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# ANNUAL REPORT

PEAKO LIMITED
2021

Peako

ASX:PKO

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Peako

# Corporate Directory

## Directors

Geoffrey Albers — Non-Executive Chairman
Raewyn Clark — Executive Director
Paul Kitto — Non-Executive Director
*Appointed 20 September 2021*
Darryl Clark — Non-Executive Director
*Resigned 20 September 2021*

## Company Secretary

Robert Wright

## Registered Office

Level 1, 10 Yarra Street, South Yarra
Victoria, 3141 Australia
Website: www.peako.com.au
Email: info@peako.com.au
Ph: (03) 8610 4702
Fax: (03) 8610 4799

## Auditor

Grant Thornton Audit Pty Ltd
Collins Square, Tower 5
727 Collins Street
Melbourne, Victoria 3008
Australia

## Share Registry

Automic Pty Ltd
Level 3
50 Holt Street
Surry Hills, NSW 2010, Australia

Telephone: 1300 288 664 (within Australia)
Telephone: +61 (2) 9698 5414 (outside Australia)
Website: www.automic.com.au

## Securities Exchange Listing

ASX Limited
Level 4, North Tower, Rialto
525 Collins Street
Melbourne Victoria 3000
Website: www.asx.com.au

ASX Codes: PKO – Ordinary Shares

Incorporated in Western Australia 25 June 2008

## Contents

## Chairman's Letter

The past 12 months have seen the continued evolution to the strategic future that we envisaged for the Company as a result of the corporate reorganisation of Peako Limited (some years ago now), with a focus of exploration activities in Western Australia. The Company originally centred its interest on the Broadhurst project in the Paterson region, but in the recent years, we have focussed on our Eastman tenement in the East Kimberley.

We saw a future for Peako in base metals, predicated on our positive perception of the attractiveness of emerging concepts for innovative forms of energy generation, storage, transmission and usage. We have since expanded the original vision that we saw for the East Kimberley to also encompass the search for gold and rare earths in the region.

Our Operations Review in this Annual Report contains a summary of the activities in each of our project areas, including our original tenements in the Paterson region, which were part of the Company's portfolio on its formation and at its subsequent listing on the ASX.

Our activities in the past year were substantially focused on our tenements in the East Kimberley, albeit with some limitations in respect to field work during the first half as a result of travel and border restrictions brought about by the COVID-19 pandemic. However, we did not allow this impediment to unduly restrict our exploration efforts, as during this period we used other exploration tools not affected by border restrictions. We embraced a phase of digital capture of historical data from exploration undertaken by many explorers over more than 40 years in the Eastman area in order to maximise our knowledge of geology and to develop potential mineralisation models to define and prioritise targets. We invested in a SQL database that empowers streamlined workflows for data capture and will maximise data integration to drive our geological understanding across our tenement areas.

We acquired new data across our granted East Kimberley tenements via Worldview-3 Satellite imagery, with specialist geo-scientific spectral processing undertaken by Exploration Mapping Group, Inc. in the United States. Interpretation of the WorldView-3 data, integrated with historical data, was used to generate a suite of targets and to plan an intensive field campaign which commenced in April 2021, as soon as the wet season ended, and is now in the process of concluding.

A key outcome of our data compilation work during the first half of the year was the recognition of a latent gold potential across the Eastman E80/4990 tenement which we consider to have been widely overlooked by past explorers. This led us to apply for additional tenements during the year to encompass areas identified as having prospectivity for gold. The Operations Review in this Annual Report includes a map showing our East Kimberley tenement holdings and gives an indication of the strength and extent of our conviction in regard to these new application areas.

For the foreseeable future, our strategy is one of exploration to discover, prove and develop resources in our own right. There was a time when this was impractical and unworkable because of the lack of depth of funding for junior companies in Australia. At least for the foreseeable future this is no longer the case. I am confident that our Company can carry a discovery on to proof of resource, through to development and into production. Our challenge is to make the discovery!

I have pleasure in welcoming to our Board, Dr Paul Kitto. Dr Kitto has a wealth of experience within the mining industry in Australia and internationally and brings both technical exploration expertise at the highest levels, as well as corporate experience in strategy, finance and resource portfolio development. I thank Dr Darryl Clark, who has recently resigned, for his valued contributions as a board member including in guiding our strategies and targets over the past two years and introducing valued members of our exploration team.

On behalf of the Board, I thank our shareholders for their support and financial contribution and to our team and consultants and my fellow directors for their efforts.

E.G. Albers
Chairman, Peako Limited
30 September 2021

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Operations Report

Over the past 12 months, Peako has focused on advancing its East Kimberley project, culminating in an intensive field program that commenced in April 2021.

## East Kimberley Project

Peako's East Kimberley Project covers an area of 3,335 km². It is made up of two granted tenements (E80/4990 and E80/5182) and five areas under application (E80/5346, E80/5472, E80/5220, E80/5623 and E80/5624) (Figure 1).

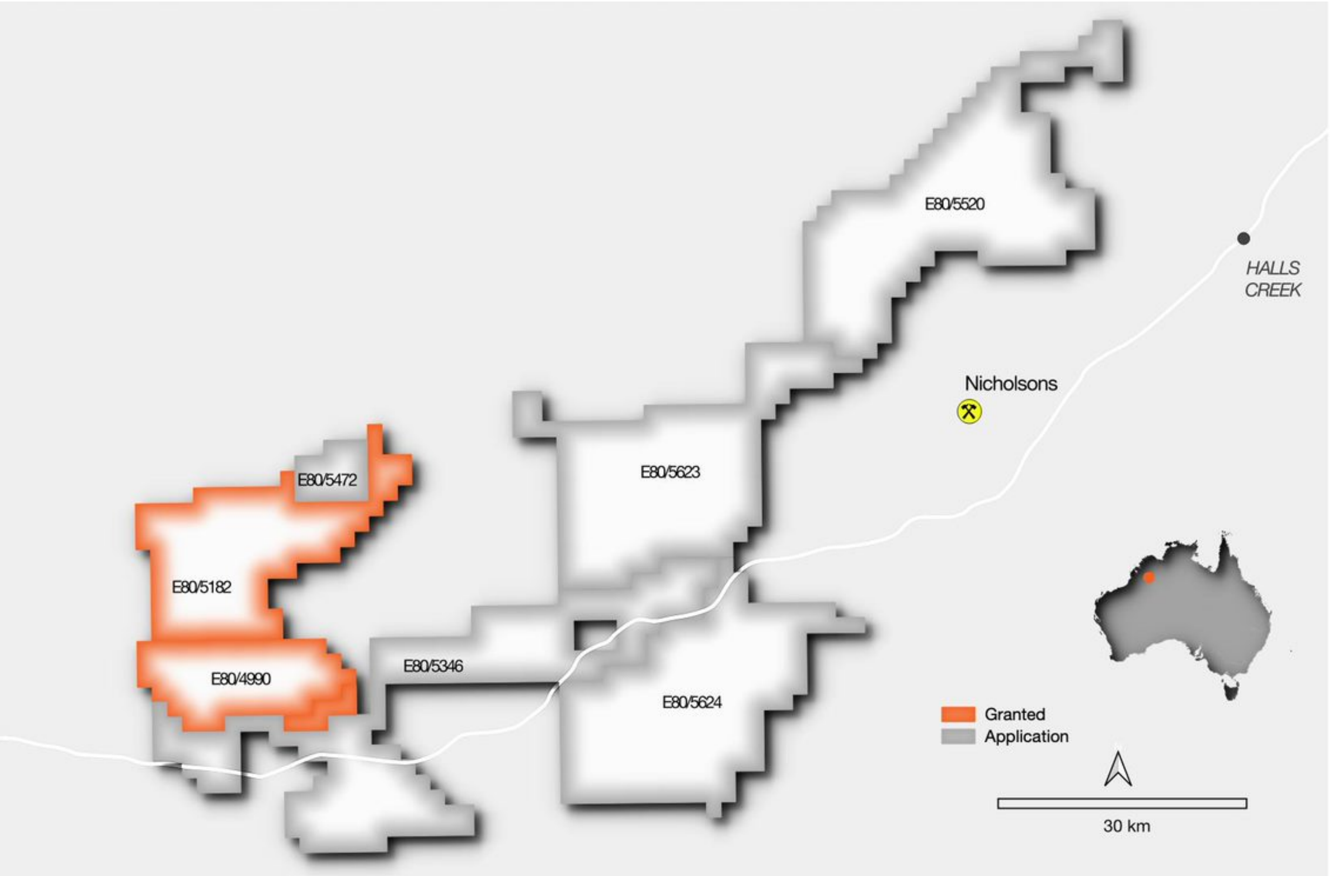


**Figure 1** Peako's East Kimberley Tenement Package

Historically, systematic exploration across the East Kimberley has lagged behind many of Australia's other Proterozoic provinces. Past exploration programs across the Project area have generally been sporadic campaigns, incorporating numerous explorers across multiple commodities and fragmented, non-contiguous tenement holdings.

Historical exploration was primarily guided by occurrences of surface gossan and geochemical anomalies. It has provided consistent encouragement of the area's economic potential. At the same time, discovery efforts have been hindered by a mix of cover, subcrop, poorly understood regolith, deep weathering and complex stratigraphy/structure, despite highly favourable host rocks, structure and known mineralisation across the area.

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## Geological Setting

The Eastman (E80/4990) and Wirana (E80/5182) tenements host a diverse Paleoproterozoic succession that is widely intruded by multiple granitoid phases and deformed by multiple orogenic episodes. The area represents the western-most window of the Halls Creek Orogen where volcanic successions of the bimodal Koongie Park Formation (**KPF**) volcanic belt (c. 1845 Ma) and the Lamboo Ultramafic (**LUM**) intrusive belt (c. 1850-1835 Ma) are well developed.

Recently acquired satellite imagery together with rock geochemistry define an array of multistage, poorly constrained granitoid intrusions across the tenements, with compositions that include granite, granodiorite, diorite, monzogranite and granophyre.

The geological diversity within the tenement package has driven the search for a wide range of commodities by present and past explorers. The Koongie Park Formation has demonstrated prospectivity for base (Cu-Pb-Zn) and precious (Ag, Au) metals with postulated mineralisation styles varying from VHMS to SVAL-hybrid styles, to epithermal and skarnoid mineralisation associated with widespread carbonate facies in the KPF stratigraphy. In addition, mafic to ultramafic intrusions of the Lamboo Ultramafic Complex (LUM) have demonstrated prospectivity for base metal (Ni, Cu) and precious (Au, PGE) metals with potential mineralisation styles varying across magmatic, cumulate to intrusion or orogenic-related gold associated with deep crustal-tapping fertile structures.

Tenement application E80/5520 is located 35km west of Halls Creek (Figure 1) in an area that has undergone minimal historical exploration due to widespread Cenozoic cover sequences. Interpreted geology identifies fertile LUM rock types with known gold, nickel and base metal prospects in exposed areas adjacent to the tenement.

A major 500km long NE-SW trending fault system (Springvale-Billabong Fault) is interpreted in central portions of the E80/5520 tenement and could provide a splayed structural setting prospective for structurally localised gold systems, similar to those observed at Nicholsons gold mine some 20 kms to south (Figure 1).

Tenement applications E80/5623 and E80/5624 cover the regional extensions of the NE trending structures observed in field mapping across the E80/4990 tenement.

## WorldView-3 Imagery

Between July and August 2020 high-resolution WorldView-3 satellite survey was collected and processed across E80/4990 and E80/5182.

Interpretation of the WorldView-3 imagery, integrated with historical map and data constraints, has assisted the definition of the complex geology and structure that characterise this part of the Halls Creek Orogen. Importantly, the imagery has provided constraints from shortwave infra-red (SWIR) bands to identify areas with clay, propylitic, silica and iron related alteration to assist target generation.

Collectively, some 60 target areas were defined at Eastman for ground follow-up, with around 25 of the highest priority target areas having potential for gold, copper, zinc, nickel and PGE mineralisation.

