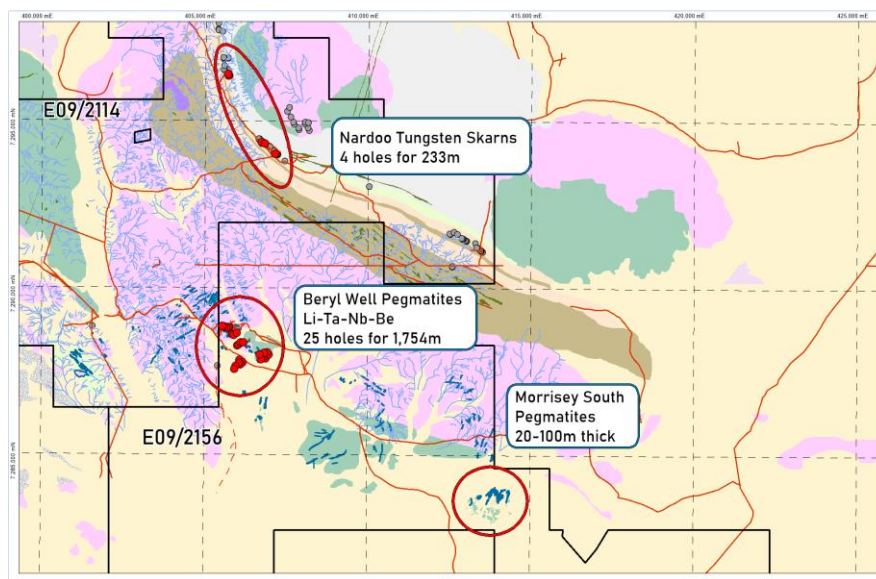


Figure 3 April 2021 exploration work, Nardoo Rare Metals Project

The Nardoo Tungsten Skarns were drilled with 5 RC holes for 233m completed. Results were disappointing as assays have returned thin, low-grade mineralization as detailed below.

- NWRC001 1m @ 0.18% WO<sub>3</sub> from 14m
- NWRC002 NSR
- NWRC003 NSR
- NWRC004 4m @ 0.16% WO<sub>3</sub> from 5m
- NWRC005 NSR

Mineralisation is hosted within skarnified calc-silicate sediment. The skarn appears to be very poddy, with scheelite mineralization associated with late quartz veins. Lack of continuity in the drilling shows little potential of discovery of a significant body of mineralization.

Drilling of the Beryl Well pegmatites showed thick, tabular pegmatites of many hundreds of metres in strike and with good dip continuity. However, results were disappointing, with no anomalous lithium, tantalum or niobium returned from the Beryl Well pegmatites. REE results were lower than the enclosing granites, which downgrades these pegmatites for REE mineralization.

The source of the coarse tantalite and beryl is unknown and lack of mineralization is disappointing despite the recovery of sizeable specimens by company personnel. Lack of widespread mineralization in the drilling suggests that the pegmatites are not pervasively mineralized, and might contain very localized segregations, pods or vughs of economic minerals. The prospect has therefore been downgraded and the Company is reviewing the Cairn Hill REE prospect in light of this data.

**GASCOYNE RARE METALS PROJECTS****CODRA CREEK REE PROJECT**

The Company has conducted an initial series of traverses across the Codra Creek (E09/2472) license application area with a selection of rock chip samples taken of the granitic basement, skarnified amphibolites and pegmatites.

Results show a series of highly REE enriched granites underly the majority of the license area with a significant proportion of them containing >500ppm REE's, with a peak of 0.29% TREO+Y returned (CR0631) (Refer Figure 4) (ASX Announcement 15 June 2021).

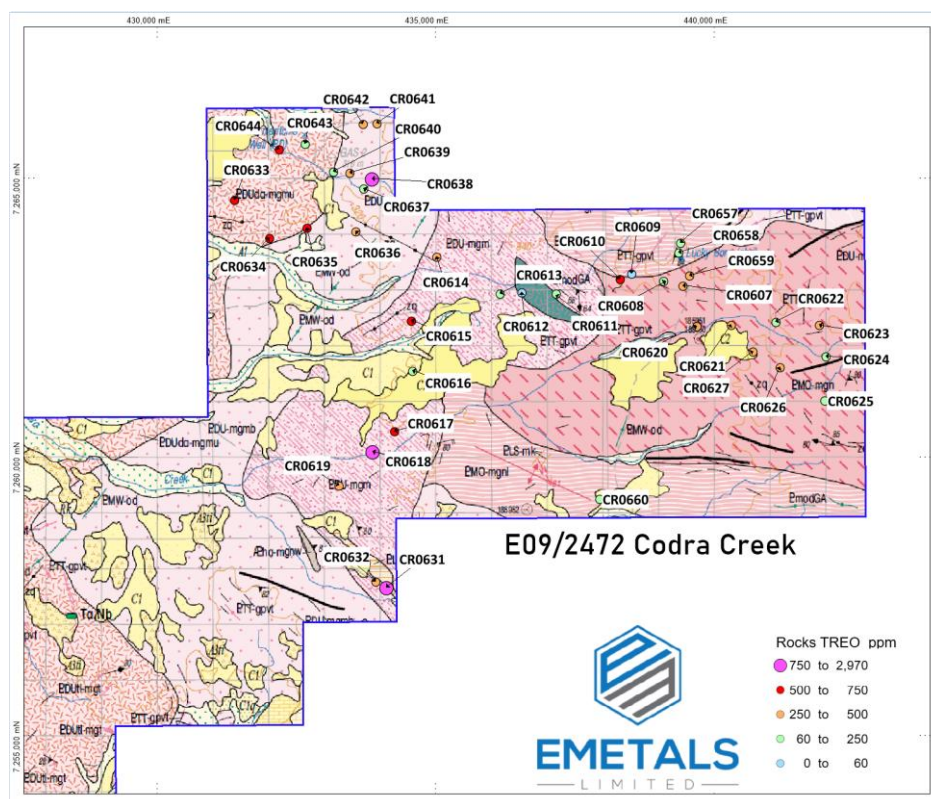


Figure 4 Rock chip sample results as TREO+Y from E09/2472 Codra Creek

These results highlight the potential of the Gascoyne Province granites to host REE mineralisation and potentially form, from them, secondary deposits of REE minerals. The Company will investigate the Ionic Clay model for the Gascoyne in the context of these results and ongoing project generative work.

**TWIN HILLS GOLD PROJECT**

The Twin Hills Project consists of a single granted exploration license (E29/950) located approximately 30 km north east of Menzies and 150km north of Kalgoorlie in the Eastern Goldfields of Western Australia. The tenement covers an area of approximately 30 km<sup>2</sup> and extends over about 10 km of strike of the greenstone sequence that hosts the excised historical Twin Hills gold mine. The tenement covers the north and south extension of the shear zone which is the interpreted host of mineralisation at Twin Hills.

The Company's initial round of RC drilling in February 2021 returned significant gold mineralisation from several holes, with previously reported best results of:

- **THRC008 12m @ 0.62ppm from 40m, and 1m @ 4.10ppm from 44m, and 2m @ 2.24ppm from 49m**
- **THRC014 3m @ 1.97ppm from 44m**
- **THRC015 1m @ 4.4g/t from 32m**

Based on the mineralization discovered to date and the sparse drill spacing, EMT drilled a further 25 aircore holes (using RC hammer where appropriate) to ~40m depth, and followed up the initial RC results with a further 6 RC holes for 550m drilled to test immediately around the initial discovery holes. Refer to the Appendix for a list of all drill hole details.

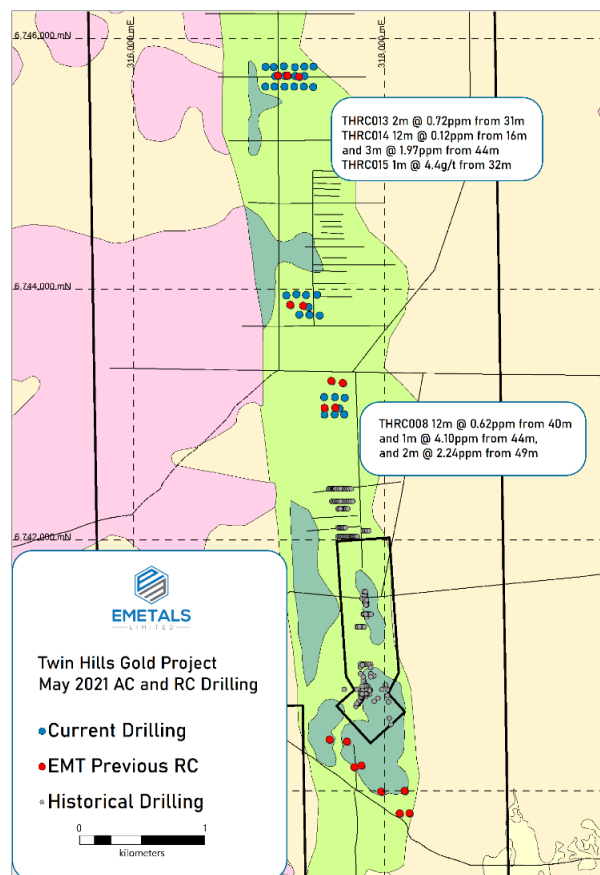


Figure 5 Twin Hills Aircore & RC Completed in May

The geological logs thus far have shown a considerable amount of complexity, chlorite-biotite-muscovite alteration, disseminated sulphides and shearing of a sequence of amphibolite intruded by swarms of porphyry and granitic dykes. This is considered encouraging for the potential to discover a larger deposit of gold mineralization than first assumed.

Results show a sizeable footprint of anomalous gold in fresh amphibolite and granitoid with significant volumes of rock reporting in excess of 10ppb Au.

#### COWALINYA REE PROJECT

The **Cowalinya Project** (E62/2049 and E63/2066) is located approximately 30km east of the locality of Salmon Gums. EMT acquired 100% of the Cowalinya, Chiggarie Rock and Dodgey-Torquata Projects, by way of acquisition of SOC Resources Pty Ltd (ASX Announcement 04 April 2021).

The geology of the project is comprised of deeply weathered Archaean and Proterozoic gneisses. The Project is prospective for Ionic Adsorption Clay (IAC) Type REE deposits. The Project demonstrates the key features associated with ionic clay deposits deep and intense weathering, and REE-enriched bedrock.

#### Historical Exploration

The Cowalinya Project has been explored historically for gold with 770 auger drill holes and 17 air core holes for 635m drilled on the tenements. Auger samples were taken to analyse pedogenic calcrete for gold. Auger samples were assayed for 52 elements, including REE's, and Au using Aqua Regia B/ETA digest with a mass spectrometry or optical emissions spectrometry finish. Auger drilling in the Project area has defined laterite with up to 1,108ppm TREO + Y (NOR00702, 413798E 6338675N) with a substantial proportion of auger results in excess of 180ppm TREO+Y. Please refer below to Figure 6.

