

# **M3 Mining Limited**

**ABN 98 644 548 434**

## **Half-Year Financial Report - 31 December 2021**

Directors	Russell Davis - Non-Executive Chairman Simon Eley - Executive Director Ariel Edward (Eddie) King - Non-Executive Director
Company secretary	Benjamin Donovan
Registered office	Level 1, 3 Ord Street West Perth WA 6005
Principal place of business	Level 1, 3 Ord Street West Perth WA 6005
Share register	Automic Level 5, 191 St Georges Terrace Perth WA 6000 Australia P(Australia): 1300 288 664 P (Overseas): +61 2 9698 5414 W: <a href="http://www.automicgroup.com.au">www.automicgroup.com.au</a>
Auditor	William Buck Audit (WA) Pty Ltd Level 3, 15 Labouchere Road South Perth WA 6151
Solicitors	GTP Legal 68 Aberdeen Street Northbridge WA 6003
Stock exchange listing	M3 Mining Limited shares are listed on the Australian Securities Exchange (ASX code: M3M)
Website	<a href="http://www.m3mining.com.au">www.m3mining.com.au</a>

**M3 Mining Limited**  
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**31 December 2021**



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The Directors of M3 Mining Limited ("Company") present their report, together with the financial statements, on the Company for the period ended 31 December 2021.

#### **Directors**

The following persons were Directors of the Company during the whole of the financial period and up to the date of this report, unless otherwise stated:

Russell Davis - Non-Executive Director  
Simon Eley - Executive Director  
Ariel Edward King - Non-Executive Director

#### **Principal activities**

The principal activity of the Company during the course of the financial period was the exploration and evaluation of mineral resources over two projects being the Victoria Bore and the Edjudina Gold project.

#### **Review of operations**

The loss for the Company after providing for income tax amounted to \$688,091 (31 December 2020: \$18,585).

#### ***Victoria Bore***

The Victoria Bore Copper Project located in the Pilbara region of WA. Victoria Bore is the Company's flagship base metals project and was mined in the 1950's producing high grade copper ore with grades averaging 32.7% from near surface workings. Samples taken from the old mine area support these grades with samples containing up to 49% copper. M3 Mining identified two strong conductors generated from a previous MLEM survey, one of which is centred on the mine workings and in part possibly associated with this high-grade mineralisation. The Company completed its maiden 1,200m reverse circulation (RC) drilling program as well as a down hole electromagnetic (DHEM) survey in the December quarter. The RC drilling program returned encouraging copper, zinc and lead assays and geochemical analysis confirmed the presence of a primary base metal sulphide system beneath the historical mine and open along strike. M3 Mining has commenced plans to better define the recent targets generated by the RC drilling and DHEM survey as well as a regional aeromagnetic survey and geochemical analysis ahead of its next drilling program scheduled for later in the year.

#### ***Edjudina Gold Project***

The Edjudina Gold Project located 150km northeast of Kalgoorlie in the Eastern Goldfields in Western Australia, a region actively explored by major mining companies and hosting multiple tier 1 world class gold deposits. The Edjudina Project contains historical workings and zones of outcropping mineralisation, however because of soil cover that obscures large parts of the tenements, the project is considered not to have been adequately explored in the past. The structural setting of the project being located adjacent to the major Keith-Kilkenny Fault zone provides excellent target opportunities. M3 Mining completed a sub-audio-magnetics survey during the December quarter which confirmed the Company's view that known mineralised structures continue through M3 Mining's tenements and highlights the exploration upside of Edjudina. Further, several cross-cutting faults, alteration or intrusive features and potentially significant deformation features were identified which were not previously defined with surface mapping or geochemical analysis. The results confirm that further work is warranted with geochemical sampling planned ahead of a maiden drilling program.

#### **Significant changes in the state of affairs**

On 26 July 2021 the Company completed their IPO issuing 23,000,000 fully paid ordinary shares at an issue price of \$0.20 per share raising \$4,600,000 (before costs), with listing on the ASX on 29 July 2021. The Lead Manager under the Prospectus was issued 2,000,000 options exercisable at \$0.25 expiring on 30 June 2024.

There were no other significant changes in the state of affairs of the Company during the financial period.