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## 2020 Field Program

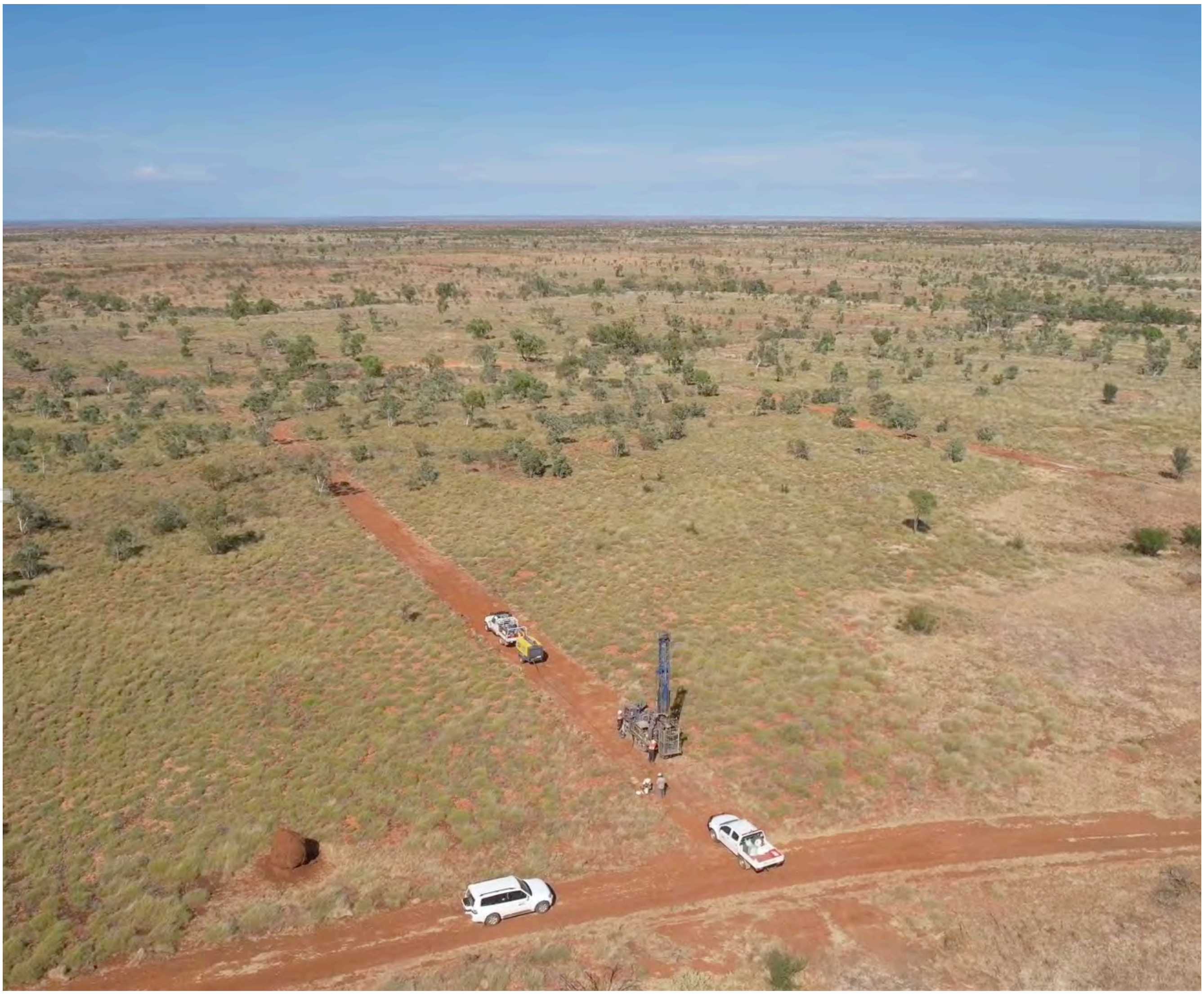
Field activities during 2020 were restricted to a narrow time window in September due to COVID-19 border restrictions. The delay of the 2020 field program provided an opportunity to integrate WorldView-3 data and captured historical datasets to define and implement a strategic and focused field campaign targeting a subset of priority targets, prior to the onset of the wet season.

First pass reconnaissance field validation of priority target areas across the Eastman tenement commenced in mid-September and ran smoothly in response to the short time window available before the onset of the wet season.

Samples of country rock, quartz vein and vein stockwork material collected across the target areas were submitted for assay. Sampling results were highly encouraging and confirmed both the gold and base metal potential at several target areas.

## 2021 Field Program

Peako commenced field activities in April 2021 following conclusion of the wet season. The strategy was to evaluate the widely identified but often overlooked latent gold potential recorded in historical exploration data. For many past explorers, gold was peripheral to their base metal and PGE exploration focus at a time when many explorers did not analyse soil, rock or drill samples for gold.



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## New Vein Systems

Two new mineralised vein systems were discovered early in the field season during ground truthing reconnaissance work following-up on a gold surface sample recorded in the historical data. Located in the east of the E80/4990 Eastman tenement, Peako has named these vein systems Appaloosa and Gypsy.

Rock chip assay results confirm the systems to be mineralised with assays up to 12.7g/t Au at Appaloosa and 1.2g/t Au at Gypsy.

An additional new vein system has been identified south of the Appaloosa area Peako has named “Shire” (refer Figure 2) which is also confirmed as mineralised by assays from rock chip samples.

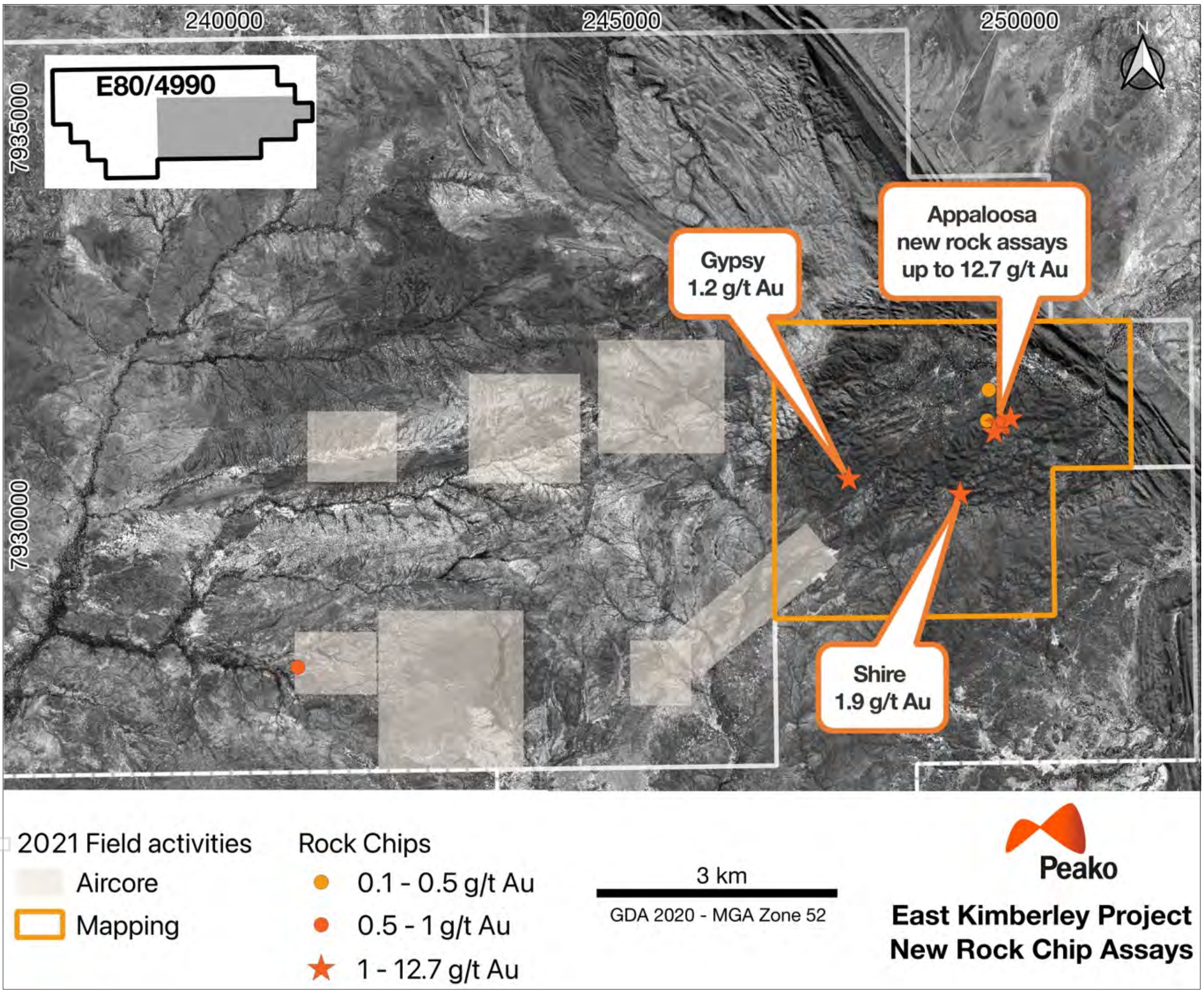


**Figure 2** New Mineralised Vein System Discoveries

## Appaloosa Mapping

A campaign of detailed mapping at 1:2,500 scale was completed at Appaloosa (Figure 4) in conjunction with 1:10,000 scale interpretation of the easternmost parts of the E80/4990 tenement. The resulting maps defined a structurally complex mafic-ultramafic host rock sequence with multistage intrusions as a broad host rock framework for potential mineralisation.

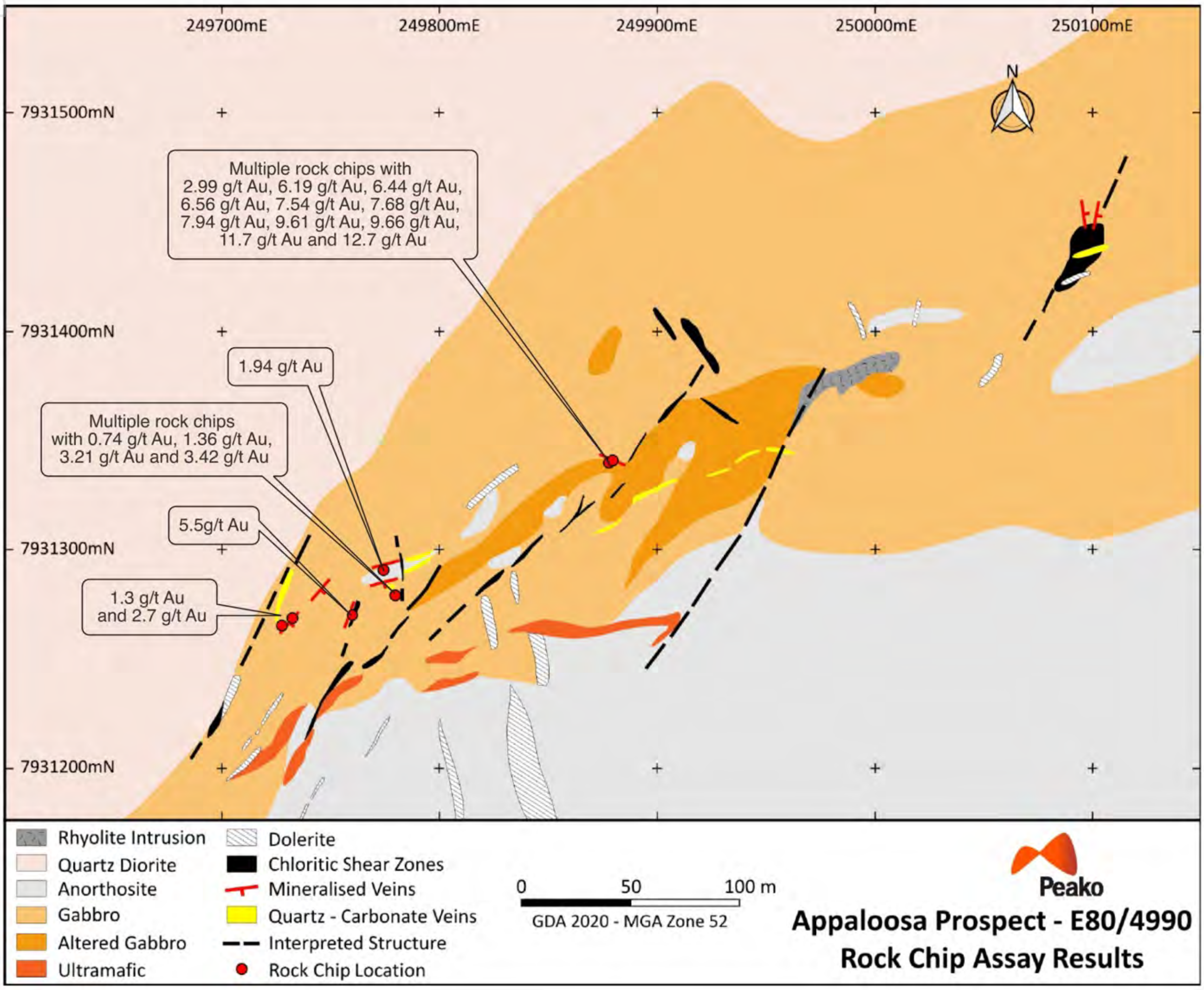


**Figure 3** Geological map of the Appaloosa area and location of quartz-carbonate and gossanous veins that contain gold grades up to 12.7g/t

At Appaloosa, outcropping mineralised gossanous quartz veins were mapped over an approximate 400m strike length. Importantly, Peako's recent rock chip results not only confirm the presence of high-grade gold veins but also demonstrate the occurrence of multiple to stacked outcropping mineralised gossanous veins. Rock chip results from Appaloosa currently define the veins as outcropping over a 200m strike, with veins having gold grades that vary from 0.39g/t Au up to 12.7g/t Au.