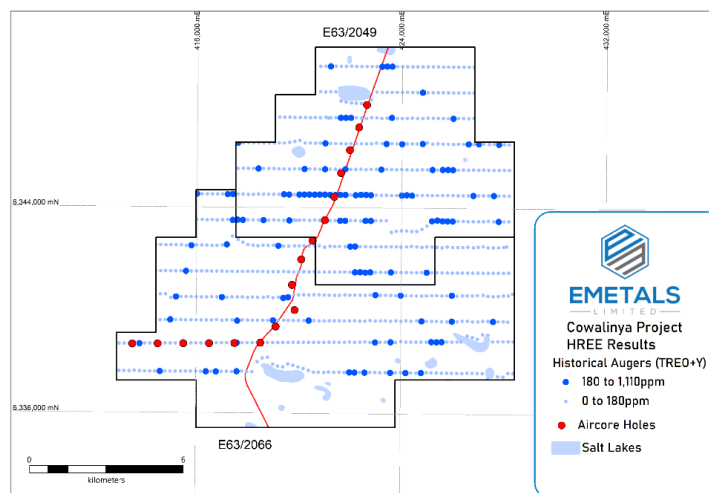


Figure 6 Auger REE results (as TREO+Y), Cowalinya Project

### Aircore Drilling

The Company completed 29 vertical air core holes at Cowalinya in May 2021 utilising a slimline RC rig with hammer bit. Drilling was completed to the base of oxidation and sampled on a 2-metre composite basis via scoop, with the end of hole sample submitted for a comprehensive multi-element assay. End of hole samples remain outstanding at the time of this report and are unlikely to materially change the outcome of the program.

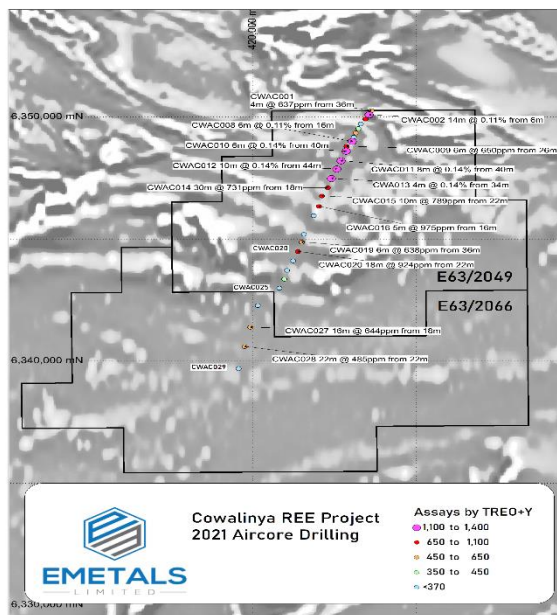


Figure 7 Aircore holes drilled at Cowalinya, May 2021

### Drilling And Assay Methods

Holes at Cowalinya were drilled vertically and sampled on a 2m composite basis. Work by Salazar Minerals Pty Ltd (Salazar) on their Splinter REE prospect has identified a suite of soluble REE minerals such as REE phosphates, carbonates or fluorocarbonates. Salazar reported high recoverability of REE's from the Splinter REE deposit via HCl leach, aided by the (relatively) soluble mineralogy. The EMT assay schema was developed to simulate this in a quick and cost-effective manner.

Each 2-metre composite sample was dried, crushed, pulverised -75um, and subjected to a conventional 4 acid digest with 58 element quantification including REEs. Each sample was also then assayed via a partial leach digest using moderate strength hydrochloric acid (Intertek TL7) with 58 element quantification including REE's. This assay schema was intended to provide a near-total digestion of REE's using the 4-Acid digest with the partial digest intended to dissolve only soluble or loosely bound REE's.

Gadolinium (Gd) is not reported in the total Rare Earth Oxide results as it is not reported in the TL7 partial leach and therefore cannot be compared between the two methods. All TREO+Y (total rare earth oxides plus yttrium oxide) values are therefore calculated as Ce, La, Nd, Pr, Er, Eu, Dy, Sm, Tb, Tl, Tm, Yb and Y with elemental parts per million converted to oxides according to stoichiometric calculations. TREO+Y are reported for both 4-acid digest and TL7 partial digest methods (ASX Announcement 15 June 2021).

### Analysis

Cerium comprises between 25% and 35% of TREO+Y on average, La 10-15% and Nd-Pr are a relatively constant 21-23% of TREO+Y. Yttrium oxide comprises approximately 18-25% on average with some outliers to 65%. HREE therefore comprise around 2-15%, dominated by Dysprosium (max 95 ppm), Erbium (max 63 ppm), Samarium (max 104 ppm), Terbium (max 14 ppm) and Ytterbium (max 6 ppm).

Rare earth elements within the areas of the completed drilling are present in several associations:

1. anomalous concentrations in a discontinuous, relatively thin layers within the cover sequence enriched in excess of the underlying basement saprock. This layer has very low HCl extractability (4-6%) and is inferred to be composed of detrital heavy minerals such as ilmenite, rutile, allanite, monazite etc.
2. broad but isolated zones of anomalous REE's in lower saprolite biotite-muscovite gneiss (200-600 ppm) with low to moderate HCl extractability (25-50%)
3. discrete zones of highly anomalous REE's in saprock to fresh rock (0.1-0.14%) with moderate to high HCl extractability (40-60%) likely to be carbonates, fluorocarbonates or soluble REE phosphates.

The nature of the REE mineralogy is unknown at this stage and further work would be required to characterise the deportment of REE's.

In a positive development, the assay schema was successful at demonstrating a difference between total and partial leach digestions that relates to soluble mineralogy in the bedrock saprolite. This schema is highly effective at screening samples for soluble mineralogy and could be used more widely to detect IAC's or soluble carbonate-type REE's.

It should also be noted that the TL7 digest is a partial digest and does not represent metallurgical recoveries of rare earth elements, instead it simulates this. The extractability is therefore likely to be a minimum that could be achieved by a dedicated metallurgical investigation. However, the depth of cover in the Cowalinya area is greater than expected and provides a significant hurdle to delineation of a significant economic opportunity given the narrow, discontinuous and varied REE mineralisation present and the depth of cover overlying it.

### Gold and Base Metal Results

The assay suite undertaken at Cowalinya included base metals via 4-Acid and partial leach, and base metals and precious metals via TL7 partial leach. Low level gold anomalism of up to 9 ppb has been returned from the drilling in partial leach, associated with the base of alluvium to bedrock interface. This is higher than the historical AC drilling, and potentially significant in a regional context. However, no significant Au results have been returned from the bedrock.

Anomalous copper and nickel were returned from CWAC020, with 24m >300ppm Cu from 16m and 40m @ 0.07% Ni from 16m including 6m @ 0.13% Ni from 38m. This is associated with low iron, low magnesium and low level platinum (2-3 ppb) and gold (to 1.6ppb) in TL7 partial leach geochemistry. This zone is interpreted as a mafic granitoid or diorite.

### DODGEY-TORQUATA PROJECT

The Dodgey-Torquata (D-T) Project is a 25.5km<sup>2</sup>, 9 sub-block tenement (E70/5654) located near Jerramungup, south west WA. The Project prospective for rare earth elements and base metals. The D-T prospect a circular magnetic 'bullseye' anomaly approximately 2km x 1.2km in size (Figure 8).

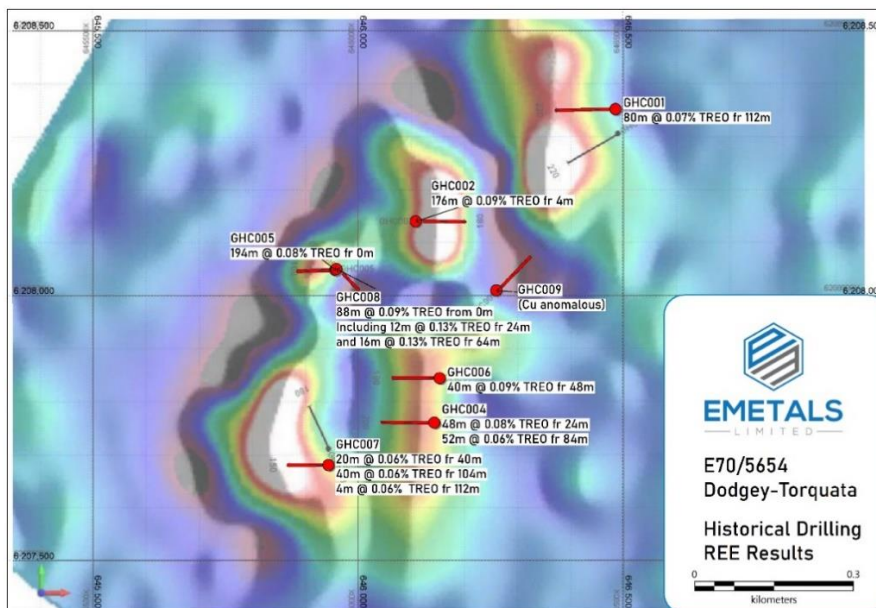


Figure 8 Dodgey-Torquata Project REE Results, E70/5654

D-T was previously explored via a ground magnetics survey that resolved a series of 'dipping plate' magnetic bodies. These modelled bodies were targeted by 8 reverse circulation drill holes for 1,236m. Drilling encountered a series of gabbro intrusions. The drill holes were assayed for major and multi-elements plus rare earth elements on a 4m composite basis. The geochemically significant rare earth element intersections are presented below above a 500ppm TREO+Y cut-off with a maximum 4m internal dilution:

**GHC00180m @ 0.07% (701ppm) TREO+Y from 112m to end of hole**

**GHC002176m @ 0.09% (934ppm) TREO+Y from 4m to end of hole**

Including 120m from 4m containing 213ppm Nd<sub>2</sub>O<sub>3</sub>, 54ppm Pr<sub>2</sub>O<sub>3</sub>

**GHC00448m @ 0.08% (871ppm) TREO+Y from 24m**

**52m @ 0.06% (667ppm) TREO+Y from 80m**

**GHC005104m @ 0.08% (822ppm) TREO+Y from 0m to EOH**

**GHC00640m @ 0.09% (888ppm) TREO+Y from 48m to EOH**

Including 171ppm Nd<sub>2</sub>O<sub>3</sub> and 44ppm Pr<sub>2</sub>O<sub>3</sub>

**GHC00720m @ 0.06% (631ppm) TREO+Y from 40m**

**40m @ 0.06% (638ppm) TREO+Y from 104m**

**4m @ 0.06% (630ppm) TREO+Y from 112m to EOH**

**GHC00888m @ 0.09% (909ppm) TREO+Y from 0m**

**Including 12m @ 0.13% (1309ppm) TREO+Y from 24m**

**and 16m @ 0.13% (1344ppm) TREO+Y from 64m**

Significant base metal anomalism was returned from the following holes associated with metagabbroic units;

**GHC00888m of 237ppm Cu from 88m to 172m**

**GHC009108m at 305ppm Cu from 4m to 108m**

The Dodgey-Torquata system shows elevated barium (to 0.7%), scandium (20-100ppm), and phosphorus (>0.5% to 4%) associated with hematite-biotite altered, alkaline gabbro-norite. Copper and REE enriched alkaline gabbros are associated with carbonatitic magma series. Inspection of the existing modelling shows that a magnetic isosurface model remains untested at depth. This is a target for discovering deeper base metal bearing gabbros, or REE enriched intrusive units. EMT will renew the magnetic inversion model to firm up a target at depth. The magmatic complex has not been explored by electrical geophysics, which is a priority for EMT once all usual land access and compensation agreements are in place.