#### **Matters subsequent to the end of the financial period**

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



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Russell Davis  
Chairman

11 March 2022

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF M3 MINING LIMITED**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2021 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (WA) Pty Ltd  
ABN 67 125 012 124

CM

Conley Manifis  
Director

Dated this 11<sup>th</sup> day of March 2022

**ACCOUNTANTS & ADVISORS**

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**M3 Mining Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the period ended 31 December 2021**



	Note	31 Dec 2021 \$	31 Dec 2020 \$
<b>Revenue</b>			
Interest income		482	-
<b>Expenses</b>			
Corporate and administration expenses	4	(185,543)	(3,585)
Employee benefits expense		(61,593)	-
Depreciation expense		(3,426)	-
Exploration expenditure incurred and expensed		(433,011)	(15,000)
Project evaluation		(5,000)	-
<b>Loss before income tax expense</b>		(688,091)	(18,585)
Income tax expense		-	-
<b>Loss after income tax expense for the period attributable to the owners of M3 Mining Limited</b>		(688,091)	(18,585)
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income for the period attributable to the owners of M3 Mining Limited</b>		(688,091)	(18,585)
		<b>Cents</b>	<b>Cents</b>
Basic loss per share		(2.05)	(0.72)
Diluted loss per share		(2.05)	(0.72)

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

**M3 Mining Limited**  
**Statement of financial position**  
**As at 31 December 2021**



	Note	31 Dec 2021 \$	30 Jun 2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,095,016	1,955,039
Other receivables		6,899	5,007
Other		7,487	-
<b>Total current assets</b>		<b>4,109,402</b>	<b>1,960,046</b>
<b>Non-current assets</b>			
Property, plant and equipment	5	45,042	-
Exploration and evaluation	6	18,461	15,000
<b>Total non-current assets</b>		<b>63,503</b>	<b>15,000</b>
<b>Total assets</b>		<b>4,172,905</b>	<b>1,975,046</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		69,430	67,057
Other liabilities		-	1,364,003
<b>Total current liabilities</b>		<b>69,430</b>	<b>1,431,060</b>
<b>Total liabilities</b>		<b>69,430</b>	<b>1,431,060</b>
<b>Net assets</b>		<b>4,103,475</b>	<b>543,986</b>
<b>Equity</b>			
Issued capital	7	4,624,964	608,184
Reserves	8	900,120	669,320
Accumulated losses		(1,421,609)	(733,518)
<b>Total equity</b>		<b>4,103,475</b>	<b>543,986</b>

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



**M3 Mining Limited**  
**Statement of changes in equity**  
**For the period ended 31 December 2021**



	Issued capital \$	Share based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 22 September 2020	-	-	-	-
Loss after income tax expense for the period	-	-	(18,585)	(18,585)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(18,585)	(18,585)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	50,000	-	-	50,000
Shares issued for exploration acquisition	30,000	-	-	30,000
Balance at 31 December 2020	80,000	-	(18,585)	61,415
	Issued capital \$	Share based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	608,184	669,320	(733,518)	543,986
Loss after income tax expense for the period	-	-	(688,091)	(688,091)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(688,091)	(688,091)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 7)	4,247,580	-	-	4,247,580
Options issued for capital raising costs	(230,800)	230,800	-	-
Balance at 31 December 2021	4,624,964	900,120	(1,421,609)	4,103,475

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

**M3 Mining Limited**  
**Statement of cash flows**  
**For the period ended 31 December 2021**



	Note	31 Dec 2021 \$	31 Dec 2020 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(692,153)	-
Interest received		482	-
Net cash used in operating activities		(691,671)	-
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	5	(48,468)	-
Payments for exploration and evaluation	6	(3,461)	-
Net cash used in investing activities		(51,929)	-
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		3,235,997	10,500
Share issue transaction costs		(352,420)	-
Net cash from financing activities		2,883,577	10,500
Net increase in cash and cash equivalents		2,139,977	10,500
Cash and cash equivalents at the beginning of the financial period		1,955,039	-
Cash and cash equivalents at the end of the financial period		4,095,016	10,500

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

## **Note 1. General information**

The financial statements cover M3 Mining Limited ("Company") as an individual entity. The financial statements are presented in Australian dollars, which is M3 Mining Limited's functional and presentation currency.

M3 Mining Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1, 3 Ord Street  
West Perth WA 6005

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 11 March 2022.

## **Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the period ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial period and corresponding interim reporting period, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

There has been no impact to the financial statements arising from new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

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

### **Exploration and evaluation assets**

#### *Exploration and evaluation assets acquired*

Exploration and evaluation assets comprise of acquisition of mineral rights (such as joint ventures) and fair value (at acquisition date) of exploration and expenditure assets from other entities. As the assets are not yet ready for use they are not depreciated. Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; or
- other facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the assets are demonstrable, exploration and evaluation assets are first tested for impairment and then reclassified to mine properties as development assets.