The outcropping mineralised veins at Appaloosa occur as narrow (up to 20cm) discontinuous veins within propylitic epidote altered massive gabbro. The veins can be continuous in strike over 15m but are mostly poorly exposed. Mineralised veins typically strike north to northeast with an east to southeast dip between 45° to 70°. The mineralised veins are composed of grey quartz intermixed with goethitic boxwork likely after pyrite and arsenopyrite-rich sulphides.

The current geological configuration, together with assay results, potentially indicate a NE-trending mineralised corridor of over a 200-400m strike.

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**Aircore Drilling**

A suite of priority target areas were defined on the Eastman tenement for follow-up and drill testing during the 2021 field season.

Peako's aircore program was designed to test for geochemical anomalies in 10 targets across 7 separate areas that were defined from an array of prospective geological features including anomalous base metal and gold geochemistry (soil, rock, drilling), geophysics (VTEM, magnetics), prospective structure, as well as encouraging satellite imagery spectral indicators. Mineralisation styles tested by aircore geochemistry vary between the target areas from structural to intrusion-related gold-copper targets to extensions of ultramafic rocks below cover sequences with potential for Cu-Ni-PGE mineralisation. In addition, a number of areas tested by our 2021 aircore program were designed to confirm and/or extend target areas where historical soil geochemistry programs had previously identified base metal anomalism but where previous explorers did not analyse for gold.

The drilling was carried out at Eastman between April and July 2021. A total of 473 aircore holes were completed for 3,014m. The total meterage was lower than anticipated due to shallow cover and more extensive subcrop than previously recognised.

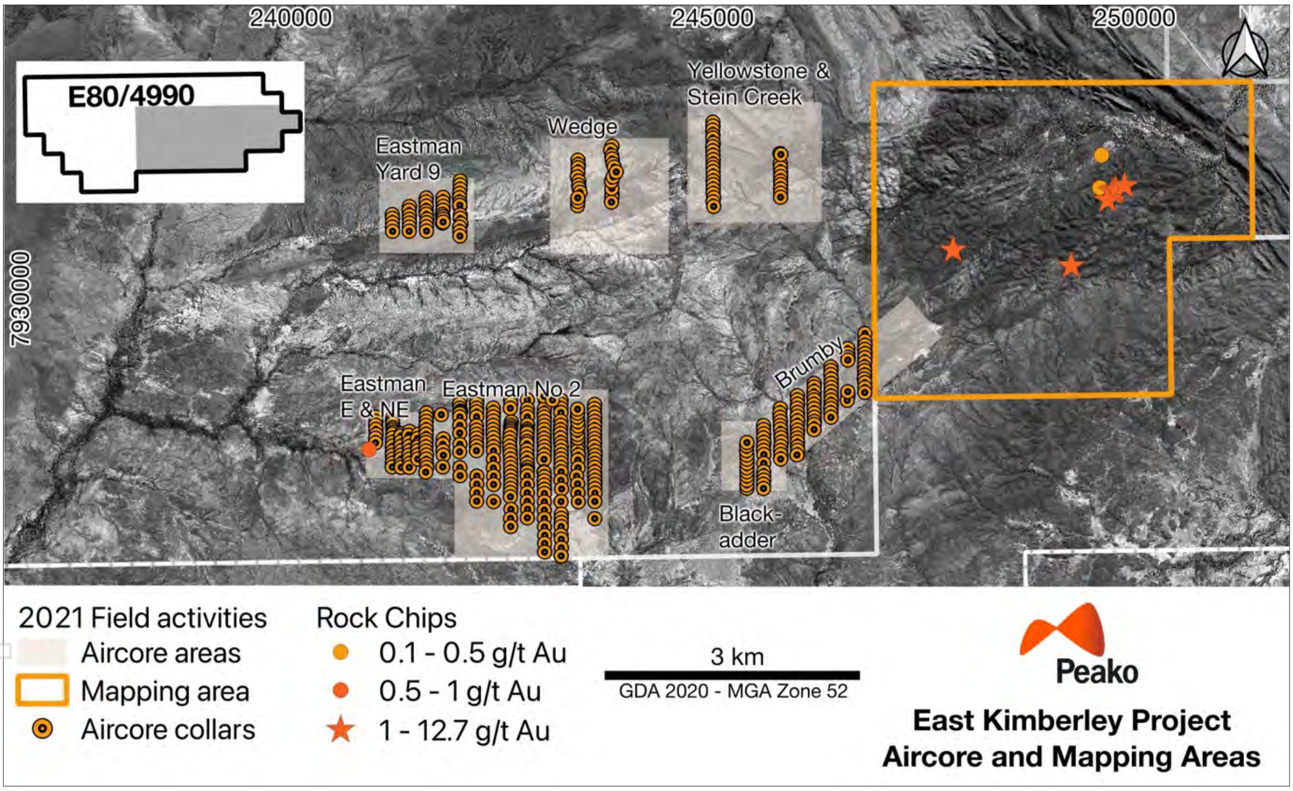


**Figure 4** Summary of 2021 Field Season Activities to 30 June 2021

**EIS Funding**

Peako's 2021 aircore drilling activities were supported by two Western Australian Government Exploration Incentive Scheme ("EIS") co-funded drilling grants totalling $320,000. The Round 21 EIS grant is for an amount of $150,000 for 50% of direct drilling costs incurred prior to 30 June 2021. The Round 22 grant is for a further $150,000 amount for 50% of direct drilling costs incurred prior to 31 December 2021, as well as up to $20,000 towards mobilisation costs.

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### Exploration Pipeline – Wirana E80/5182

The Wirana (E80/5182) tenement incorporates an area of 421.9 km2 contiguous to Peako's Eastman (E80/4990) tenement (Figure 1). Regional geology and recently completed WorldView-3 imagery over the tenement confirm the area to contain prospective host rock sequences including LUM, Marboo Formation and numerous granitoid intrusions of undefined affiliation. The tenement has a widespread suite of historical base and precious metal prospects (Figure 5) and has only undergone precursory work by historical explorers.

First pass access and logistics field review was completed over the Wirana tenement during June 2021 to develop a reconnaissance rock sampling program over key prospects planned for later in the field season. The review established the presence of reasonable vehicular access to the eastern and northern parts of the tenement and also upgraded the existing track to the central southern parts of the tenement including the historical BHP Gossan 15 prospect.

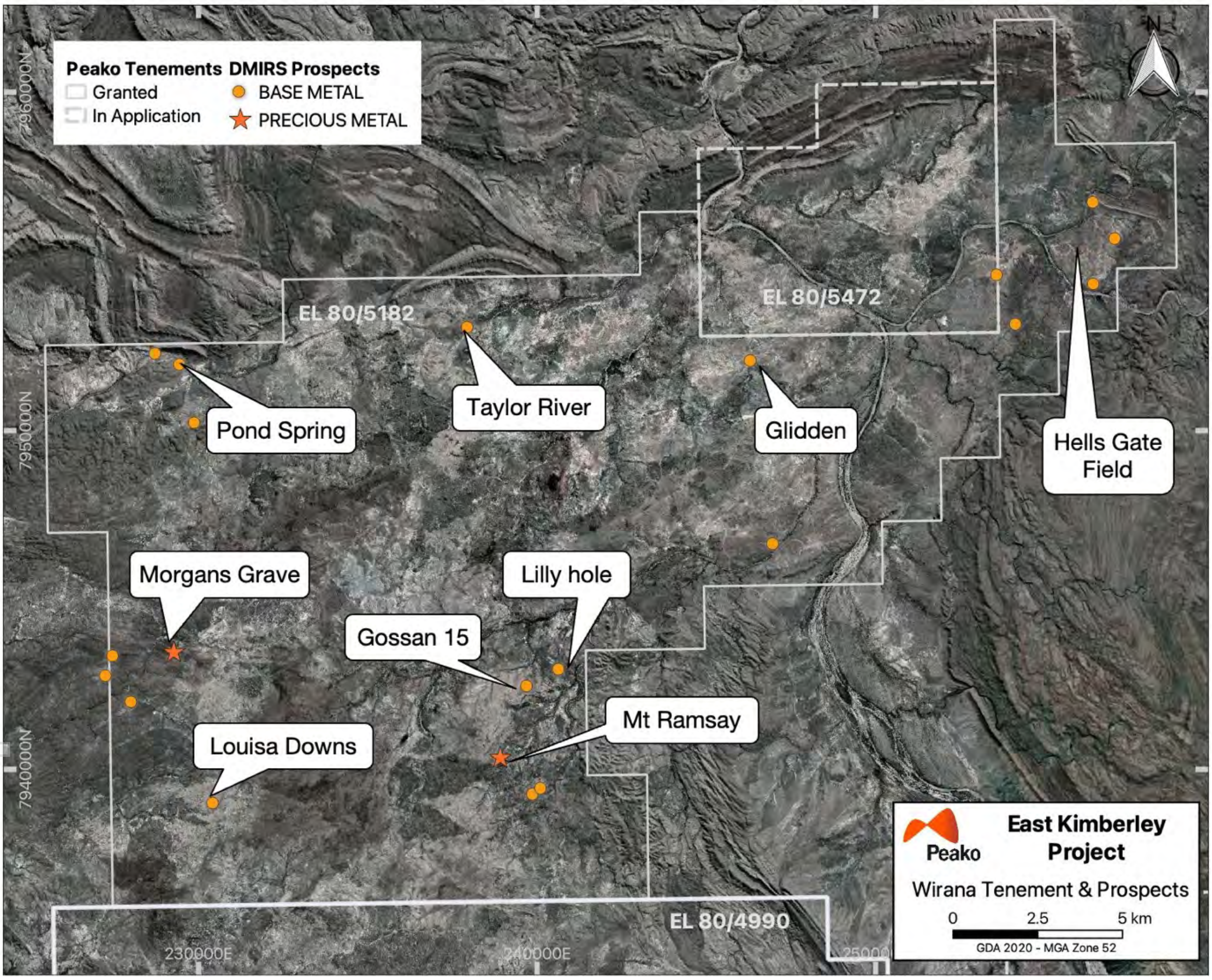


**Figure 5** Wirana E80/5182 Tenement Area and Key Historical Prospects

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**Paterson Province, Western Australia**

Peako's Broadhurst (Sunday Creek) Project tenement is located in the Rudall River area of the Paterson province of Western Australia (Figure 6). Peako also has three long standing applications for exploration licences located close to its Broadhurst Project tenement. Historical geological mapping indicates bedrock geology of the project area is largely carbonaceous shales and siltstones of the Broadhurst Formation, and lesser quartz sandstone and siltstone of the underlying Coolbro Sandstone Formation.