## CORPORATE

| CATEGORY                       | ASX CODE            | NUMBER      |
|--------------------------------|---------------------|-------------|
| Issued Ordinary Shares         | EMT                 | 425,000,000 |
| Options (\$0.05 – 31 Dec 2022) | Unlisted Options    | 35,000,000  |
| Performance Rights             | Unquoted Securities | 7,500,000   |

## TENEMENT SCHEDULE

| Tenement | Project      | Interest (%) | Current Area | Grant Date | App Date   | Expiry Date    |
|----------|--------------|--------------|--------------|------------|------------|----------------|
| E09/2114 | NARDOO WELL  | 100          | 42           | 28/08/2015 | 8/08/2014  | 27/08/2025     |
| E29/0950 | TWIN HILLS   | 100          | 10           | 23/09/2015 | 26/02/2015 | 22/09/2025     |
| E20/0885 | POONA        | 90           | 50           | 26/07/2016 | 1/10/2015  | Renewal lodged |
| E09/2156 | YINNETHARRA  | 100          | 35           | 6/02/2017  | 23/10/2015 | 5/02/2022      |
| E46/1095 | COOKES CREEK | 100          | 13           | 5/04/2017  | 13/11/2015 | 4/04/2022      |
| E20/0896 | POONA        | 100          | 32           | 9/10/2017  | 11/02/2016 | 8/10/2022      |
| E46/1163 | COOKES CREEK | 100          | 3            | 8/02/2018  | 25/05/2017 | 7/02/2023      |
| E09/2302 | PYRAMID HILL | 100          | 34           | 13/03/2019 | 6/03/2018  | 12/03/2024     |
| E09/2358 | NARDOO WEST  | 100          | 35           | 18/05/2020 | 31/07/2019 | 17/05/2025     |
| E20/0963 | KYARRA       | 100          | 67           | 1/07/2021  | 5/06/2020  | 30/06/2026     |
| E20/0964 | KYARRA       | 100          | 148          | 1/07/2021  | 5/06/2020  | 30/06/2026     |
| E63/2049 | DEMPSTER     | 100          | 26           | 21/09/2020 | 6/07/2020  | 20/09/2025     |
| E09/2463 | LYONS        | 100          | 28           | -          | 21/10/2020 | -              |
| E09/2464 | LYNDON       | 100          | 69           | -          | 21/10/2020 | -              |
| E20/0976 | MEKA         | 100          | 19           | -          | 26/10/2020 | -              |
| E63/2066 | FITZGERALD   | 100          | 31           | 10/12/2020 | 26/10/2020 | 9/12/2025      |
| E70/5654 | KENT         | 100          | 9            | 23/12/2020 | 5/11/2020  | 22/12/2025     |
| E09/2472 | LYONS        | 100          | 40           | -          | 18/11/2020 | -              |

## Forward looking statements

This announcement contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and our management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by law. These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements.

## Competent Persons Statement

The information in this announcement that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared by Mr Roland Gotthard. Mr Gotthard is a consultant geologist for eMetals and a member of the Australian Institute of Mining and Metallurgy. Mr Gotthard has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this announcement and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code"). Mr Gotthard consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

## Significant events since the end of the period

There has been no matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

## Operating results for the year

The comprehensive loss of the Group for the financial year, after providing for income tax amounted to \$909,186 (2020: \$1,145,159).

## Review of financial conditions

As at 30 June 2021, the Group had \$686,415 in cash assets.

## Risk management

Details of the Company's Risk Management policies are contained within the Corporate Governance Statement.

## Corporate Governance

Details of the Company's Corporate Governance policies are contained within the Corporate Governance Statement.

## Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Therefore, this information has not been presented in this report.

## Environmental legislation

The Company was not subject to any significant environmental and monitoring requirements during the year.

## Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the Company against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

# Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for directors and senior management of eMetals Limited (the "Group") for the financial period ended 30 June 2021.

## *Key Management Personnel ("KMP")*

The KMP of the Group during or since the end of the financial year were as follows:

### Directors

|               |                        |
|---------------|------------------------|
| Gary Lyons    | Non-Executive Chairman |
| Mathew Walker | Executive Director     |
| Teck Wong     | Non-Executive Director |

## *Remuneration philosophy*

The remuneration policy of eMetals Limited has been designed to align Director's objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of eMetals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company, as well as create aligned goals between directors and shareholders.

## *Non-executive director remuneration*

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The Company's constitution states that an aggregate remuneration of \$250,000 per period can be paid to the non-executive directors. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually.

The Board considers advice from external advisors as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a director of the Company. The current fee for non-executive directors are between \$40,000 per annum and \$60,000 per annum. No remuneration consultants were used during the year.

## *Executive director remuneration*

Remuneration consists of fixed remuneration and Company options (as determined from time to time). In addition to the Group employees and directors, the Company has contracted key consultants on a contractual basis. These contracts stipulate the remuneration to be paid to the consultants.

## *Fixed Remuneration*

Fixed remuneration is reviewed annually by the Independent Directors Committee. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

The fixed remuneration component of the Key Management Personnel is detailed in Table 1.

No advice was sought from remuneration consultants during the year for any key management personnel.

# Remuneration Report (continued)

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## Employment Contracts

On 1 September 2012, the Group entered into an executive consulting services agreement with Mr Walker (Executive Consulting Services Agreement) effective as from 1 September 2012. Under the Executive Consulting Services Agreement, Mr Walker is engaged to provide services to the Group in the capacity of Executive Director, based in Perth, Western Australia. Mr Walker is to be paid a monthly remuneration of \$6,667 plus GST. Mr Walker will also be reimbursed for reasonable expenses incurred in carrying out his duties. The Executive Consulting Services agreement can be terminated by one month's written notice from the Company, while Mr Walker can terminate by providing three months written notice.

## Options

There were 30,000,000 Options granted by the Company as remuneration during the year ended 30 June 2021 (2020: Nil).

## Performance-based Remuneration

A short-term incentive cash bonus of \$80,000 was awarded as remuneration to Mathew Walker on 5 October 2020, for his performance in the financial year-ended 30 June 2020. No part of the bonus is payable in future periods.

## Remuneration of key management personnel

| Table 1: Directors' and key executive's remuneration for the year ended 30 June 2021 |             |                              |               |                             |                          |                       |                |                          |                     |
|--------------------------------------------------------------------------------------|-------------|------------------------------|---------------|-----------------------------|--------------------------|-----------------------|----------------|--------------------------|---------------------|
|                                                                                      |             | Short-term employee benefits |               |                             | Post-employment benefits | Equity                |                |                          |                     |
|                                                                                      |             | Salary & Fees<br>\$          | Bonuses<br>\$ | Non-Monetary Benefits<br>\$ | Super-annuation<br>\$    | Options Granted<br>\$ | Total<br>\$    | Performance Related<br>% | Option Related<br>% |
| <b>Directors</b>                                                                     |             |                              |               |                             |                          |                       |                |                          |                     |
| Gary Lyons                                                                           | 2021        | 48,000                       | -             | -                           | 4,440                    | 80,235                | 132,675        | 60%                      | 60%                 |
| Mathew Walker                                                                        | 2021        | 80,000                       | 80,000        | -                           | -                        | 116,070               | 276,070        | 71%                      | 42%                 |
| Teck Wong                                                                            | 2021        | 36,000                       | -             | -                           | -                        | 80,235                | 116,235        | 69%                      | 69%                 |
| <b>Total</b>                                                                         | <b>2021</b> | <b>164,000</b>               | <b>80,000</b> | <b>-</b>                    | <b>4,440</b>             | <b>276,540</b>        | <b>524,980</b> | <b>-</b>                 | <b>-</b>            |

As at 30 June 2021 an amount of \$nil was owing to directors for unpaid fees (2020: \$2,664).

## Remuneration of key management personnel

| Table 1: Directors' and key executive's remuneration for the year ended 30 June 2020 |             |                              |               |                             |                          |                       |                |                          |                     |
|--------------------------------------------------------------------------------------|-------------|------------------------------|---------------|-----------------------------|--------------------------|-----------------------|----------------|--------------------------|---------------------|
|                                                                                      |             | Short-term employee benefits |               |                             | Post-employment benefits | Equity                |                |                          |                     |
|                                                                                      |             | Salary & Fees<br>\$          | Bonuses<br>\$ | Non-Monetary Benefits<br>\$ | Super-annuation<br>\$    | Options Granted<br>\$ | Total<br>\$    | Performance Related<br>% | Option Related<br>% |
| <b>Directors</b>                                                                     |             |                              |               |                             |                          |                       |                |                          |                     |
| Gary Lyons                                                                           | 2020        | 48,000                       | -             | -                           | 4,440                    | -                     | 52,400         | -                        | -                   |
| Mathew Walker                                                                        | 2020        | 60,000                       | -             | -                           | -                        | -                     | 60,000         | -                        | -                   |
| Teck Wong                                                                            | 2020        | 36,000                       | -             | -                           | -                        | -                     | 36,000         | -                        | -                   |
| <b>Total</b>                                                                         | <b>2020</b> | <b>144,000</b>               | <b>-</b>      | <b>-</b>                    | <b>4,440</b>             | <b>-</b>              | <b>148,400</b> | <b>-</b>                 | <b>-</b>            |

# Remuneration Report (continued)

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## Option holdings of Directors and Executives

| Director      | Balance at<br>1 July | Received as<br>Remuneration | Options<br>Purchased | Options<br>Lapsed | Balance at<br>30 June |
|---------------|----------------------|-----------------------------|----------------------|-------------------|-----------------------|
| Gary Lyons    | -                    | 10,000,000                  | -                    | -                 | 10,000,000            |
| Mathew Walker | -                    | 10,000,000                  | -                    | -                 | 10,000,000            |
| Teck Wong     | -                    | 10,000,000                  | -                    | -                 | 10,000,000            |
| <b>Total</b>  | -                    | 30,000,000                  | -                    | -                 | 30,000,000            |

## Shareholdings of Directors and Executives

| Director      | Balance at<br>1 July | Received as<br>Remuneration | Acquired  | On Exercise of<br>Options | Balance at<br>30 June |
|---------------|----------------------|-----------------------------|-----------|---------------------------|-----------------------|
| Gary Lyons    | 6,164,114            | -                           | -         | -                         | 6,164,114             |
| Mathew Walker | 17,500,000           | -                           | 2,500,000 | -                         | 20,000,000            |
| Teck Wong     | 21,433,300           | -                           | -         | -                         | 21,433,300            |
| <b>Total</b>  | 45,097,414           | -                           | 2,500,000 | -                         | 47,597,414            |

## Other related party transactions

The Company has an agreement with Cicero Group Pty Ltd (CGC), a company related to Mr Walker, for corporate administration services including financial reporting, company secretarial services, rent and administrative operations. The charges for these services is \$6,000 per month (exc. GST). Charges are at commercial terms in accordance with the agreement entered into on 1 September 2012.