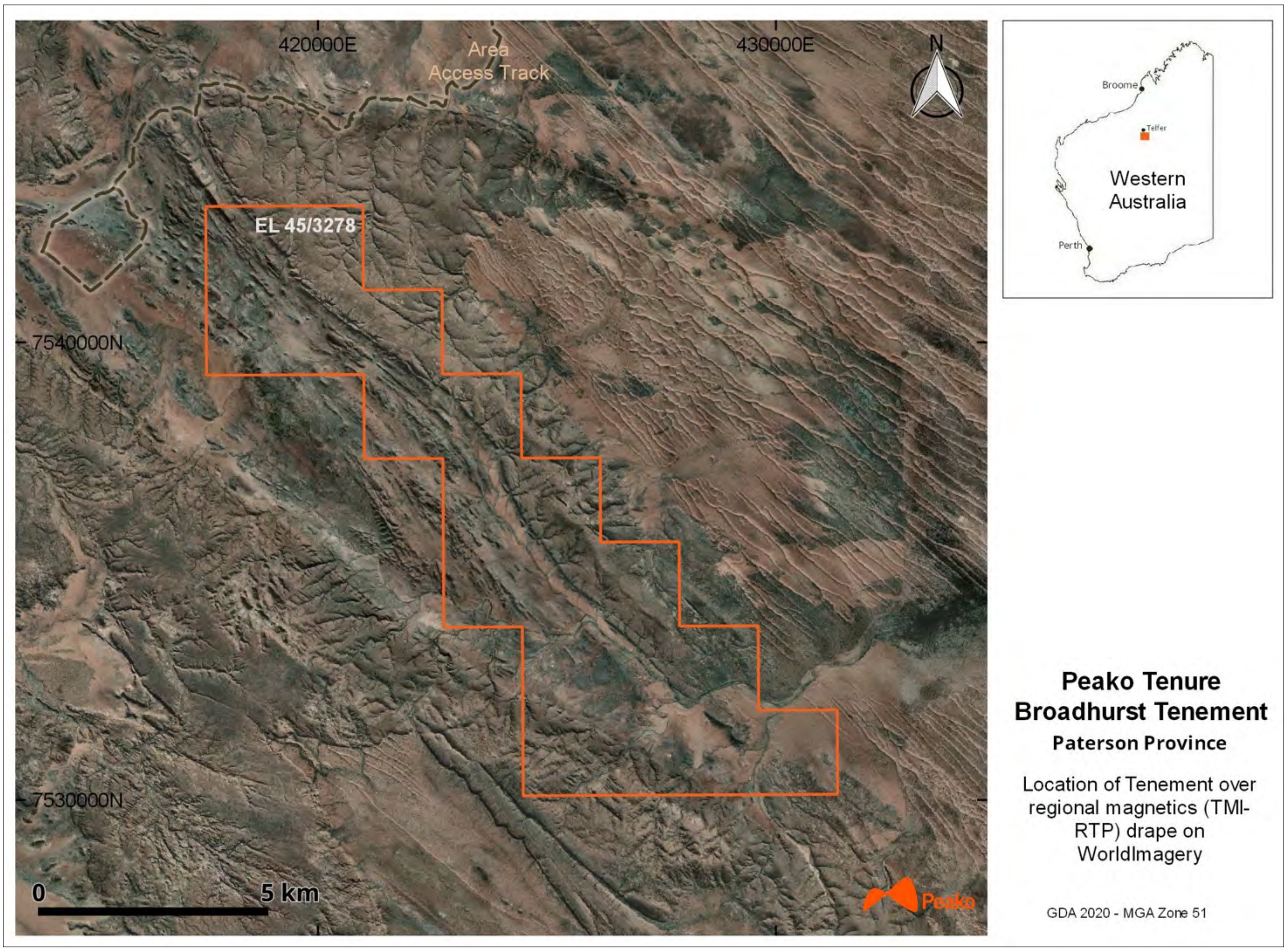


**Figure 6** The Sunday Creek - Broadhurst Tenement Area in the Paterson Province, Western Australia.

The Broadhurst tenement is under-explored and hosts an array of encouraging features that indicate the potential of the area for Nifty (Cu) or Maroochydore (Cu-Co) style mineralisation. Historic exploration has been minimal and fragmented, comprising a 'revolving door' of explorers, divided in commodity focus between Base Metals or Uranium. Only very limited, precursory drilling has been completed on the tenement (a total of 6 holes for 1,243m) all testing for Uranium, with base metal mineralisation targets in the Broadhurst Formation remaining untested.

A program of field mapping, reconnaissance and rock chip and soil sampling was planned across the tenement during the year. The program was delayed due to Native Title consultation and is now scheduled to occur in early 2022.

## Tenement Schedule

*As at 28 September 2021*

| Tenement | Peako interest | Tenement status |
|---|---|---|
| **Western Australia (East Kimberley Region)** | | |
| E80/4990 | 100% | Granted |
| E80/5182 | 100% | Granted |
| E80/5346 | 100% | Application |
| E80/5472 | 100% | Application |
| E80/5520 | 100% | Application |
| E80/5623 | 100% | Application |
| E80/5624 | 100% | Application |
| E80/5658 | 100% | Application |
| E80/5703 | 100% | Application |
| E80/5704 | 100% | Application |
| E80/5706 | 100% | Application |
| **Western Australia (Paterson Province)** | | |
| E 45/3278 | 100% | Granted |
| E 45/3345 | 100% | Application |
| E 45/3477 | 100% | Application |
| E 45/3292 | 100% | Application |

## Competent Person Declaration

The information in this report that relates to Exploration Results at the East Kimberley Project is extracted from the ASX announcement titled "East Kimberley Exploration Update" released on 21 July 2021.

All ASX Announcements are available at www.peako.com.au

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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# Directors' Report

*For the year ended 30 June 2021*

Your directors present their annual financial report on the consolidated entity (referred to hereafter as the "Group") consisting of Peako Limited (the "Company" or "parent entity") and the entities it controlled at the end of, or during, the financial year ended 30 June 2021. In order to comply with the Corporations Act 2001, the directors report is as follows:

## Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

**E. Geoffrey (Geoff) Albers**
LLB, FAICD
**Non-executive Chairman**

Mr Albers was appointed to the board of Peako Limited on 4 February 2013. Mr Albers has over 35 years' experience as a director and administrator in corporate law, resource exploration and resource sector investment.

Mr Albers has interests in a number of companies active in the petroleum industry in Australia. Mr Albers is a director of ASX listed companies Octanex Limited and Enegex Limited.

His companies are active resource sector investors.

**Raewyn (Rae) Clark**
B.Bus(dist), CA, MAICD, AGIA, ACIS
**Executive Director**

Ms Clark has more than twenty years experience focussed primarily on the upstream oil and gas sector. Her experience includes business development, financial modelling and analysis, capital raising and mergers and acquisitions, as well as managing joint venture partners, government, regulator and investor relations.

Ms Clark was appointed to the Board on 4 December 2014. Mrs Clark is also a director of ASX listed companies Octanex Limited and Enegex Limited.


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**Paul Kitto**
BSc (Hons), PhD, Dip Ed
**Non-executive Technical Director**
**(appointed 20 September 2021)**

Dr Kitto has over thirty years' experience working within the mining industry having served on a number of ASX Boards and holding senior level management positions around the world.

Most recently Dr Kitto was Exploration Manager, Africa for Newcrest Mining Ltd and prior to that, was Chief Executive Officer and Managing Director of ASX listed Ampella Mining Ltd from 2008 until 2014, when Ampella was acquired by LSE/TSX listed Centamin PLC.

Throughout his career, Dr Kitto has led or been part of exploration teams that have discovered numerous multi-million ounce gold deposits in Africa, Australia and Papua New Guinea. Dr Kitto has extensive experience associated with a wide range of deposit types, predominantly associated with gold and base metal deposits.

Dr Kitto was appointed to the Board on 20 September 2021. He is also a director of ASX listed companies Tietto Minerals Limited and Meteoric Resources NL.

**Darryl Clark**
BSc (Hons), PhD
**Non Executive Director**
**(resigned 20 September 2021)**

Dr Clark is an exploration geologist whose career has taken him throughout Australia, Central Asia and South East Asia for over 26 years. During previous corporate roles he has been responsible for business development strategies, designing multi-commodity exploration programs and the co-ordination of exploration teams to deliver discovery events. Dr Clark was appointed to the Board on 20 March 2019. Dr Clark is also a director of ASX listed company Battery Minerals Limited.

## Company Secretary

**Robert Wright**
B Bus, CPA

Mr Wright was appointed as Company Secretary of Peako on 2 May 2017. Mr Wright is a senior financial professional with over 30 years commercial experience in the resource, energy and manufacturing industries gained at various companies and locations, including 14 years at BHP. As well as carrying out his secretarial duties for Peako, he is the company's Chief Financial Officer and the Company Secretary and CFO of the ASX listed companies Octanex Limited and Enegex Limited. Mr Wright is a member of CPA Australia.

## Ordinary shares

The Company's share capital consists of 234,911,319 ordinary fully paid shares (2020: 128,931,579).

In September 2020 Peako raised $939,500 (before costs) via an oversubscribed placement of 28,907,690 ordinary fully paid shares at $0.0325 (3.25 cents) per share with attached 1 for 2 unlisted options to be granted on the basis of one option for every two shares subscribed, exercisable at $0.055 (5.5 cents) on or before 30 June 2022.

# Directors' Report

*For the year ended 30 June 2021*

In October 2020 Peako completed a pro-rata shareholder entitlement offer on the same terms as the September placement. Eligible shareholders were invited to subscribe for their pro-rata entitlement shares on the basis of 1 new share for every 5 shares held and the grant of 1 new option for no additional consideration on the basis of 1 new option for every 2 shares subscribed for under the entitlement offer. The offer closed following the end of the quarter. It was fully subscribed and raised $ 1,175,678 (before costs) with 31,567,848 new shares issued and 15,783,924 options granted.

In November 2020 Peako increased its interest in E80/4990 to 100%. Having earned a 60% interest in the tenement under a Farmin and Joint Venture Agreement, Peako agreed to buy the remaining 40% interest in the tenement from Sandrib Pty Ltd for consideration comprising a payment of $90,000, issue of 2,647,060 shares in Peako and a grant of a 0.10% net smelter royalty capped at $500,000.

In June 2021 Peako announced a placement to raise $2 million at an issue price of $0.035 a share together with a one for two 30 June 2022 $0.055 unlisted option. This placement comprised:

- 42,857,142 first tranche shares which were issued on 21 June 2021;
- 21,428,571 first tranche unlisted options exercisable at $0.055 on or before 30 June 2022 were issued on 30 July 2021 following approval from shareholders
- 14,285,716 second tranche shares were issued 30 July 2021 following approval from shareholders; and
- 7,142,857 second tranche unlisted options exercisable at $0.055 on or before 30 June 2022 were granted 30 July 2021 following approval from shareholders

Also on 15 June 2021 Peako announced a Share Purchase Plan (SPP) whereby eligible shareholders were offered the right to participate on the same terms as the Placement. The SPP concluded 21 July 2021 with the Company issuing 59,527,066 shares together with 29,763,522 unlisted options raising a further $2,074,000.

## Options

| **Movement in options** | **2021** | **2020** |
|---|---|---|
| *Listed options* | | |
| Start of year | - | - |
| Granted | - | 38,489,359 |
| Expired | - | (25,025,684) |
| Exercised | - | (13,463,675) |
| End of the year | **-** | **-** |
| | | |
| *Unlisted options* | | |
| Start of year | 13,000,000 | 6,000,000 |
| Granted[1] | 46,737,799 | 13,000,00 |
| Expired | (2,000,000) | (6,000,000) |
| Exercised | - | (6,000,000) |
| End of the year | **57,737,799** | **13,000,000** |

[1] 30,237,799 unlisted options were granted to shareholders who participated in the rights issue and placements that occurred during the year ended 30 June 2021. The balance of 16,500,000 unlisted options granted for the year ended 30 June 2021 were granted to directors, an executive and consultants (See Accounting Note 12 for details).

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## Dividends

No dividend has 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 activities of the Group during the financial year continued to be advancing the exploration for and development of natural resources.

## Review of operations

A detailed review of the Group's activities and operations is set out on **pages 3-12** of this Report.

## Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group to the date of this Report, other than those changes detailed in the review of activities and operations, and elsewhere in this Report.

## Matters subsequent to balance date

On 30 July 2021 the following shares were issued and options granted following approval of members. These shares and options formed part of a placement in June 2021:

- 21,428,571 first tranche unlisted options exercisable at $0.055 on or before 30 June 2022
- 14,285,716 second tranche shares
- 7,142,857 second tranche unlisted options exercisable at $0.055 on or before 30 June 2022

On 21 July 2021, the SPP announced by the Company on 15 June 2021 concluded. The company issued 59,527,066 shares and granted with 29,763,522 unlisted options pursuant to the SPP, raising a further $2,074,000.

On 20 September 2021, Dr Paul Kitto joined the board as Non-Executive Technical Director and Dr Darryl Clark resigned.

## Likely developments and expected results

The likely developments in the company's operations in future years and the expected result from those operations are dependent on exploration success in the tenements in which the company holds an interest.

## Environmental legislation

The Group is subject to significant environmental legal regulations in respect to its exploration and evaluation activities in Australia. There have been no known breaches of these regulations and principles.

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## Proceedings on behalf of Company

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

## Indemnification of directors and officers

During the financial year and to the date of this report, the company paid premiums in respect of contracts insuring directors and officers of the company against liabilities arising from their position as directors and officers of the company.

The Company has entered into Deeds of Access and Indemnity with each of the Directors referred to in this report who held office during the year indemnifying each against all liabilities incurred in their capacity as directors of the Company to the full extent permitted by law

## Meetings of directors

The number of formal meetings of the Company's board of directors and relevant committees attended by each director are set out in the following table. All other matters that required formal Board resolutions were dealt with via written circular resolutions. In addition, the directors met and corresponded at numerous times throughout the financial year to discuss the Company' affairs. The board undertakes all audit committee functions.

| | Directors' Meetings | |
|---|---|---|
| | **Held** | **Attended** |
| Geoffrey Albers | 2 | 2 |
| Raewyn Clark | 2 | 2 |
| Darryl Clark | 2 | 2 |

## Corporate Governance Statement

A corporate governance statement reporting on Peako's governance framework, principles and practices is provided on the Peako website www.peako.com.au.

## Remuneration report (audited)

The Directors present the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2021. This Remuneration Report for the Group forms part of the Directors' Report and has been prepared in accordance with section 300A of the Corporations Act 2001.

During the year there were no employees or consultants to the company that meet the definition of key management personnel, other than the directors.

Remuneration levels are reviewed annually through a process that considers the performance of individual directors and the overall performance of the entity.

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### Director Remuneration

During the year under review, directors were remunerated a total of $97,806 (2020: $60,221) which included shareholder-approved non-executive remuneration of $48,219 (2020: $20,521).

There is no performance related remuneration for directors. There is no direct relationship between remuneration of directors and the company's performance for the last five years.

Components of directors' compensation are disclosed in the following table.

| | Primary benefits paid / payable | | | Equity Settled | |
|---|---|---|---|---|---|
| | Salary and/or consulting fees | Directors' fees | Super-annuation | Equity option issues(1) | TOTAL |
| | $ | $ | $ | $ | $ |
| **Year ended 30 June 2021** | | | | | |
| Geoffrey Albers | - | - | - | - | - |
| Raewyn Clark | - | - | - | 49,587 | 49,587 |
| Darryl Clark | 10,000 | - | 950 | 37,269 | 48,219 |
| | **10,000** | **-** | **950** | **86,856** | **97,806** |
| **Year ended 30 June 2020** | | | | | |
| Geoffrey Albers | - | - | - | - | - |
| Raewyn Clark | - | - | - | 39,700 | 39,700 |
| Darryl Clark (2) | 10,000 | - | 950 | 9,571 | 20,521 |
| | **10,000** | **-** | **950** | **49,271** | **60,221** |

(1) The whole value of options granted during the year has been disclosed as remuneration rather than the amount vested.
(2) Darryl Clark resigned 20 September 2021 and Paul Kitto was appointed.

### Loans to key management personnel

No loans were made to key management personnel during the current or previous financial year.

### Other transactions with key management personnel

In the year ended 30 June 2021, the Company incurred consulting fees of $68,415 (2020: $38,880) with Samika Pty Ltd, a director-related entity of Raewyn Clark. The fees were provided under normal commercial terms and conditions with $Nil remaining unpaid at 30 June 2021 (2020: $nil).

### Key management personnel interest in equity holdings

<u>Fully paid ordinary shares</u>

| | Number of shares at start of year | Other Change | Number of shares at end of year |
|---|---|---|---|
| **30 June 2021** | *1 July 2020* | | *30 June 2021* |
| Geoffrey Albers[1] | 80,115,963 | 9,349,999 | 89,465,962 |
| Raewyn Clark | - | - | - |
| Darryl Clark[1] | 1,000,000 | 200,000 | 1,200,000 |
| | **81,115,963** | **9,549,999** | **90,665,962** |

[1] Other Change in shares – on market purchases and rights issue participation.

# Directors' Report

*For the year ended 30 June 2021*

| | | | |
|---|---|---|---|
| **30 June 2020** | *1 July 2019* | | *30 June 2020* |
| Geoffrey Albers | 44,019,895 | 36,096,068 | 80,115,963 |
| Raewyn Clark | - | - | - |
| Darryl Clark | 300,000 | 700,000 | 1,000,000 |
| | **44,319,895** | **36,796,068** | **81,115,963** |

<u>Unlisted options</u>

The Company granted 7,000,000 options over ordinary shares to directors during the financial year (2020: 5,000,000). Of the options granted in the current financial year 5,000,000 options have an employment condition and so vest over that service condition. The balance of 2,000,000 options do not have any service of performance conditions attached and fully vested on grant date.

The options granted during the year ended have been valued using the Black Scholes Option Valuation The fair value of these share-based payment (for accounting) at grant date was $86,856 (2020: $49,271). A share based payment expense of $53,295 has been recognised for the year ended 30 June 2021 (2020: $8,656).

| | **Number of options at start of year** | **Options granted during year** | **Options exercised / expired during year** | **Number of options at end of year** |
|---|---|---|---|---|
| **30 June 2021** | *1 July 2020* | | | *30 June 2021* |
| *Options exercisable at $0.05 on or before 18 March 2021* | | | | |
| Geoffrey Albers | - | - | - | - |
| Raewyn Clark | - | - | - | - |
| Darryl Clark | 1,000,000 | - | (1,000,000) | - |
| | **1,000,000** | **-** | **(1,000,000)** | **-** |
| *Options exercisable at $0.055 on or before 30 June 2022* | | | | |
| Geoffrey Albers[1] | - | 3,125,000 | - | 3,125,000 |
| Raewyn Clark | - | - | - | - |
| Darryl Clark[1] | - | 100,000 | - | 100,000 |
| | **-** | **3,225,000** | **-** | **3,225,000** |

[1] acquired via pro-rata non renounceable rights issue

| | | | | |
|---|---|---|---|---|
| *Options exercisable at $0.04 on or before 28 November 2022* | | | | |
| Geoffrey Albers | - | - | - | - |
| Raewyn Clark[2] | 2,000,000 | - | - | 2,000,000 |
| Darryl Clark[2] | 1,000,000 | - | - | 1,000,000 |
| | **3,000,000** | **-** | **-** | **3,000,000** |

[2] granted to incentivise directors following approval by members



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# Directors' Report

*For the year ended 30 June 2021*

| | Number of options at start of year | Options granted during year | Options exercised / expired during year | Number of options at end of year |
|---|---|---|---|---|
| **30 June 2021** | *1 July 2020* | | | *30 June 2021* |
| *Options exercisable at $0.05 on or before 28 November 2023* | | | | |
| Geoffrey Albers | - | - | - | - |
| Raewyn Clark[2] | 2,000,000 | - | - | 2,000,000 |
| Darryl Clark | - | - | - | - |
| | **2,000,000** | **-** | **-** | **2,000,000** |
| *Options exercisable at $0.044 on or before 5 November 2023* | | | | |
| Geoffrey Albers | - | - | - | - |
| Raewyn Clark[2] | - | 3,000,000 | - | 3,000,000 |
| Darryl Clark[2] | - | 2,000,000 | - | 2,000,000 |
| | **-** | **5,000,000** | **-** | **5,000,000** |
| *Options exercisable at $0.06 on or before 21 June 2023* | | | | |
| Geoffrey Albers | - | - | - | - |
| Raewyn Clark[2] | - | 1,000,000 | - | 1,000,000 |
| Darryl Clark[2] | - | 1,000,000 | - | 1,000,000 |
| | **-** | **2,000,000** | **-** | **2,000,000** |

[2] granted to incentivise directors following approval by members

## End of remuneration report

## Auditor independence

Section 307C of the *Corporations Act 2001* requires our auditors, Grant Thornton Audit Pty Ltd, 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 **22** and forms part of this directors' report for the year ended 30 June 2021.

## Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. The Company has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The auditor has not provided any non-audit services and as such auditor independence was not compromised.

This report is made in accordance with a resolution of the directors.

R.L. Clark
Director
30 September 2021

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Collins Square, Tower 5
727 Collins Street
Melbourne Victoria 3008

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

**T** +61 3 8320 2222
**F** +61 3 8320 2200
**E** info.vic@au.gt.com
**W** www.grantthornton.com.au

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# Auditor's Independence Declaration

## To the Directors of Peako Limited

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

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

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

T S Jackman
Partner – Audit & Assurance

Melbourne, 30 September 2021

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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Peako

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

*For the year ended 30 June 2021*

| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| Government grants - Covid | | 20,000 | - |
| Sundry income | | 350 | - |
| | | 20,350 | - |
| Expenses | | | |
| Accounting fees | | (147,045) | (138,020) |
| Audit fees | 19 | (52,876) | (43,137) |
| Exploration costs | | (176,755) | (49,429) |
| Professional and consultancy fees | | (36,811) | (42,620) |
| Office costs | | (87,612) | (130,970) |
| Other costs | | (53,369) | (31,232) |
| Salary and wages | | (6,596) | (10,000) |
| Share based payment | | (144,505) | (19,667) |
| Stock exchange and share registry costs | | (29,524) | (22,035) |
| | | (735,093) | (487,110) |
| **Loss before income tax expense** | | **(714,743)** | **(487,110)** |
| Income tax expense | 2 | - | - |
| | | **(714,743)** | **(487,110)** |
| **Net loss for the year** | | **(714,743)** | **(487,110)** |
| **Other comprehensive income** | | | |
| *Items that may be reclassified to profit or loss* | | | |
| Foreign exchange loss on translation of subsidiary financial statements | | - | 1,192 |
| **Other comprehensive income net of tax** | | **-** | **1,192** |
| **Total comprehensive income for the year** | | **(714,743)** | **(485,918)** |
| | | Cents | Cents |
| Basic loss per share | 3 | (0.40) | (0.41) |
| Diluted loss per share | 3 | (0.40) | (0.41) |

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

## Consolidated Statement of Financial Position

*As at 30 June 2021*

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| ***Current Assets*** | | | |
| Cash and cash equivalents | | 1,419,805 | 145,657 |
| Trade and other receivables | 4 | 107,749 | 7,922 |
| Prepayments | 5 | 107,657 | 27,200 |
| ***Total Current Assets*** | | **1,635,211** | **180,779** |
| | | | |
| ***Non-Current Assets*** | | | |
| Motor Vehicles | 6 | 94,736 | - |
| Plant and Equipment | 7 | 48,977 | - |
| Exploration and evaluation assets | 8 | 2,154,834 | 861,929 |
| ***Total Non-Current Assets*** | | **2,298,547** | **861,929** |
| | | | |
| ***Total Assets*** | | **3,933,758** | **1,042,708** |
| | | | |
| ***Current Liabilities*** | | | |
| Trade and other payables | 9 | 480,954 | 377,372 |
| ***Total Current Liabilities*** | | **480,954** | **377,372** |
| | | | |
| **Total Liabilities** | | **480,954** | **377,372** |
| | | | |
| ***Net Assets*** | | **3,452,804** | **665,336** |
| | | | |
| **Equity** | | | |
| Issued capital | 10 | 41,641,845 | 38,284,139 |
| Reserves | 11 | 165,684 | 54,923 |
| Accumulated losses | | (38,354,725) | (37,673,726) |
| | | | |
| **Total Equity** | | **3,452,804** | **665,336** |

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

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## Consolidated Statement of Changes in Equity