## End of Remuneration Report

# DIRECTORS' REPORT (CONTINUED)

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## Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the period and the number of meetings attended by each director were as follows:

| Directors     | Directors Meetings |          | Audit Committee meetings |          |
|---------------|--------------------|----------|--------------------------|----------|
|               | Eligible to attend | Attended | Eligible to attend       | Attended |
| Gary Lyons    | 2                  | 2        | -                        | -        |
| Mathew Walker | 2                  | 2        | -                        | -        |
| Teck Wong     | 2                  | 2        | -                        | -        |

In addition, there were 4 circular resolutions signed by the board. During the year, various due diligence meetings were conducted for potential project assessment and review.

## Proceedings on behalf of the Company

There are no proceedings on behalf of the Company.

## Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 19 and forms part of this directors' report for the year ended 30 June 2021.

## Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 16 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board.

Signed in accordance with a resolution of the directors.



**Mr Gary Lyons**

**Non-Executive Chairman**

Perth, Western Australia; Dated this 29<sup>th</sup> day of September 2021

## CORPORATE GOVERNANCE STATEMENT

eMetals Limited ("the Company") and the Board of Directors are committed to achieving the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement.

A description of the Group's main corporate governance practices is set out on the Company's website <https://www.emetalslimited.com.au/corporate-governance>. All these practices, unless otherwise stated, were in place for the entire year and comply with the ASX Corporate Governance Principles and Recommendations and are contained in the accompanying Appendix 4G for the year ended 30 June 2021.

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of eMetals 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  
29 September 2021

**N G Neill**  
Partner

**hlb.com.au**

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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**

|                                                      | Notes | 2021<br>\$       | 2020<br>\$         |
|------------------------------------------------------|-------|------------------|--------------------|
| <b>Continuing operations</b>                         |       |                  |                    |
| Other income                                         | 2     | 16,331           | 6,523              |
| Government grant and subsidies                       |       | 21,963           | -                  |
| Fair value gain on financial assets                  | 18    | 207,375          | -                  |
| Administration expenses                              | 2     | (277,890)        | (481,718)          |
| Director fees and Executive fees                     |       | (248,440)        | (148,778)          |
| Exploration expenses                                 |       | (291,279)        | (495,511)          |
| Share based payment expense                          | 7     | (278,069)        | -                  |
| Write-off exploration expenditure                    |       | (59,177)         | -                  |
| Fair value loss on financial assets                  |       | -                | (25,675)           |
| <b>Loss before income tax expense</b>                |       | <b>(909,186)</b> | <b>(1,145,159)</b> |
| Income tax expense                                   | 3     | -                | -                  |
| <b>Loss after tax from continuing operations</b>     |       | <b>(909,186)</b> | <b>(1,145,159)</b> |
| <b>Net loss for the year</b>                         |       | <b>(909,186)</b> | <b>(1,145,159)</b> |
| <b>Other comprehensive income, net of income tax</b> |       |                  |                    |
| <b>Total comprehensive loss for the year</b>         |       | <b>(909,186)</b> | <b>(1,145,159)</b> |
| Basic loss per share (cents per share)               | 4     | (0.22)           | (0.43)             |

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

|                                  | Note | 2021<br>\$       | 2020<br>\$       |
|----------------------------------|------|------------------|------------------|
| <b>Assets</b>                    |      |                  |                  |
| <b>Current Assets</b>            |      |                  |                  |
| Cash and cash equivalents        | 8    | 686,415          | 3,026,450        |
| Trade and other receivables      | 9    | 73,623           | 160,431          |
| Financial assets                 | 18   | 296,250          | 88,875           |
| <b>Total Current Assets</b>      |      | <b>1,056,288</b> | <b>3,275,756</b> |
| <b>Non-Current Assets</b>        |      |                  |                  |
| Deferred exploration expenditure | 10   | 2,798,092        | 575,250          |
| <b>Total Non-Current Assets</b>  |      | <b>2,798,092</b> | <b>575,250</b>   |
| <b>Total Assets</b>              |      | <b>3,854,380</b> | <b>3,851,006</b> |
| <b>Liabilities</b>               |      |                  |                  |
| <b>Current Liabilities</b>       |      |                  |                  |
| Trade and other payables         | 11   | 133,814          | 189,523          |
| <b>Total Current Liabilities</b> |      | <b>133,814</b>   | <b>189,523</b>   |
| <b>Total Liabilities</b>         |      | <b>133,814</b>   | <b>189,523</b>   |
| <b>Net Assets</b>                |      | <b>3,720,566</b> | <b>3,661,483</b> |
| <b>Equity</b>                    |      |                  |                  |
| Issued capital                   | 5    | 14,837,155       | 14,245,155       |
| Reserves                         | 6    | 1,172,913        | 796,644          |
| Accumulated losses               |      | (12,289,502)     | (11,380,316)     |
| <b>Total Equity</b>              |      | <b>3,720,566</b> | <b>3,661,483</b> |

The accompanying notes form part of these financial statements.

# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** **FOR THE YEAR ENDED 30 JUNE 2021**

## **Company**

|                                       | Issued Capital    | Accumulated Losses  | Share Based Payments Reserve | Total Equity     |
|---------------------------------------|-------------------|---------------------|------------------------------|------------------|
|                                       | \$                | \$                  | \$                           | \$               |
| <b>Balance at 1 July 2019</b>         | 9,844,618         | (10,235,157)        | 796,644                      | 406,105          |
| Loss for the year                     | -                 | (1,145,159)         |                              | (1,145,159)      |
| Total comprehensive loss for the year | -                 | (1,145,159)         | -                            | (1,145,159)      |
| <b>Balance at 30 June 2020</b>        | <b>14,245,155</b> | <b>(11,380,316)</b> | <b>796,644</b>               | <b>3,661,483</b> |

## **Consolidated**

|                                           | Issued Capital    | Accumulated Losses  | Share Based Payments Reserve | Total Equity     |
|-------------------------------------------|-------------------|---------------------|------------------------------|------------------|
|                                           | \$                | \$                  | \$                           | \$               |
| <b>Balance at 1 July 2020</b>             | 14,245,155        | (11,380,316)        | 796,644                      | 3,661,483        |
| Loss for the year                         | -                 | (909,186)           | -                            | (909,186)        |
| Total comprehensive loss for the year     | -                 | (909,186)           | -                            | (909,186)        |
| Shares issued during the year             | 592,000           | -                   | -                            | 592,000          |
| Options issued during the year            | -                 | -                   | 374,740                      | 374,740          |
| Performance shares issued during the year | -                 | -                   | 1,529                        | 1,529            |
| <b>Balance at 30 June 2021</b>            | <b>14,837,155</b> | <b>(12,289,502)</b> | <b>1,172,913</b>             | <b>3,720,566</b> |

The accompanying notes form part of these financial statements.

# **CONSOLIDATED STATEMENT OF CASH FLOWS** **FOR THE YEAR ENDED 30 JUNE 2021**

|                                                         | Note | 2021<br>\$         | 2020<br>\$  |
|---------------------------------------------------------|------|--------------------|-------------|
|                                                         |      | Inflows/(Outflows) |             |
| <b>Cash flows from operating activities</b>             |      |                    |             |
| Receipts from customers                                 |      | 7,928              | -           |
| Payments to suppliers and employees                     |      | (786,510)          | (1,073,853) |
| Government grants                                       |      | 21,963             | -           |
| Interest received                                       |      | 8,403              | 6,523       |
| Net cash used in operating activities                   | 8    | (748,216)          | (1,067,330) |
| <b>Cash flows from investing activities</b>             |      |                    |             |
| Deferred exploration expenditure                        |      | (1,591,819)        | (175,250)   |
| Net cash used in investing activities                   |      | (1,591,819)        | (175,250)   |
| <b>Cash flows from financing activities</b>             |      |                    |             |
| Proceeds from issue of shares                           |      | -                  | 4,354,000   |
| Payment for share issue costs                           |      | -                  | (353,463)   |
| Net cash provided by financing activities               |      | -                  | 4,000,537   |
| Net (decrease) / increase in cash held                  |      | (2,340,035)        | 2,757,957   |
| Cash and cash equivalents at the beginning of the year  | 8    | 3,026,450          | 268,493     |
| <b>Cash and cash equivalents at the end of the year</b> | 8    | 686,415            | 3,026,450   |

The accompanying notes form part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

The financial report is a general-purpose consolidated financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity registered in Australia and operating in Australia. For the purposes of preparing the annual financial report, the period has been treated as a discrete reporting period. The accounting policies below have been consistently applied to all of the years presented unless otherwise stated.

These financial statements have been prepared under the historical cost convention, and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets. The financial report is presented in Australian dollars.

#### (b) Adoption of new and revised standards

##### **Changes in accounting policies on initial application of Accounting Standards**

*Standards and Interpretations applicable to 30 June 2021:*

In the year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for the year 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 the Company and therefore no material change is necessary to Group accounting policies.

*Standards and Interpretations in issue not yet effective:*

The Directors have also reviewed all of the new and revised Standards and Interpretations issued but not yet effective that are relevant to the Company and effective for the annual reporting period beginning on or after 1 July 2020.

As a result of this review, the Directors have determined that there is no material impact of the new and revised standards and interpretations issued but not yet effective on the Company and therefore no material change is necessary to Group accounting policies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## FOR THE YEAR ENDED 30 JUNE 2021

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

#### (c) Statement of compliance

The financial report was authorised for issue on 29 September 2021.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

#### (d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

When the Company has less than a majority of the voting rights if an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

#### (e) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### *Exploration and evaluation costs carried forward*

In accordance with accounting policy Note 1(q) management determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. In determining this, various assumptions including the maintenance of title, ongoing expenditure and prospectively are made.

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

The Group measures the cost of equity-settled transactions by reference to the fair value of the services provided. Where the services provided cannot be reliably estimated fair value is measure by reference to the fair value of by the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model.

#### (f) Revenue recognition

Revenue is recognised to the extent that control has passed of the goods or services provided and it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### *Interest income*

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

#### *Government grants*

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

#### (g) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (h) Trade and other receivables

Trade receivables are measured on initial recognition at fair value. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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

#### (i) Financial Assets

##### *Recognition*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

##### *Subsequent measurement of financial assets*

The fair values of financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists, with gains or losses recognised in profit or loss.

##### *Impairment of financial assets*

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### (j) Derecognition of financial assets and financial liabilities

##### *(i) Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset, or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Company could be required to repay. When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

##### *(ii) Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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

#### (i) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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

#### (i) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### (j) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(k) Trade and other payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

**(l) Share-based payment transactions**

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of eMetals Limited (market conditions) if applicable.

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

**(m) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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

#### (n) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

#### (o) Segment Reporting

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

#### (p) Going concern

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

For the year ended 30 June 2021 the Group incurred a net loss of \$909,186 (2020: \$ 1,145,159), has working capital of \$626,224 (2020: \$2,997,358), a net cash outflow from operating activities amounting to \$922,474 (2020: \$3,086,233) and had cash available of \$686,415.

The Directors have reviewed the business outlook, cash flow forecasts and immediate capital requirements and are of the opinion that the use of the going concern basis of accounting is appropriate as the Directors believe the Group will be able to pay its debts as and when they fall due. In forming this view the Directors have taken into consideration the following:

- The Group's ability to reduce operational expenditure as and when required including, but not limited to, reviewing all expenditure for deferral or elimination, until the Group has sufficient funds to meet its liabilities as and when they fall due; and
- The Group has a solid history of obtaining support from investors, including in very difficult financial markets.

The Directors have carefully assessed the uncertainties relating to the likelihood of securing additional funding, the Group's ability to effectively manage their expenditures and cash flows from operations.

Should the Group not be successful in obtaining adequate funding, or adequately reducing operational expenditure as required, there is a material uncertainty that may cast significant doubt as to the ability of the Group to continue as a going concern and whether it will be able to realise its assets and discharge its liabilities in the ordinary course of business.

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

#### (q) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

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

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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### NOTE 2: REVENUES AND EXPENSES

|                                           | 2021<br>\$     | 2020<br>\$     |
|-------------------------------------------|----------------|----------------|
| <b>(a) Other income</b>                   |                |                |
| Interest income                           | 8,403          | 6,523          |
| Other income                              | 7,928          | -              |
|                                           | <u>16,331</u>  | <u>6,523</u>   |
| <b>(b) Administration expenses</b>        |                |                |
| Marketing and investor relations expenses | 64,382         | 102,997        |
| Legal                                     | 30,493         | 117,511        |
| Corporate fees                            | 72,000         | 48,040         |
| Accounting and audit                      | 37,641         | 81,436         |
| ASX and registry fees                     | 42,429         | 32,788         |
| Other administration expenses             | 30,945         | 98,946         |
|                                           | <u>277,890</u> | <u>481,718</u> |

### NOTE 3: INCOME TAX

#### Current tax expense

|                                                                              | 2021<br>\$       | 2020<br>\$         |
|------------------------------------------------------------------------------|------------------|--------------------|
| <b>(a) Income tax benefit</b>                                                | <u>-</u>         | <u>-</u>           |
| <b>(b) Numerical reconciliation between tax-expense and pre-tax net loss</b> |                  |                    |
| Loss from ordinary activities                                                | (909,186)        | (1,145,159)        |
|                                                                              | <u>(909,186)</u> | <u>(1,145,159)</u> |
| Income tax using the company's domestic tax rate of 26% (2020: 30%)          | (236,388)        | (343,548)          |
| Share based payments                                                         | 72,298           | -                  |
| Other non-deductible expenses/(deductible tax adjustments)                   | (453,874)        | 56,341             |
| Tax losses not brought to account as a deferred tax asset                    | 617,964          | 287,207            |
| Income tax benefit/(expense) attributable to entity                          | <u>-</u>         | <u>-</u>           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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### NOTE 3: INCOME TAX (continued)

#### (c) Tax losses

The deferred tax asset on the unused cumulative 2021 tax losses of \$8,032,665 (2020: \$6,160,509) has not been recognised as a deferred tax asset as the future recovery of these losses is subject to the Group satisfying the requirements imposed by the regulatory authorities. The benefit of deferred tax assets not brought to account will only be brought to account if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realized.
- The conditions for deductibility imposed by tax legislation continue to be complied with and no changes in tax legislation adversely effect of the Group in realising the benefit.

#### (d) Unrecognised temporary differences

|                                                                                                                   | 2021<br>\$ | 2020<br>\$ |
|-------------------------------------------------------------------------------------------------------------------|------------|------------|
| Net deferred tax assets calculated at 26% (2020: 30%) have not been recognised in respect of the following items: |            |            |
| Capital raising costs recognised directly in equity                                                               | 70,752     | -          |
| Provisions and accruals                                                                                           | 27,190     | 18,345     |
| Income tax losses not brought to account                                                                          | 2,088,493  | 2,157,240  |
| Other                                                                                                             | 25,675     | 143,774    |
| Unrecognised deferred tax assets relating to the above temporary differences                                      | 2,212,110  | 2,319,359  |

### NOTE 4: LOSS PER SHARE

|                                                                                      | 2021<br>Cents per share | 2020<br>Cents per share |
|--------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Basic loss per share                                                                 |                         |                         |
| Continuing operations                                                                | (0.22)                  | (0.43)                  |
|                                                                                      | \$                      | \$                      |
| Loss for the year                                                                    | (909,186)               | (1,145,159)             |
|                                                                                      | Number                  | Number                  |
| Weighted average number of ordinary shares for the purposes of basic loss per share: | 416,120,000             | 268,324,384             |

There are no potential ordinary shares that are considered dilutive, as a result no dilutive earnings per share has been disclosed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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### NOTE 5: ISSUED CAPITAL

| <i>Movements in ordinary shares on issue</i> | <b>2021<br/>\$</b> | <b>2020<br/>\$</b> | <b>2021<br/>No.</b> | <b>2020<br/>No.</b> |
|----------------------------------------------|--------------------|--------------------|---------------------|---------------------|
| At 1 July                                    | 14,245,155         | 9,844,618          | 410,200,000         | 157,500,000         |
| Movements during the period:                 |                    |                    |                     |                     |
| Shares issued as part of placement           | -                  | 4,354,000          | -                   | 217,700,000         |
| Shares issued for acquisition of RWG         | -                  | 200,000            | -                   | 10,000,000          |
| Shares issued for acquisition of assets      | 592,000            | 200,000            | 14,800,000          | 25,000,000          |
| Share issue costs                            | -                  | (353,463)          | -                   | -                   |
| At 30 June                                   | 14,837,155         | 14,245,155         | 425,000,000         | 410,200,000         |

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

| <i>Movements in options on issue</i>     | <b>2021<br/>\$</b> | <b>2020<br/>\$</b> | <b>2021<br/>No.</b> | <b>2020<br/>No.</b> |
|------------------------------------------|--------------------|--------------------|---------------------|---------------------|
| At 1 July                                | 796,644            | 796,644            | -                   | -                   |
| Movements during the period:             |                    |                    |                     |                     |
| Options issued to directors              | 276,540            | -                  | 30,000,000          | -                   |
| Options issued for acquisition of assets | 98,200             | -                  | 5,000,000           | -                   |
| At 30 June                               | 1,171,384          | 796,644            | 35,000,000          | -                   |

### NOTE 6: RESERVES

|                                     | <b>2021<br/>\$</b> | <b>2020<br/>\$</b> |
|-------------------------------------|--------------------|--------------------|
| <b>Share based payments reserve</b> |                    |                    |
| At 1 July                           | 796,644            | 796,644            |
| Options issued                      | 374,740            | -                  |
| Performance rights issued           | 1,529              | -                  |
| At 30 June                          | 1,172,913          | 796,644            |

#### Nature and purpose of reserves

##### *Share based payments reserve*

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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### NOTE 7: SHARE BASED PAYMENTS

|                                         | 2021           | 2020     |
|-----------------------------------------|----------------|----------|
|                                         | \$             | \$       |
| Options issued to directors             | 276,540        | -        |
| Performance rights issued to consultant | 1,529          | -        |
|                                         | <u>278,069</u> | <u>-</u> |

### Options Granted During the Year

The Group granted the following options during the year ended 30 June 2021:

| Recipient                                | Number of Options Issued | Grant Date  | Expiry Date | Exercise Price \$ | Total Value \$ |
|------------------------------------------|--------------------------|-------------|-------------|-------------------|----------------|
| Non-Executive Directors                  | 20,000,000               | 27 Nov 2020 | 31 Dec 2022 | 0.050             | 160,470        |
| Executive Directors                      | 10,000,000               | 12 May 2021 | 31 Dec 2022 | 0.050             | 116,070        |
| SOC Resources Pty Ltd (refer to note 19) | 5,000,000                | 3 Feb 2021  | 31 Dec 2022 | 0.050             | 98,200         |

| Underlying share price \$ | Exercise Price \$ | Expected volatility | Expected dividends | Risk free rate | Value per option \$ |
|---------------------------|-------------------|---------------------|--------------------|----------------|---------------------|
| 0.023                     | 0.050             | 100%                | Nil                | 0.10           | 0.0080              |
| 0.032                     | 0.050             | 100%                | Nil                | 0.08           | 0.0116              |
| 0.042                     | 0.050             | 100%                | Nil                | 0.09           | 0.0196              |

The fair value of the options at grant date was determined using a Black Scholes pricing method that took into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The table above lists the inputs to the model used for valuation of the unlisted options.