*For the year ended 30 June 2021*

| | Issued capital $ | Share compensation reserve $ | Foreign currency translation reserve $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|---|
| **Balance at 1 July 2020** | **38,284,139** | **53,411** | **1,512** | **(37,673,726)** | **665,336** |
| Loss for the year | - | - | - | (614,705) | (614,705) |
| Other comprehensive loss | - | - | - | - | - |
| Total comprehensive loss for the year | **-** | **-** | **-** | **(614,705)** | **(614,705)** |
| Issue of Shares | 3,451,671 | - | - | - | 3,451,671 |
| Costs of issue | (93,965) | - | - | - | (93,965) |
| Grant of options | - | 144,505 | - | - | 144,405 |
| Reclassification of expired options | - | (33,744) | - | 33,744 | - |
| **Balance at 30 June 2021** | **41,641,845** | **164,172** | **1,512** | **(38,354,725)** | **3,452,804** |
| | | | | | |
| **Balance at 1 July 2019** | **37,208,259** | **33,744** | **320** | **(37,186,616)** | **55,707** |
| Loss for the year | - | - | - | (487,110) | (487,110) |
| Other comprehensive loss | - | - | 1,192 | - | 1,192 |
| Total comprehensive loss for the year | **-** | **-** | **1,192** | **(487,110)** | **(485,918)** |
| Issue of Shares | 1,108,306 | - | - | - | 1,108,306 |
| Grant of options | - | 19,667 | - | - | 19,667 |
| Costs of issue | (32,426) | - | - | - | (32,426) |
| **Balance at 30 June 2020** | **38,284,139** | **53,411** | **1,512** | **(37,673,726)** | **665,336** |

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

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# Consolidated Statement of Cash Flows

*For the year ended 30 June 2021*

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| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Payments to suppliers and employees | | (730,384) | (249,049) |
| Government Grants – Covid | | 20,000 | - |
| **Net cash outflows from operating activities** | 18 | **(710,384)** | **(249,049)** |
| | | | |
| **Cash flows from investing activities** | | | |
| Payments to suppliers - exploration | | (1,221,259) | (538,177) |
| Payments for exploration vehicles, plant and equipment | | (149,915) | - |
| Proceeds from exploration grant | | - | 91,804 |
| **Net cash outflows from investing activities** | | **(1,371,174)** | **(446,373)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | | - | 46,000 |
| Proceeds from the issue of shares | | 3,449,671 | 1,108,306 |
| Repayment of borrowings | | - | (311,000) |
| Share issue costs | | (93,965) | (32,426) |
| **Net cash inflows from financing activities** | | **3,355,706** | **810,880** |
| | | | |
| **Net increase in cash held** | | **1,274,148** | **115,458** |
| Cash at the beginning of reporting period | | 145,657 | 30,193 |
| Effect of exchange rate fluctuations on cash held | | - | 6 |
| **Cash at the end of the reporting period** | | **1,419,805** | **145,657** |

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

# Notes to the 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 financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards and Interpretations and other requirements of the law. The financial report has also been prepared on a historical cost basis. The Parent Entity is registered and domiciled in Australia.

The financial statements comprise the consolidated financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial statements are presented in Australian dollars, unless otherwise stated.

*Going concern*

For the year ended 30 June 2021 the Group incurred a net cash outflow from operating and investing activities of $2,081,558 (2020: $695,422) and a net loss after tax of $714,743 (2020: $487,110). As at 30 June 2021, the Group has positive working capital of $1,154,257 (2020: negative $196,593).

The financial report has been prepared on a going concern basis. The Group raised $2,574,000 (before costs) in a share placement and share placement plan; both completed during July 2021. Directors expect that the Group will continue to meet its debts, if and when they fall due, for at least 12 months from the signing of the annual financial report.

### (b) Adoption of new and revised standards Changes in accounting policies on initial application of Accounting Standards

The Group has adopted all of the new and revised Accounting Standards issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2020.

*Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)*

During the financial year the International Financial Reporting Interpretations Committee IFRIC identified that various approaches to customisation and configuration costs for cloud computing arrangements were utilised by companies depending on internal policy.

The Agenda Decision requires that management capitalise those elements of expenditure that meet the definition of an 'Intangible Asset' as defined by AASB 138 Intangible Assets and recognise any additional amounts as an expense as the entity benefits from the expenditure – either by applying AASB 138 or applying another accounting standard.
The impact of this decision has not had a material impact on the group's financial statements.

### (c) Statement of compliance

The financial report was authorised by the board of directors for issue on 30 September 2021.

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, including the Accounting Interpretations, issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The financial report of the company complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board

### (d) Basis of consolidation

The consolidated financial statements consolidate those of the parent company and all of its subsidiaries as of 30 June 2021 ("Group"). The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

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# Notes to the Financial Statements

*For the Year Ended 30 June 2021*

**Note 1: Statement of significant accounting policies (continued)**

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All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

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

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

### (e) Exploration and evaluation

Exploration and evaluation assets, including the costs of acquiring tenements, are capitalised as exploration and evaluation assets on an area of interest basis. Exploration and evaluation assets are only recognised if the rights to tenure of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale or partial sale: or

(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

The tests contained in AASB6.20 are applied to determine whether exploration and evaluation assets are assessed for impairment:

(i) the exploration and evaluation tenure right has expired or are expected to expire in the near future, and is not expected to be renewed.

(ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.

(iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

(iv) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale

### (f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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.

### (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. Temporary bank overdrafts are included in cash at bank and in hand. Permanent bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

# Notes to the Financial Statements

*For the Year Ended 30 June 2021*

**Note 1: Statement of significant accounting policies (continued)**

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### (h) Income tax

Current tax assets and liabilities 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 controlled entities, 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 controlled entities, 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 financial period 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.

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.

### (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



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# Notes to the Financial Statements

*For the Year Ended 30 June 2021*

**Note 1: Statement of significant accounting policies (continued)**

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) Motor Vehicles, plant and equipment

Motor Vehicles Plant and equipment are stated at cost less accumulated depreciation and impairment. Costs include expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, costs are determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to profit or loss during the financial period in which they incurred.

All tangible assets have limited useful lives and are depreciated using the straight-line method over their existing useful lives.

Depreciation is calculated as follows:

| | |
|---|---|
| Motor Vehicles, plant and equipment | 10% - 33% on a straight line basis |

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial period end.

### (j) Impairment of assets

The carrying amounts of the company's assets are reviewed at each statement of financial position date to determine whether there are indicators of impairment. At each reporting date the company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of 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.

### (k) Trade and other payables

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

### (l)Provisions

Where applicable, provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

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**Note 1: Statement of significant accounting policies (continued)**

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

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

*Equity settled transactions*
The fair value of options granted are recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the grantee become unconditionally entitled to the options.

**(n) 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.

**(o) Earnings per share**

Basic earnings per share is calculated as net profit 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.

**(p) Foreign currency translation**

Both the functional and presentation currency of Peako Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the foreign operations are not nominated in Australian Dollars. As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Peako Limited at the rate of exchange ruling at the balance date and their income statements are translated at the weighted average exchange rate for the year. The exchange differences arising on the translations are taken directly to a separate component of recognised in the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

**(q) Trade and other receivables and contract assets**

The company makes uses of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.



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**Note 1: Statement of significant accounting policies (continued)**

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### (r) Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker, which has been identified as the Board of Directors of Peako Limited.

### (s) Parent entity financial information

The financial information for the parent entity, Peako Limited, disclosed in Note 16 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

### (t) Critical accounting estimates and judgements

Management determine the development, selection and disclosure of the company's critical accounting policies and estimates and the application of these policies and estimates. There are no estimates and judgements that are considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

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

*Recovery of exploration expenditure*

Management exercise judgement as to whether exploration expenditure is assessed for impairment. Any judgement may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off through profit or loss and other comprehensive income.

*Recovery of deferred tax assets*

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. Currently the Group has not recognised any deferred tax assets in the Statement of Financial Position.

### (u) Financial Instruments

*Recognition and derecognition*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

*Classification and initial measurement of financial assets*

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

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI. The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

## Notes to the Financial Statements

*For the Year Ended 30 June 2021*

**Note 1: Statement of significant accounting policies (continued)**

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

*Subsequent measurement of financial assets*

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

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

*Impairment of financial assets*

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

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

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

*Classification and measurement of financial liabilities*

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.
Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

### Note 2: Income tax

| | Consolidated | |
|---|---|---|
| | 2021 | 2020 |
| | $ | $ |
| **Income tax expense recognised in statement of comprehensive income** | | |
| *Current income tax* | | |
| Current income tax payable | - | - |
| *Deferred income tax* | | |
| Relating to origination and reversal of temporary differences | - | - |
| Income tax expense | - | - |
| | | |
| **Reconciliation to income tax expense on accounting loss** | | |
| Accounting loss before tax | (714,743) | (487,110) |
| Tax benefit at the statutory income tax rate of 30% | (214,423) | (146,133) |
| Non-deductible expenses | - | 2,631 |
| Non-assessable income | 7 | (2) |
| Unrealised tax losses not recognised | 598,162 | 277,603 |
| Temporary differences not recognised | (383,746) | (134,099) |
| Income tax expense | **-** | **-** |
| | | |
| **Unrecognised deferred tax balances** | | |
| Deferred tax assets: | | |
| Tax revenue losses (Australian) | 18,309,724 | 16,277,403 |
| Tax capital losses (Australian) | 4,430,516 | 4,430,516 |
| Tax revenue losses (Foreign) | 135,727 | 174,175 |
| Unamortised business related costs | (54,003) | (8,726) |
| Accruals & provisions | 26,000 | 25,000 |
| Deferred tax liabilities: | | |
| Exploration expenses | (2,262,491) | (889,131) |
| Net unrecognised deferred tax assets | **20,585,473** | **20,009,237** |
| | | |
| Potential tax benefit @ 30% (2020: 30%) | **6,175,642** | **6,002,771** |

The deductible temporary differences and tax losses do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items because there is presently no expectation of future taxable profit against which the Group could utilise such benefits.

### Note 3: Earnings per share

The loss and weighted average number of ordinary shares used in the calculation of basic and dilutive loss per share is as follows:

| | | |
|---|---|---|
| Net loss for the year | (714,743) | (487,110) |
| The weighted average number of ordinary shares | 177,758,267 | 119,601,653 |
| Total basic and dilutive loss per share (cents) | (0.40) | (0.41) |

Despite having options on issue, basic and dilutive loss per share are the same as there is a loss position and to include options would be anti-dilutive.

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| | Consolidated 2021 $ | 2020 $ |
|---|---|---|

## Note 4: Trade and other receivables

| | 2021 $ | 2020 $ |
|---|---|---|
| GST | 75,120 | 7,922 |
| Trade and other receivables | 32,629 | - |
| | **107,749** | **7,922** |

The carrying amount of all receivables is equal to their fair value as they are short term. At 30 June 2021 no receivables are impaired or past due. All receivables are non-interest bearing.

## Note 5: Prepayments

| | 2021 $ | 2020 $ |
|---|---|---|
| Balance at the beginning of the year | 27,200 | - |
| Prepaid tenement rent for the year | 80,457 | 27,200 |
| Balance at the end of the year | 107,657 | 27,200 |

The Company applied for exploration tenements E80/5472, E805520, E80/5623 and E80/5624 during the year ended 30 June 2021 and E80/5346 in March 2019. If a tenement is granted rent paid on application will cover rent required on the first year of exploration in the tenement. As at 30 June 2021 and to the date of signing the report the tenement applications have not been granted. If a tenement is not granted the rent paid on application is fully refundable.

## Note 6: Motor Vehicles

| | 2021 $ | 2020 $ |
|---|---|---|
| Balance at the beginning of the year | - | - |
| Additions | 100,800 | - |
| Depreciation | (6,064) | - |
| Balance at the end of the year | 94,736 | - |

## Note 7: Plant and Equipment

| | 2021 $ | 2020 $ |
|---|---|---|
| Balance at the beginning of the year | - | - |
| Additions | 49,115 | - |
| Depreciation | (6138) | - |
| Balance at the end of the year | 48,977 | - |

## Note 8: Exploration and evaluation assets

| | 2021 $ | 2020 $ |
|---|---|---|
| Balance at the beginning of the year | 861,929 | 415,556 |
| Costs for the year | 1,292,905 | 538,177 |
| Recoupment of costs through exploration grant | - | (91,804) |
| Balance at the end of the year | 2,154,834 | 861,929 |

The recoupment of exploration costs carried forward is dependent upon the recoupment of costs through successful development and commercial exploitation, or alternatively by sale of the respective areas. Exploration assets relate to the areas of interest in the exploration phase for minerals exploration licences as shown in the table below:

| **30/06/2021** | **30/06/2020** | **Notes** |
|---|---|---|
| E 45/3278 | E 45/3278 | *Granted 30 September 2016* |
| E 80/4990 | E 80/4990 | *Granted 4 October 2017* |
| E 80/5182 | E 80/5182 | *Granted 28 September 2018* |



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## Note 9: Trade and other payables

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| **Current** | | |
| Trade and other payables* | 309,370 | 32,332 |
| Director-related entities – other payables (Note 15) | 171,584 | 345,040 |
| | **480,954** | **377,372** |

* Trade payables are non-interest bearing and are normally paid on 30 day terms.