### Performance Rights Granted During the Year

On 31 May 2021, a total of 7,500,000 Performance Rights were issued to the Company's consultant. The Performance Rights were issued at nil cost and are subject to a vesting condition, as follows:

- (1) 2,500,000 Class A Performance Rights, to be issued subject to the terms of the employee incentive scheme and subject to the vesting on the date that the 15 Day VWAP of the Company's shares is equal to or in excess of \$0.10 per share and engaged with the Company as an eligible employee or contractor at the time of vesting.
- (2) 2,500,000 Class B Performance Rights, to be issued subject to the terms of the employee incentive scheme and subject to the vesting on the date that the 15 Day VWAP of the Company's shares is equal to or in excess of \$0.15 per share and engaged with the Company as an eligible employee or contractor at the time of vesting.
- (3) 2,500,000 Class C Performance Rights, to be issued subject to the terms of the employee incentive scheme and subject to the vesting on the date that the 15 Day VWAP of the Company's shares is equal to or in excess of \$0.20 per share and engaged with the Company as an eligible employee or contractor at the time of vesting.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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The assessed fair value of the Performance Rights was determined based on the probability of each of the vesting conditions being met, as follows:

### Class A Performance Rights

|                 |              |
|-----------------|--------------|
| Number          | 2,500,000    |
| Grant date      | 31 May 2021  |
| Expiry date     | 30 June 2024 |
| Probability (%) | 50%          |
| Value per Right | \$0.027      |
| Total Value     | \$33,750     |
| Charge in year  | \$899        |

### Class B Performance Rights

|                 |              |
|-----------------|--------------|
| Number          | 2,500,000    |
| Grant date      | 31 May 2021  |
| Expiry date     | 30 June 2024 |
| Probability (%) | 25%          |
| Value per Right | \$0.027      |
| Total Value     | \$16,875     |
| Charge in year  | \$450        |

### Class C Performance Rights

|                 |              |
|-----------------|--------------|
| Number          | 2,500,000    |
| Grant date      | 31 May 2021  |
| Expiry date     | 30 June 2024 |
| Probability (%) | 10%          |
| Value per Right | \$0.027      |
| Total Value     | \$6,750      |
| Charge in year  | \$180        |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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### NOTE 8: CASH AND CASH EQUIVALENTS

|                          | 2021           | 2020             |
|--------------------------|----------------|------------------|
|                          | \$             | \$               |
| Cash at hand and in bank | 686,415        | 3,026,450        |
|                          | <u>686,415</u> | <u>3,026,450</u> |

Cash at bank earns interest at floating rates on daily bank deposit rates.

### Reconciliation of loss for the year to net cash flows from operating activities

|                                                                  | 2021             | 2020               |
|------------------------------------------------------------------|------------------|--------------------|
| Loss after tax for the period                                    | (909,186)        | (1,145,159)        |
| Adjustments for:                                                 |                  |                    |
| (Gain) / loss on revaluation of financial assets                 | (207,375)        | 25,675             |
| Share based payment expenses                                     | 278,069          | -                  |
| Write-off exploration expenditure                                | 59,177           | -                  |
| Decrease / (increase) in trade receivables and other receivables | 86,808           | (53,330)           |
| (Decrease) / increase in trade and other payables                | (55,709)         | 105,484            |
| Net cash (used in) operating activities                          | <u>(748,216)</u> | <u>(1,067,330)</u> |

### NOTE 9: TRADE AND OTHER RECEIVABLES

|                                    | 2021          | 2020           |
|------------------------------------|---------------|----------------|
|                                    | \$            | \$             |
| Goods and services tax receivables | 73,623        | 76,892         |
| Prepayments                        | -             | 64,103         |
| Other debtors                      | -             | 19,436         |
| Balance at 30 June                 | <u>73,623</u> | <u>160,431</u> |

### NOTE 10: DEFERRED EXPLORATION EXPENDITURE

|                                                                       | 2021             | 2020           |
|-----------------------------------------------------------------------|------------------|----------------|
|                                                                       | \$               | \$             |
| Expenditure brought forward                                           | 575,250          | -              |
| Exploration assets recognised upon acquisition of RWG (refer note 18) | -                | 200,000        |
| Acquisition of tenements paid through shares issued                   | 592,000          | 200,000        |
| Acquisition of tenements paid through options issued                  | 98,200           | -              |
| Cash consideration on acquisition of tenements                        | 50,000           | 175,000        |
| Expenditure incurred during year                                      | 1,541,819        | 250            |
| Write-off exploration expenditure                                     | (59,177)         | -              |
| Expenditure carried forward                                           | <u>2,798,092</u> | <u>575,250</u> |

The recoupment of cost carried forward in relation to the above area of interest in the exploration phase is dependent on the successful development and commercial exploitation or sale of the respective area.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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### NOTE 11: TRADE AND OTHER PAYABLES (CURRENT)

|                             | 2021    | 2020    |
|-----------------------------|---------|---------|
|                             | \$      | \$      |
| Trade payables <sup>1</sup> | 110,814 | 130,940 |
| Accrued expenses            | 23,000  | 58,583  |
| Balance at 30 June          | 133,814 | 189,523 |

<sup>1</sup> Trade payables are non-interest bearing and are normally settled on 60-day terms.

### NOTE 12: FINANCIAL INSTRUMENTS

|                              | 2021      | 2020      |
|------------------------------|-----------|-----------|
|                              | \$        | \$        |
| <b>Financial assets</b>      |           |           |
| Receivables                  | 73,623    | 83,539    |
| Financial assets             | 296,250   | 88,875    |
| Cash and cash equivalents    | 686,415   | 3,026,450 |
| Balance at end of year       | 1,056,288 | 3,198,864 |
| <b>Financial liabilities</b> |           |           |
| Trade and other payables     | 133,814   | 189,523   |
| Balance at end of year       | 133,814   | 189,523   |

The following table details the expected maturity/s for the Company's non-derivative financial assets. These have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

|                                    | Weighted average<br>effective interest<br>rate<br>% | Less than 1<br>month<br>\$ | 1 – 3<br>Months<br>\$ | 3 months –<br>1 year<br>\$ | 1 – 5<br>years<br>\$ | 5+<br>years<br>\$ |
|------------------------------------|-----------------------------------------------------|----------------------------|-----------------------|----------------------------|----------------------|-------------------|
| <b>2021</b>                        |                                                     |                            |                       |                            |                      |                   |
| Non-interest bearing               | -                                                   | 369,873                    | -                     | -                          | -                    | -                 |
| Variable interest rate instruments | 0.410                                               | 686,415                    | -                     | -                          | -                    | -                 |
| Fixed interest rate instruments    | -                                                   | -                          | -                     | -                          | -                    | -                 |
|                                    |                                                     | 1,056,288                  | -                     | -                          | -                    | -                 |
| <b>2020</b>                        |                                                     |                            |                       |                            |                      |                   |
| Non-interest bearing               | -                                                   | 249,306                    | -                     | -                          | -                    | -                 |
| Variable interest rate instruments | 0.9                                                 | 3,026,450                  | -                     | -                          | -                    | -                 |
| Fixed interest rate instruments    | -                                                   | -                          | -                     | -                          | -                    | -                 |
|                                    |                                                     | 3,275,756                  | -                     | -                          | -                    | -                 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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FOR THE YEAR ENDED 30 JUNE 2021

## NOTE 12: FINANCIAL INSTRUMENTS (continued)

The following tables detail the Company's remaining contractual maturity/s for its non-derivative financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

|                                       | Weighted average<br>effective interest<br>rate<br>% | Less than 1<br>month<br>\$ | 1 – 3<br>Months<br>\$ | 3 months –<br>1 year<br>\$ | 1 – 5<br>years<br>\$ | 5+<br>years<br>\$ |
|---------------------------------------|-----------------------------------------------------|----------------------------|-----------------------|----------------------------|----------------------|-------------------|
| <b>2021</b>                           |                                                     |                            |                       |                            |                      |                   |
| Non-interest bearing                  | -                                                   | 133,814                    | -                     | -                          | -                    | -                 |
| Variable interest rate<br>instruments | -                                                   | -                          | -                     | -                          | -                    | -                 |
| Fixed interest rate instruments       | -                                                   | -                          | -                     | -                          | -                    | -                 |
|                                       |                                                     | 133,814                    | -                     | -                          | -                    | -                 |
| <b>2020</b>                           |                                                     |                            |                       |                            |                      |                   |
| Non-interest bearing                  | -                                                   | 189,523                    | -                     | -                          | -                    | -                 |
| Variable interest rate<br>instruments | -                                                   | -                          | -                     | -                          | -                    | -                 |
| Fixed interest rate instruments       | -                                                   | -                          | -                     | -                          | -                    | -                 |
|                                       |                                                     | 189,523                    | -                     | -                          | -                    | -                 |

The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity. The carrying amount of the financial assets, and financial liabilities measured at fair value on a non-recurring basis approximates their fair value.

### Financial risk management objectives and policies:

The Company has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Market risk
- Capital risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The Company's principal financial instruments comprise cash and short-term deposits and equity investments. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Company. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the year under review, it has been the Company's policy not to trade in financial instruments, other than available-for-sale financial assets in the form of listed shares.

### NOTE 12: FINANCIAL INSTRUMENTS (continued)

#### (a) Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. An example is that the Company only dealt with the NAB for Term Deposits during the year. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rate its major customers and suppliers. The Company's exposure and the credit ratings of its counter-parties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board annually.

The Company does not have any significant credit risk exposure to the NAB. The credit risk on liquid funds and Term Deposits is reduced because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

#### (b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company did not have any undrawn facilities at its disposal as at balance date.

#### (c) Interest rate risk management

The Company is exposed to interest rate risk as the Company deposits the bulk of the Company's cash reserves in Short Term Deposits with the NAB or other acceptable Australian Banking entities. The risk is managed by the Company by maintaining an appropriate mix between short term deposits and at call deposits. The Company's exposure to interest rate on financial assets is detailed in the interest rate risk sensitivity analysis section of this note.

##### *Interest rate risk sensitivity analysis*

The sensitivity analyses have been determined based on the Company's cash and cash equivalent exposure to interest rates. A 100 basis point increase or decrease is used when reporting interest rate risk. The Company's sensitivity to interest rates may decrease during the current period depending on the use of the cash reserves of the Company. The effect on loss and equity as a result of change in the interest rate, with all other variables remaining constant would be immaterial.

#### (d) Foreign currency sensitivity analysis

The Company has no material exposure to foreign currency fluctuations.

#### (e) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is exposed to movements in market interest rates on short term deposits. The Company does not have short or long term debt, and therefore the risk is minimal. The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have acceptable credit ratings. The Company's sensitivity to equity prices has increased during the year as result of changes in fair value of equity investments. A 100 basis point change in fair value would result in a immaterial change in fair value.

The Company may be exposed to currency risk on international investments and purchases that are denominated in a currency other than the respective currencies of the Company. There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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FOR THE YEAR ENDED 30 JUNE 2021

## NOTE 12: FINANCIAL INSTRUMENTS (continued)

### (f) Capital Risk Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. Due to the nature of the Company's planned activities, being mineral exploration, it does not have ready access to credit facilities and therefore is not subject to any externally imposed capital requirements, with the primary source of Company funding being equity raisings. Accordingly, the objective of the Company's capital risk management is to balance the current working capital position against the requirements to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

## NOTE 13: COMMITMENTS AND CONTINGENCIES

### Commitments

#### *Tenement Related Commitments and Contingencies*

In order to maintain rights of tenure of its Australian located mineral tenements, the Company is required to outlay certain amounts in respect of rent and minimum expenditure requirements set by the Western Australian State Government Mines Department. The Company's commitments to meet this minimum level of expenditure are approximately \$720,500 (2020: \$1,160,354) annually.

|                                                                        | 2021          | 2020            |
|------------------------------------------------------------------------|---------------|-----------------|
| Commitments for exploration expenditure on Western Australian Projects | \$            | \$              |
| Not longer than 1 year                                                 | 157,500       | 368,500         |
| Longer than 1 year and less than 2 years                               | 102,000       | 388,254         |
| Longer than 2 year and less than 5 years                               | 461,000       | 403,600         |
|                                                                        | <hr/> 720,500 | <hr/> 1,160,354 |

## NOTE 14: EVENTS AFTER THE BALANCE DATE

There has been no matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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### NOTE 15: DIRECTORS AND EXECUTIVES DISCLOSURES

#### (a) Details of Directors and Executives

The following persons were directors and executives of eMetals Limited during the financial year:

- Mathew Walker Executive Director
- Gary Lyons Non-executive Chairman
- Teck Wong Non-executive Director

Directors and executives remuneration has been included in the Remuneration Report section of the Directors' Report.

#### (b) Key Management Personnel Compensation

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

The totals of remuneration paid to KMP of the Company during the year are as follows:

|                              | 2021    | 2020    |
|------------------------------|---------|---------|
|                              | \$      | \$      |
| Short-term employee benefits | 164,000 | 144,000 |
| Post-employment benefits     | 4,440   | 4,440   |
| Bonuses                      | 80,000  | -       |
| Share-based payments         | 276,540 | -       |
| Total KMP compensation       | 524,980 | 148,440 |

### NOTE 16: RELATED PARTY DISCLOSURES

The Company has an agreement with Cicero Group Pty Ltd (CGC), a company related to Mr Walker, for corporate administration services including financial reporting, company secretarial services, rent and administrative operations. The charges for these services is \$6,000 per month (exc. GST). Charges are at commercial terms in accordance with the agreement entered into on 1 September 2012.

### NOTE 17: AUDITOR'S REMUNERATION

The auditor of eMetals Limited is HLB Mann Judd.

Amounts received or due and receivable by HLB Mann Judd for:

|                                             | 2021   | 2020   |
|---------------------------------------------|--------|--------|
|                                             | \$     | \$     |
| Independent expert report                   | -      | 6,000  |
| Investigating accountant report             | -      | 6,000  |
| Audit or review of the financial statements | 30,637 | 28,738 |
| Total                                       | 30,637 | 40,738 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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### NOTE 18: FINANCIAL ASSETS

|               | 2021    | 2020   |
|---------------|---------|--------|
|               | \$      | \$     |
| Listed Shares | 296,250 | 88,875 |
| Total         | 296,250 | 88,875 |

Listed shares are level 1 in the fair value hierarchy. Increment to market value of \$207,375 (2020: decrement of \$25,675) has been recognised at balance date.

The shares classified as fair value through profit or loss.

### NOTE 19: ACQUISITION OF ASSETS

- (i) On 4 February 2021, the Company announced that it has entered into an agreement to acquire 100% of the fully paid ordinary shares in the capital of SOC Resources Pty Ltd (**SOC**), the legal and beneficial holder of three (3) granted exploration licences and one (1) exploration licence application, each located in Western Australia.

In consideration for the acquisition the Company has agreed to issue the Vendor:

- 5,000,000 fully paid ordinary shares in the capital of the Company; and
- 5,000,000 options to acquire fully paid ordinary shares in the capital of the Company, exercisable at \$0.05 on or before 31 December 2022.

The acquisition of SOC was determined as an asset acquisition, rather than a business combination since SOC does not carry on a business.

- (ii) On 5 February 2021, the Company announced that it has issued 9,800,000 fully paid ordinary shares pursuant to the Binding Term Sheet to acquire 100% of the issued capital of Iron Clad Prospecting Pty Ltd (**ICP**), the 100% legal and beneficial holder of 2 granted exploration licences (E09/2302 (Pyramid Hill) and E09/2358 (Nardoo West)) located in the Gascoyne region of Western Australia in the vicinity of the Company's Nardoo Rare Metals Project.

The acquisition of ICP was determined as an asset acquisition, rather than a business combination since ICP does not carry on a business.

- (iii) In June 2020, the Company acquired 100% legal and beneficial right, title and interest in Western Australian mineral tenement E20/896 and a 90% legal and beneficial right, title and interest in Western Australian mineral tenement E20/885 (**Tenements**) from Venus Metals Corporation Limited (**VMC**), for the collective purchase consideration as below:

- A\$15,000 paid on the execution of the Agreement;
- A\$145,000 paid on the Settlement Date (17 June 2020);
- The assumption of VMC's existing joint venture arrangement with Bruce Legendre in relation to E20/885, which entitles Mr Legendre to a free carried 10% interest until such time as eMetals makes a decision to mine on that tenement;
- A royalty of A\$0.50 per tonne of ore extracted for mining purposes (ie not waste product) from E20/896, payable only on and from commercial mining on that tenement;
- Two royalties which together aggregate to a 1.5% net smelter royalty to historical explorers and prospectors on E20/885, payable only on and from commercial mining on that tenement;
- Performance payments of up to A\$100,000 subject to and conditional upon the achievement of the following performance milestones:
  - (i) A\$50,000 payable upon the definition of an inferred mineral resource of not less than 200,000 tonnes of Li<sub>2</sub>O or equivalent at 1% on either Tenement; and
  - (ii) A\$50,000 payable upon the definition of a probable mineral ore reserve of not less than not less than 200,000 tonnes of Li<sub>2</sub>O or equivalent at 1% on either Tenement.

- (iv) In March 2020, the Company acquired 100% of the legal and beneficial right, title and interest in E09/ 2156 (**Tenement**) in consideration for, A\$15,000 in immediately available funds, 25,000,000 fully paid ordinary shares in the capital of the Company issued at \$0.008 per Share (total consideration \$215,000) and a royalty of A\$0.50 per tonne of ore extracted from the area within the Tenement, payable in cash.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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### NOTE 19: ACQUISITION OF ASSETS (continued)

(v) On 27 March 2018, the Company announced that it had entered into a binding Term Sheet for the acquisition of 100% of the issued capital in RWG Minerals Pty Ltd (**RWG**) (ACN 601 019 112), held by GWR Group Limited (ACN 102 622 051) (**Vendor**). A summary of the consideration for and conditions precedent to the Acquisition are set out in the announcement dated 27 March 2018. RWG has 100% interests in 4 (four) granted exploration licences located in Western Australia.

On 21 January 2020, the conditions precedent to the Company's acquisition of 100% of the issued capital in RWG held by the Vendor have been satisfied and the Company has completed its acquisition of RWG (accounted for as an asset acquisition) through the issue of 10,000,000 shares (**Consideration Shares**).

| Consideration  | Total Shares<br>No. | Cost per share<br>\$ | Total cost<br>\$ |
|----------------|---------------------|----------------------|------------------|
| Issued capital | 10,000,000          | 0.02                 | 200,000          |

| Assets Acquisition accounting is as follows:    |  |  | \$      |
|-------------------------------------------------|--|--|---------|
| Exploration and Evaluation asset on acquisition |  |  | 200,000 |

At the date of acquisition RWG has no asset other than the 4 (four) granted exploration licences and there are no liabilities outstanding.

### NOTE 20: CONTINGENT LIABILITIES

The Company has a contingent liability under the Acquisition Agreement entered with Venus Metals Corporation Limited (**VMC**) (ACN 123 250 582) signed in June 2020 to acquire a 100% legal and beneficial right, title and interest in Western Australian mineral tenement E20/896 and a 90% legal and beneficial right, title and interest in Western Australian mineral tenement E20/885 (**Tenements**). Contingent payments remaining at year end are:

- A royalty of A\$0.50 per tonne of ore extracted for mining purposes (ie not waste product) from E20/896, payable only on and from commercial mining on that tenement;
- Two royalties which together aggregate to a 1.5% net smelter royalty to historical explorers and prospectors on E20/885, payable only on and from commercial mining on that tenement;
- Performance payments of up to A\$100,000 subject to and conditional upon the achievement of the following performance milestones:
  - (iii) A\$50,000 payable upon the definition of an inferred mineral resource of not less than 200,000 tonnes of Li<sub>2</sub>O or equivalent at 1% on either Tenement; and
  - (iv) A\$50,000 payable upon the definition of a probable mineral ore reserve of not less than not less than 200,000 tonnes of Li<sub>2</sub>O or equivalent at 1% on either Tenement.

There are no further material contingent liabilities outstanding at the end of the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2021

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### NOTE 21: SUBSIDIARIES

The consolidated financial statements include the assets, liabilities and results of the following subsidiaries:

| Entity                        | Incorporation | 2021<br>Ownership | 2020<br>Ownership |
|-------------------------------|---------------|-------------------|-------------------|
| RWG Minerals Pty Ltd          | Australia     | 100%              | 100%              |
| SOC Resources Pty Ltd         | Australia     | 100%              | 0%                |
| Iron Clad Prospecting Pty Ltd | Australia     | 100%              | 0%                |

### NOTE 22: PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 1 for a summary of the significant accounting policies relating to the Group.

|                     | 2021<br>\$   | 2020<br>\$   |
|---------------------|--------------|--------------|
| <b>Assets</b>       |              |              |
| Current assets      | 1,056,288    | 3,186,881    |
| Non-current assets  | 2,798,092    | 664,125      |
| Total assets        | 3,854,380    | 3,851,006    |
| <b>Liabilities</b>  |              |              |
| Current liabilities | 133,814      | 189,523      |
| Total liabilities   | 133,814      | 189,523      |
| <b>Equity</b>       |              |              |
| Issued capital      | 14,837,155   | 14,245,155   |
| Reserves            | 1,172,913    | 796,644      |
| Accumulated losses  | (12,289,502) | (11,380,316) |
| Total equity        | 3,720,566    | 3,661,483    |

## DIRECTORS' DECLARATION

1. In the opinion of the directors of eMetals Limited ('the Group'):
  - a. the financial statements and notes of the Group are in accordance with the Corporations Act 2001 including:
    - i. giving a true and fair view of the Group's financial position as at 30 June 2021 and the Company's performance for the year then ended; and
    - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - 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.
  - c. The financial statements and note thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

This declaration is signed in accordance with a resolution of the Board of Directors.