## Note 10: Issued Capital

As at 30 June 2021 there were 234,911,319 fully paid ordinary shares on issue (2020: 128,931,579).

| **Movement in ordinary share capital** | Consolidated 2021 $ | Consolidated 2020 $ | Consolidated 2021 # | Consolidated 2020 # |
|---|---|---|---|---|
| At the beginning of the year | 38,284,139 | 37,208,259 | 128,931,579 | 76,978,545 |
| Shares issued during the year | 3,451,671 | 771,713 | 105,979,740 | 38,489,359 |
| Costs associated with share issue | (93,965) | (32,426) | - | - |
| Issued upon exercise of options | - | 336,593 | - | 13,463,675 |
| Balance at the end of the year | **41,641,845** | **38,284,139** | **234,911,319** | **128,931,579** |

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares. On a show of hands every shareholder of ordinary shares present at a meeting in person or by 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.

| **Movement in options** | **2021 Listed** | **2020 Listed** | **2021 Unlisted** | **2020 Unlisted** |
|---|---|---|---|---|
| At the beginning of the year | - | - | 13,000,000 | 6,000,000 |
| Options granted | - | 38,489,359 | 46,737,799[1] | 13,000,00 |
| Expired | - | (25,025,684) | (2,000,000) | (6,000,000) |
| Exercised | - | (13,463,675) | | |
| Balance at the end of the year | **-** | - | **57,737,799** | 13,000,000 |

[1] 30,237,799 options were granted to shareholders who participated in the rights issue and placements that occurred during the year ended 30 June 2021. The balance of 16,500,000 options granted for the year ended 30 June 2021 were granted to directors, an executive and consultants (Note 12).

## Note 11: Reserves

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Foreign currency translation reserve [a] | 1,512 | 32,332 |
| Share compensation reserve [b] | 164,172 | 345,040 |
| | 165,684 | **377,372** |

[a] The foreign currency translation reserve represents foreign exchange movements on the translation of financial statements for controlled entities from the functional currency into the presentation currency of Australian dollars.
[b] The share compensation reserve is used to record the value of equity benefits provided to employees, consultants and directors as part of their remuneration.

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## Note 12: Share based payments

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Shared based payment expense - directors | 53,295 | 8,656 |
| Share based payment expense – consultants and employees | 92,210 | 11,011 |
| | 144,505 | **19,667** |

**Share options to directors**

7,000,000 options were granted to directors in the year ended 30 June 2021. (2020: 5,000,000 options).

On 5 November 2020 3,000,000 options were granted to Rae Clark and 2,000,000 options to Darryl Clark. The options have an employment condition and so vest over that service condition.

The 5,000,000 options granted to directors were valued using the Black Scholes Option Valuation model and the following inputs:

| | |
|---|---|
| Exercise price | 4.4 cents |
| Share price at approval date | 2.8 cents |
| Maximum option life | 3.0 years |
| Expected volatility | 87% |
| Risk free interest rate | 0.27% |

Expected volatility was based on the average volatility of a peer group of eleven companies within the junior minerals exploration industry. The implied volatility of the eleven companies was in the range of 67% to 105%. The fair value of this share based payment (for accounting) at grant date was $61,590. The options vest over the service condition so a share based payment expense with a corresponding increase in equity of $13,330 has been recognised for the year ended 30 June 2021.

On 25 June 2021 1,000,000 options were granted to Rae Clark and 1,000,000 options to Darryl Clark. The options have no employment condition and so vest on grant of the option.

The 2,000,000 options granted to directors were valued using the Black Scholes Option Valuation model and the following inputs:

| | |
|---|---|
| Exercise price | 6.0 cents |
| Share price at approval date | 3.7 cents |
| Maximum option life | 2.0 years |
| Expected volatility | 89% |
| Risk free interest rate | 0.08% |

Expected volatility was based on the average volatility of a peer group of eleven companies within the junior minerals exploration industry. The implied volatility of the eleven companies was in the range of 70% to 120%. The fair value of this share based payment (for accounting) at grant date was $25,266. The options vest on grant of the option so a share based payment expense with a corresponding increase in equity of $25,266 has been recognised for the year ended 30 June 2021.

In the prior financial year 4,000,000 options were granted to Rae Clark and 1,000,000 options to Darryl Clark. The options have an employment condition and so vest over the service condition. The options vest over the service so a share based payment expense of $14,699 has been recognised for the year ended 30 June 2021.

**Share options to others**

*Share options to a consultant*
The 1,000,000 options granted to a consultant on 26 August 2020 has an employment condition and so vest over the service condition. They were valued using the Black Scholes Option Valuation model and the following inputs:

| | |
|---|---|
| Exercise price | 5.0 cents |
| Share price at approval date | 3.5 cents |
| Maximum option life | 4.7 years |
| Expected volatility | 87% |
| Risk free interest rate | 0.27% |

## Note 12: Share based payments (continued)

Expected volatility was based on the average volatility of a peer group of eleven companies within the junior minerals exploration industry. The implied volatility of the eleven companies was in the range of 67% to 105%. The fair value of this share based payment (for accounting) at grant date was $19,999. The options vest over the life of the option so a share based payment expense with a corresponding increase in equity of $3,604 has been recognised for the year ended 30 June 2021.

*Share options to an executive and a consultant*
The 2,000,000 options granted to an executive and a consultant on 5 November 2020 have an employment condition and so vest over the service condition. They were valued using the Black Scholes Option Valuation model and the following inputs:

| | |
|---|---|
| Exercise price | 4.4 cents |
| Share price at approval date | 2.8 cents |
| Maximum option life | 3.0 years |
| Expected volatility | 87% |
| Risk free interest rate | 0.27% |

Expected volatility was based on the average volatility of a peer group of eleven companies within the junior minerals exploration industry. The implied volatility of the eleven companies was in the range of 67% to 105%. The fair value of this share based payment (for accounting) at grant date was $24,636. The options vest over the service condition so a share based payment expense with a corresponding increase in equity of $5,332 has been recognised for the year ended 30 June 2021.

*Share options to consultants*
The 2,000,000 options granted to consultants on 31 March 2021 have no employment condition and so vest on grant date. They were valued using the Black Scholes Option Valuation model and the following inputs:

| | |
|---|---|
| Exercise price | 4.0 cents |
| Share price at approval date | 2.6 cents |
| Maximum option life | 3.0 years |
| Expected volatility | 89% |
| Risk free interest rate | 0.10% |

Expected volatility was based on the average volatility of a peer group of eleven companies within the junior minerals exploration industry. The implied volatility of the eleven companies was in the range of 70% to 120%. The fair value of this share based payment (for accounting) at grant date was $23,873. The options vest on grant of the option so a share based payment expense with a corresponding increase in equity of $23,873 has been recognised for the year ended 30 June 2021.

The 1,000,000 options granted to consultants on 31 March 2021 have no employment condition and so vest on grant date. They were valued using the Black Scholes Option Valuation model and the following inputs:

| | |
|---|---|
| Exercise price | 4.0 cents |
| Share price at approval date | 2.6 cents |
| Maximum option life | 3.0 years |
| Expected volatility | 89% |
| Risk free interest rate | 0.10% |

Expected volatility was based on the average volatility of a peer group of eleven companies within the junior minerals exploration industry. The implied volatility of the eleven companies was in the range of 70% to 120%. The fair value of this share based payment (for accounting) at grant date was $12,359. The options vest on grant of the option so a share based payment expense with a corresponding increase in equity of $12,359 has been recognised for the year ended 30 June 2021.

*Share options to an employee*
The 500,000 options granted to an employee on 31 March 2021 have an employment condition and so vest over the life of the option. They were valued using the Black Scholes Option Valuation model and the following inputs:

| | |
|---|---|
| Exercise price | 4.0 cents |
| Share price at approval date | 2.6 cents |
| Maximum option life | 3.0 years |
| Expected volatility | 89% |
| Risk free interest rate | 0.10% |

Expected volatility was based on the average volatility of a peer group of eleven companies within the junior minerals exploration industry. The implied volatility of the eleven companies was in the range of 65% to 120%. The fair value of this share based payment (for accounting at grant was

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## Note 12: Share based payments (continued)

$5,968. The options vest on grant of the option so a share based payment expense
with a corresponding increase in equity of $496 has been recognised for the year ended 30 June 2021.

*Share options to a consultant*
The 1,000,000 options granted to a consultant on 14 May 2021 have no employment condition and so vest on grant of the option. They were valued using the Black Scholes Option Valuation model and the following inputs:

| | |
|---|---|
| Exercise price | 6.0 cents |
| Share price at approval date | 3.8 cents |
| Maximum option life | 2.0 years |
| Expected volatility | 89% |
| Risk free interest rate | 0.08% |

Expected volatility was based on the average volatility of a peer group of eleven companies within the junior minerals exploration industry. The implied volatility of the eleven companies was in the range of 65% to 120%. The fair value of this share based payment (for accounting) at grant date was $13,268. The options vest on grant of the option so a share based payment expense with a corresponding increase in equity of $13,268 has been recognised for the year ended 30 June 2021.

*Share options to consultants*
The 2,000,000 options granted consultants on 25 June 2021 have no employment condition and so vest on grant of the option. They were valued using the Black Scholes Option Valuation model and the following inputs:

| | |
|---|---|
| Exercise price | 6.0 cents |
| Share price at approval date | 3.7 cents |
| Maximum option life | 2.0 years |
| Expected volatility | 89% |
| Risk free interest rate | 0.08% |

Expected volatility was based on the average volatility of a peer group of eleven companies within the junior minerals exploration industry. The implied volatility of the eleven companies was in the range of 70% to 120%. The fair value of this share based payment (for accounting) at grant date was $25,266. The options vest on grant of the option so a share based payment expense with a corresponding increase in equity of $25,266 has been recognised for the year ended 30 June 2021.

In the prior financial year 2,000,000 options were granted an employee and a consultant. The options have an employment condition and so vest over the service condition. A share based payment expense of $7,012 has been recognised for the year ended 30 June 2021 for these prior year options

## Note 13: Financial instruments

**Capital risk management**
Prudent capital risk management implies maintaining sufficient cash and marketable securities to ensure continuity of tenure to exploration assets and to be able to conduct the Group's business in an orderly and professional manner. The Board monitors its future capital requirements on a regular basis and will when appropriate consider the need for raising additional equity capital, debt funding or to farm-out exploration projects as a means of preserving capital.

**Categories of financial instruments**
The Group's principal financial instruments comprise of cash and short-term deposits and short term borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

**Financial risk management objectives**
The Group is exposed to market risk (including, interest rate risk and equity price risk), credit risk and liquidity risk.

The main risks arising from the Group's financial instruments are interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

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## Note 13: Financial instruments (continued)

**Market risk**
There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

*Interest rate risk management*
All cash balances attract a floating rate of interest. Excess funds that are not required in the short term are placed on deposit for a period of no more than 6 months. The Group's exposure to interest rate risk and the effective interest rate by maturity periods is set out below.

*Interest rate sensitivity analysis*
At 30 June 2021, if interest rates had changed on cash and cash equivalent by 100 basis points (1%) and all other variables were held constant, the Group's after tax profit would have been $9,939 (2020: $1,457) lower/higher as a result of higher/lower interest income on cash and cash equivalents.

**Credit risk management**
Credit risk relates to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from any defaults.

**Foreign currency risk**
The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the respective functional currency. The functional currency of the group is denominated is Australian dollars.

**Liquidity risk management**
Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. Liquidity risk is monitored to ensure sufficient monies are available to meet contractual obligations as and when they fall due.

The following are the contractual maturities of the financial liabilities, including interest payments. Contractual amounts have not been discounted.

| | Carrying Amount | Contractual cash flows | 0-12 months | 1-2 years | 2-10 years |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **30 June 2021 Consolidated:** | | | | | |
| *Non-derivative Financial Liabilities* | | | | | |
| Trade and other payables | 480,954 | 480,954 | 480,954 | - | - |
| Borrowings | - | - | - | - | - |
| | 480,954 | 480,954 | 480,954 | - | - |
| **30 June 2021 Consolidated:** | | | | | |
| *Non-derivative Financial Liabilities* | | | | | |
| Trade and other payables | 377,372 | 377,372 | 377,372 | - | - |
| Borrowings | - | - | - | - | - |
| | 377,372 | 377,372 | 377,372 | - | - |

## Note 14: Commitments for expenditure

| | Consolidated 2021 $ | 2020 $ |
|---|---|---|
| Not longer than 1 year | 40,000 | 57,000 |
| Longer than 1 year and not longer than 5 year | 492,000 | 776,500 |
| | **532,000** | **833,500** |

*Expenditure commitments (minerals)*
The Group has a commitment in minerals tenement E45/3278 which has a current year commitment of $30,000. The permit year ends 29 September each year. The five year term ends 29 September 2021 and the Company has applied for extension of its term.