**Mr Gary Lyons**  
**Non-Executive Chairman**

Perth, Western Australia; Dated this 29<sup>th</sup> day of September 2021



## INDEPENDENT AUDITOR'S REPORT

To the members of eMetals Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of eMetals 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.

#### *Material uncertainty related to going concern*

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Accounting for the acquisitions of SOC Resources Pty Ltd and Iron Clad Prospecting Pty Ltd</b><br>Refer to Note 19                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p>During the year the Company acquired 100% of the share capital of SOC Resources Pty Ltd and Iron Clad Prospecting Pty Ltd. The accounting treatment applied by the Company, and the fair value assigned to the consideration paid, resulted in \$592,000 of acquisition costs being capitalised to the balance sheet.</p> <p>Such acquisitions require careful consideration as to whether they should be treated as a business combination under AASB 3 <i>Business Combinations</i>, or outside the scope of this standard as an asset acquisition. The assessment of the appropriate treatment is complex and requires significant judgement by the Company.</p>                                                                                                                        | <p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• We performed our own assessment by applying the provisions of the AASB 3 <i>Business Combinations</i> standard to determine whether the acquisitions were within the scope of that standard.</li> <li>• Assessed the fair value assigned to the equity consideration and the timing of recognition to ensure compliance with AASB 2 <i>Share-Based Payments</i>.</li> <li>• Assessed whether there were any deferred tax impacts of the acquisitions.</li> </ul>                                                                                                                                                                                                                                                                                                                                                    |
| <b>Exploration and evaluation asset</b><br>Refer to Note 10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p>In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group capitalises all exploration and evaluation expenditure, including acquisition costs and subsequently applies the cost model after recognition.</p> <p>Our audit focused on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group. We planned our work to address the audit risk that the capitalised expenditure may no longer meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.</p> | <p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest;</li> <li>• We considered management's assessment of potential indicators of impairment;</li> <li>• We obtained evidence that the Group has current rights to tenure of its areas of interest;</li> <li>• We examined the exploration budget for the year ending 30 June 2022 and discussed with management the nature of planned ongoing activities;</li> <li>• We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at any of its areas of interest; and</li> <li>• We examined the disclosures made in the financial report.</li> </ul> |

*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 eMetals 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

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

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

**Perth, Western Australia**  
**29 September 2021**

A handwritten signature in blue ink that reads 'Norman G Neill'.

**N G Neill**  
**Partner**

## ADDITIONAL SHAREHOLDER INFORMATION

### A. CORPORATE GOVERNANCE

A statement disclosing the extent to which the Group has followed the best practice recommendations set by the ASX Corporate Governance Council during the period is contained in the Corporate Governance Statement which is available on the Company website.

### B. SHAREHOLDING

#### 1. Substantial Shareholders

|                                  |            |        |
|----------------------------------|------------|--------|
| CITICORP NOMINEES PTY LIMITED    | 69,403,908 | 16.33% |
| VENUS METALS CORPORATION LIMITED | 37,500,000 | 8.82%  |
| GWR GROUP LIMITED                | 30,788,460 | 7.24%  |

#### 2. Number of holders in each class of equity securities and the voting rights attached (as at 29 September 2021)

##### Ordinary Shares

There are 858 holders of ordinary shares. Each shareholder is entitled to one vote per share held.

In accordance with the Company's Constitution, on a show of hands every number present in person or by proxy or attorney or duly authorized representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorized representative has one vote for every fully paid ordinary share held.

##### Options (unlisted)

Unlisted Options (\$0.05 – 31/12/2022 expiry) 35,000,000

##### Performance Rights

Performance Rights 7,500,000

#### 3. Distribution schedule of the number of holders in each class of equity security as at 29 September 2021.

##### a) Fully Paid Ordinary Shares

| Holding Ranges                           | Holders    | Total Units        | % Issued Share Capital |
|------------------------------------------|------------|--------------------|------------------------|
| above 0 up to and including 1,000        | 23         | 3,506              | 0.00%                  |
| above 1,000 up to and including 5,000    | 48         | 204,296            | 0.05%                  |
| above 5,000 up to and including 10,000   | 39         | 348,045            | 0.08%                  |
| above 10,000 up to and including 100,000 | 441        | 21,452,103         | 5.05%                  |
| above 100,000                            | 307        | 402,992,050        | 94.82%                 |
| <b>Totals</b>                            | <b>858</b> | <b>425,000,000</b> | <b>100.00%</b>         |

##### b) Unquoted securities (Unlisted Options and Performance Rights)

| Holding Ranges                           | Holders   | Total Units       | % Unquoted Securities |
|------------------------------------------|-----------|-------------------|-----------------------|
| above 0 up to and including 1,000        | -         | -                 | -                     |
| above 1,000 up to and including 5,000    | -         | -                 | -                     |
| above 5,000 up to and including 10,000   | -         | -                 | -                     |
| above 10,000 up to and including 100,000 | -         | -                 | -                     |
| above 100,000                            | 14        | 42,500,000        | 100%                  |
| <b>Totals</b>                            | <b>14</b> | <b>42,500,000</b> | <b>100.00%</b>        |

## 4. Marketable Parcel

There are two hundred and thirty-two (232) shareholders with less than a marketable parcel (basis price \$0.02).

## 5. Twenty largest holders of each class of quoted equity security.

The names of the twenty largest holders of each class of quoted equity security, the number of equity security each holds and the percentage of capital each holds (as at 29 September 2021) is as follows:

### a) Ordinary shares top 20 holders and percentage held

| Position | Holder Name                                               | Holding            | % IC   |
|----------|-----------------------------------------------------------|--------------------|--------|
| 1        | CITICORP NOMINEES PTY LIMITED                             | 69,403,908         | 16.33% |
| 2        | VENUS METALS CORPORATION LIMITED                          | 37,500,000         | 8.82%  |
| 3        | GWR GROUP LIMITED                                         | 30,788,460         | 7.24%  |
| 4        | GREAT SOUTHERN FLOUR MILLS PTY LTD                        | 20,000,000         | 4.71%  |
| 5        | TURNQUEST INVESTMENTS LIMITED                             | 17,200,000         | 4.05%  |
| 6        | STATION NOMINEES PTY LTD <STATION SUPER FUND A/C>         | 11,800,000         | 2.78%  |
| 7        | MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>          | 11,394,282         | 2.68%  |
| 8        | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                 | 10,593,564         | 2.49%  |
| 9        | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2         | 7,948,355          | 1.87%  |
| 10       | SABRELINE PTY LTD <JPR INVESTMENT A/C>                    | 7,300,000          | 1.72%  |
| 11       | MR GARY LYONS & MS TATJANA CUSMANO <LYONS SUPER FUND A/C> | 6,164,114          | 1.45%  |
| 12       | MR PAUL SIMON DONGRAY <THE DONGRAY FAMILY NO 2 A/C>       | 6,000,000          | 1.41%  |
| 13       | TA SECURITIES HOLDINGS BERHAD                             | 5,315,000          | 1.25%  |
| 14       | MR TECK SIONG WONG                                        | 5,000,000          | 1.18%  |
| 15       | MRS MARISA MACKOW                                         | 4,837,630          | 1.14%  |
| 16       | BLUEBAY INVESTMENTS GROUP CORPORATION                     | 4,633,300          | 1.09%  |
| 17       | CHENG PING LING                                           | 4,000,000          | 0.94%  |
| 18       | RIMOYNE PTY LTD                                           | 3,828,000          | 0.90%  |
| 19       | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                 | 3,517,000          | 0.83%  |
| 20       | GOLDEN STATE CAPITAL                                      | 3,500,000          | 0.82%  |
|          | <b>Total</b>                                              | <b>270,723,613</b> |        |
|          | <b>Total issued capital - selected security class(es)</b> | <b>425,000,000</b> |        |

## 6. Company Secretary

The name of the company secretary is Sonu Cheema.

## 7. Address and telephone details of the entity's registered administrative office and principle place of business:

Suite 9, 330 Churchill Avenue  
 SUBIACO WA 6008  
 Telephone: (08) 6489 1600  
 Fax: (08) 6489 1601

## 8. Address and telephone details of the office at which a registry of securities is kept:

Automic  
 Level 2  
 267 St Georges Terrace  
 Perth WA 6000  
 Telephone: 1300 288 664

## 9. Stock exchange on which the Group's securities are quoted:

The Group's listed equity securities are quoted on the Australian Securities Exchange.

## 10. Restricted Securities

The Group has 10,000,000 restricted securities.

## 11. Review of Operations

A review of operations is contained in the Directors' Report.

## 12. Tenement Schedule

| Tenement | Project      | Interest (%) | Area (Blocks) | Grant Date | Expiry Date    |
|----------|--------------|--------------|---------------|------------|----------------|
| E09/2114 | NARDOO WELL  | 100          | 42            | 28/08/2015 | 27/08/2025     |
| E29/0950 | TWIN HILLS   | 100          | 10            | 23/09/2015 | 22/09/2025     |
| E20/0885 | POONA        | 90           | 50            | 26/07/2016 | Renewal lodged |
| E09/2156 | YINNETHARRA  | 100          | 35            | 6/02/2017  | 5/02/2022      |
| E46/1095 | COOKES CREEK | 100          | 13            | 5/04/2017  | 4/04/2022      |
| E20/0896 | POONA        | 100          | 32            | 9/10/2017  | 8/10/2022      |
| E46/1163 | COOKES CREEK | 100          | 3             | 8/02/2018  | 7/02/2023      |
| E09/2302 | PYRAMID HILL | 100          | 34            | 13/03/2019 | 12/03/2024     |
| E09/2358 | NARDOO WEST  | 100          | 35            | 18/05/2020 | 17/05/2025     |
| E20/0963 | KYARRA       | 100          | 67            | 1/07/2021  | 30/06/2026     |
| E20/0964 | KYARRA       | 100          | 148           | 1/07/2021  | 30/06/2026     |
| E63/2049 | DEMPSTER     | 100          | 26            | 21/09/2020 | 20/09/2025     |
| E09/2463 | LYONS        | 100          | 28            | -          | -              |
| E09/2464 | LYNDON       | 100          | 69            | -          | -              |
| E20/0976 | MEKA         | 100          | 19            | -          | -              |
| E63/2066 | FITZGERALD   | 100          | 31            | 10/12/2020 | 9/12/2025      |
| E70/5654 | KENT         | 100          | 9             | 23/12/2020 | 22/12/2025     |
| E09/2472 | LYONS        | 100          | 40            | -          | -              |