On 4 October 2017 the Group was granted minerals tenement E80/4990. The yearly expenditure commitment is $102,000. On 28 September 2018 the Group was granted minerals tenement E80/5182. The yearly expenditure commitment is $130,000. Combined expenditure has been granted by the Western Australia Department of Mines, Industry Regulation and Safety allowing for expenditure obligations for E80/4990 and E80/5182 to be combined.

## Note 15: Related party disclosure

The ultimate parent entity in the wholly-owned group and the ultimate Australian parent entity is Peako Limited. The consolidated financial statements include the financial statements of Peako Limited and the controlled entities listed in the following table:

| Name of entity | Country of incorporation | Class of shares | Equity holding % 2021 | 2020 |
|---|---|---|---|---|
| Peako Resources Pty Ltd | Australia | Ordinary | 100 | 100 |
| Peak Royalties Ltd | British Virgin Islands | Ordinary | 100 | 100 |
| Peak Oil & Gas Philippines Ltd | British Virgin Islands | Ordinary | 100 | 100 |
| Energy Best Limited | British Virgin Islands | Ordinary | 100 | 100 |
| SA Drilling Pty Ltd | Australia | Ordinary | 100 | 100 |
| Samarai Pty Ltd | Australia | Ordinary | 100 | 100 |

### Director-related entities

During the year services and/or facilities were provided under normal commercial terms and conditions by director-related entities as disclosed below:

| Entity | Related director | Service | Amounts Paid 2021 $ | 2020 $ | Payable at 30/06/21 $ | 30/06/20 $ |
|---|---|---|---|---|---|---|
| Samika Pty Ltd | RL Clark | Consulting | 68,415 | 38,880 | - | - |
| Exoil Pty Ltd | EG Albers | Office services | 87,612 | 130,970 | 55,466 | 158,898 |
| Enegex Limited | EG Albers | Geological services | 15,950 | - | 18,271 | - |
| Natural Resources Group Pty Ltd | EG Albers | Project management | 20,000 | 5,000 | 20,000 | - |
| Octanex Limited | EG Albers | Accounting and administrative support | 147,045 | 136,020 | 77,847 | 186,142 |
| | | | **339,022** | **312,870** | **171,584** | **345,040** |



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## Note 16: Parent entity disclosure

| | Parent Entity | |
|---|---|---|
| | 2021 | 2020 |
| | $ | $ |
| ***Financial position*** | | |
| Current assets | 1,452,434 | 145,657 |
| Non-current assets | 2,333,866 | 861,930 |
| Total assets | 3,786,300 | 1,007,587 |
| | | |
| Current liabilities | 405,834 | 369,451 |
| Non-current liabilities | - | - |
| Total liabilities | 405,834 | 369,451 |
| **Net Assets** | **3,380,466** | **638,136** |
| | | |
| Issued capital | 63,558,717 | 60,201,011 |
| Accumulated losses | (60,276,129) | (59,616,286) |
| Options reserve | 97,878 | 53,411 |
| **Total Equity** | **3,380,466** | **638,136** |
| | | |
| ***Financial performance*** | | |
| Loss for the year | (659,843) | (218,399) |
| Other comprehensive income | | |
| Total comprehensive loss | | |
| | **(659,843)** | **(218,399)** |

## Note 17 Matters Subsequent to Balance Date

On 30 July 2021 the following shares were issued and options granted following approval of members. These shares and options formed part of a two-tranche placement announced on 15 June 2021:

- 21,428,571 first tranche unlisted options exercisable at $0.055 on or before 30 June 2022
- 14,285,716 second tranche shares
- 7,142,857 second tranche unlisted options exercisable at $0.055 on or before 30 June 2022

On 21 July 2021, the SPP announced by the Company on 15 June 2021 concluded. The company issued 59,527,066 shares and granted with 29,763,522 unlisted options pursuant to the SPP, raising a further $2,074,000.

On 20 September 2021, Dr Paul Kitto replaced De Darryl Clark as Non-Executive Technical Director.

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## Note 18: Reconciliation of loss after income tax to net cash outflow from operating activities

| | Consolidated | |
|---|---|---|
| | 2021 | 2020 |
| | $ | $ |
| Net loss for the year | (714,743) | (487,110) |
| Foreign exchange gain (loss) | - | 1,186 |
| Depreciation | 6,202 | - |
| Recovery of salary/consultant costs | (89,100) | - |
| Grant of options | 144,505 | 19,667 |
| (Increase) decrease in trade and other receivables | (99,828) | 3,825 |
| Decrease (increase) in trade and other payables | (85,642) | 213,383 |
| Exploration expensed | 128,221 | - |
| Net cash outflow from operating activities | **(710,385)** | **(249,049)** |

## Note 19: Auditor's remuneration

The auditors of the Group are Grant Thornton Audit Pty Ltd.

| | | |
|---|---|---|
| *Assurance services* | | |
| Grant Thornton Audit Pty Ltd | 52,876 | 43,137 |
| *Non-Audit services* | | |
| Grant Thornton Audit Pty Ltd | - | - |
| | 52,876 | 43,137 |

## Note 20: Segment information

Under AASB 8 Operating Segments, segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the board of directors

At regular intervals the board is provided management information at a group level for the group's cash position, the carrying values of exploration permits and a group cash forecast for the next twelve months of operation. On this basis, no segment information is included in these financial statements.

All interest received has been derived in Australia. All exploration and evaluation assets are held in Australia.

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## Note 21 Key Management Personnel

**Executive Director**
RL Clark

**Non-Executive Directors**
EG Albers
P Kitto
DJ Clark

### Individual compensation disclosures

Information regarding individual director's compensation is provided in the remuneration report section of the directors' report. There are no employees who meet the definition of key management personnel other than the directors of the company. A summary of the remuneration report is shown below.

| | | *Short Term* | | *Post Employment* | | *Equity Settled* | *Total* |
|---|---|---|---|---|---|---|---|
| | | *Directors Fees* | *Salary* | *Superannuation* | *Retirement Benefits* | *Options* | |
| | | *$* | *$* | *$* | *$* | *$* | *$* |
| Total | **2021** | **-** | **10,000** | **950** | **-** | **86,856** | **97,806** |
| | 2020 | - | 10,000 | 950 | - | 49,271 | 60,221 |

# Directors' Declaration

The directors of the company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:
   a) comply with Accounting Standards and the Corporations Regulations 2001;
   b) give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
   c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures included in pages 18 to 21 of the directors' report, (as part of audited Remuneration Report), for the year ended 30 June 2021, comply with section 300A of the Corporations Act 2001.
4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

R.L Clark
Director
30 September 2021

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Collins Square, Tower 5
727 Collins Street
Melbourne Victoria 3008

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001
T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com

W www.grantthornton.com.au

# Independent Auditor's Report

## To the Members of Peako Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Peako Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

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

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

#### Basis for opinion

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

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

#### 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.



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| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Exploration and Evaluation Assets Valuation (Note 8)** | |
| At 30 June 2021 the carrying value of exploration and evaluation assets was $2,154,834.<br>In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.<br>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.<br>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers. | Our procedures included, amongst others:<br>• obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;<br>• reviewing management's area of interest considerations against AASB 6;<br>• conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including;<br>o tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed;<br>o enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure;<br>o understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;<br>• evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and<br>• assessing the appropriateness of the related financial statement disclosures. |

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

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

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

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

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

## Responsibilities of the Directors for the financial report

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

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

## Auditor's responsibilities for the audit of the financial report

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

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

## Report on the remuneration report

### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 18 to 21 of the Directors' report for the year ended 30 June 2021.

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

### Responsibilities

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

T S Jackman
Partner – Audit & Assurance

Melbourne, 30 September 2021

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# ASX additional Information (unaudited)

*As at 28 September 2021*

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

## Distribution of Ordinary Shares

| Ordinary Shares | No. of Holders | No. of Shares |
|---|---|---|
| 1 – 1,000 | 212 | 94,195 |
| 1,001 – 5,000 | 182 | 444,552 |
| 5,001 – 10,000 | 48 | 365,527 |
| 10,001 – 100,000 | 411 | 17,803,677 |
| 100,001 and over | 366 | 289,746,150 |
| **Total on Issue** | **1,219** | **308,454,101** |

542 holders held less than a marketable parcel of ordinary shares. There is no current on-market buy-back.

## Substantial Shareholders

As disclosed in notices given to the Company.

| Name | Interest in Number of Shares | % of Shares |
|---|---|---|
| Albers Group | 94,037,386 | 31.97 |

## The 20 Largest Holders of Ordinary Shares

| Holder Name | Holding | % |
|---|---|---|
| Hawkestone Resources Pty Ltd | 21,690,502 | 7.03% |
| Southern Energy Pty Ltd | 13,814,177 | 4.48% |
| Mr Ernest Geoffrey Albers | 12,139,978 | 3.94% |
| Sacrosanct Pty Ltd | 11,579,999 | 3.75% |
| 500 Custodian Pty Ltd | 8,131,428 | 2.64% |
| Great Australia Corporation Pty Ltd | 7,525,671 | 2.44% |
| Auralandia Pty Ltd | 7,377,543 | 2.39% |
| Australis Finance Pty Ltd | 7,040,398 | 2.28% |
| Ms Chunyan Niu | 6,805,994 | 2.21% |
| Ms Xiaodan Wu | 4,163,754 | 1.35% |
| Mr Michael Leslie Jefferies | 4,000,000 | 1.30% |
| Great Missenden Holdings Pty Ltd | 3,862,236 | 1.25% |
| Sanperez Pty Ltd | 3,857,142 | 1.25% |
| Jimzbal Pty Ltd | 2,778,021 | 0.90% |
| Ram Platinum Pty Ltd | 2,750,000 | 0.89% |
| Mr Charles Waite Morgan | 2,629,736 | 0.85% |
| Westminex Pty Ltd | 2,571,428 | 0.83% |
| Mr Christopher Kevin Hurley | 2,500,000 | 0.81% |
| Bull Equities Pty Ltd | 2,500,000 | 0.81% |
| Albers Custodian Company Pty Ltd | 2,420,000 | 0.78% |
| **Total** | **132,465,813** | **42.95%** |

## Distribution of unlisted Options - exercisable at $0.055 on or before 30 June 2022

Numbers of holders of unlisted options by size of holding and the total number of unlisted options:

| Listed Options | No. of Holders | No. of Unlisted Options |
|---|---|---|
| 1 – 1,000 | 13 | 4,903 |
| 1,001 – 5,000 | 23 | 56,514 |
| 5,001 – 10,000 | 11 | 84,363 |
| 10,001 – 100,000 | 109 | 5,214,446 |
| 100,001 and over | 185 | 83,077,553 |
| **Total on Issue** | **341** | **88,437,779** |

## Other Unlisted Options – 28,000,000 at various prices and dates

Two holders hold 1,000,000 unlisted options (exercisable at $0.075 on or before 30 November 2021).
One holder holds 1,000,000 unlisted options (exercisable at $0.03 on or before 1 May 2022).
Four holders hold 5,000,000 unlisted options (exercisable at $0.04 on or before 28 November 2022).
Two holders hold 1,000,000 unlisted options (exercisable at $0.10 on or before 30 November 2022).
One holder hold 1,000,000 unlisted options (exercisable at $0.06 on or before 13 May 2023).
Six holders hold 4,500,000 unlisted options (exercisable at $0.06 on or before 21 May 2023).
Four holders hold 7,000,000 unlisted options (exercisable at $0.044 on or before 5 November 2023).
One holder holds 2,000,000 unlisted options (exercisable at $0.05 on or before 28 November 2023).
Three holders hold 2,500,000 unlisted options (exercisable at $0.040 on or before 29 March 2024).
One holder holds 1,000,000 unlisted options (exercisable at $0.055 on or before 29 March 2025).
One holder holds 2,000,000 unlisted options (exercisable at $0.050 on or before 1 May 2025).

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