#### *Exploration and evaluation expenditure*

Exploration and evaluation expenditure incurred is expensed in respect of each identifiable area of interest until such a time where a JORC 2012 compliant resource is announced in relation to the identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

## **Note 2. Significant accounting policies (continued)**

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development.

Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment annually in accordance with AASB 6. Where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units.

The Statement of Profit or Loss and Other Comprehensive Income will recognise expenses arising from excess of the carrying values of exploration and evaluation assets over the recoverable amounts of these assets.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the period in which that assessment is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

### **Comparatives**

The comparatives for the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows are from the period of incorporation (22 September 2020) to 31 December 2020.

## **Note 3. Operating segments**

The Board has determined that the Company has one reportable segment, being mineral exploration in Australia. As the Company is focused on mineral exploration, the Board monitors the Company based on actual versus budgeted results. This internal reporting framework is the most relevant to assist the Board in making decisions regarding the Company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

All of the Company's assets are located in one geographical segment being Australia.

## **Note 4. Corporate and administration expenses**

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	\$	\$
Share registry & ASX compliance fees	39,165	-
Contractors and consultancy	115,462	-
Legal fees	842	3,585
Audit fees	10,158	-
Travel, accommodation and conferences	2,042	-
Other	17,874	-
	<b>185,543</b>	<b>3,585</b>

## **Note 5. Non-current assets - property, plant and equipment**

	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	\$	\$
Plant and equipment - at cost	48,468	-
Less: Accumulated depreciation	(3,426)	-
	<b>45,042</b>	<b>-</b>

**Note 5. Non-current assets - property, plant and equipment (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

	Plant and equipment \$
Balance at 1 July 2021	-
Additions	48,468
Depreciation expense	(3,426)
Balance at 31 December 2021	45,042

**Note 6. Non-current assets - exploration and evaluation**

	31 Dec 2021 \$	30 Jun 2021 \$
Exploration and evaluation	18,461	15,000

*Reconciliations*

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

	\$
Balance at 22 September 2020	-
Acquisition of exploration and evaluation assets	30,000
Expensing of acquisition costs*	(15,000)
Balance at 30 June 2021	15,000
Acquisition of exploration and evaluation assets	3,461
Balance at 31 December 2021	18,461

\* Acquisition costs expensed relate to the Victoria Bore application pending grant.

The ultimate recovery of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest at an amount greater than or equal to carrying value.

**Note 7. Equity - issued capital**

	31 Dec 2021 Shares	30 Jun 2021 Shares	31 Dec 2021 \$	30 Jun 2021 \$
Ordinary shares - fully paid (net of transactions costs)	36,925,003	13,925,003	4,624,964	608,184

**Note 7. Equity - issued capital (continued)**

*Movements in ordinary share capital*

Details	Date	Shares		\$
Balance	22 September 2020	3		-
Seed capital upon incorporation		9,300,000	\$0.042	390,000
Shares issued to acquire exploration assets		1,500,000	\$0.020	30,000
Seed funding		3,125,000	\$0.160	500,000
Less: capital raising costs				(311,816)
Balance	30 June 2021	13,925,003		608,184
Capital Raising		23,000,000	\$0.200	4,600,000
Less: capital raising costs				(583,220)
Balance	31 December 2021	36,925,003		4,624,964

*Ordinary shares*

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 held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Movements in issued options*

	Opening balance	Granted in period	Exercised in period	Expired/ cancelled in period	Closing balance 31 December 2021
1 July 2021					
Exercisable at \$0.25 on or before 30 June 2024	5,800,000	2,000,000	-	-	7,800,000

**Note 8. Equity - reserves**

	31 Dec 2021 \$	30 Jun 2021 \$
Share-based payments reserve	900,120	669,320

*Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

## **Note 8. Equity - reserves (continued)**

### *Movements in reserves*

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

	Share-based payments \$	Total \$
Balance at 22 September 2020	-	-
Options issued to directors and company secretary	553,920	553,920
Options issued to lead manager	115,400	115,400
Balance at 30 June 2021	669,320	669,320
Options issued to lead manager	230,800	230,800
Balance at 31 December 2021	900,120	900,120

## **Note 9. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial period.

## **Note 10. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

## **Note 11. Share-based payments**

### *Issue of options*

An Employee Incentive Securities Plan has been established by the Company, whereby the Company may, at the discretion of the Board, grant options over ordinary shares in the Company to certain key management personnel, employees and contractors of the Company.

Set out below are summaries of options granted:

	Number of options 31 Dec 2021	Weighted average exercise price 31 Dec 2021
Outstanding at the beginning of the financial period	5,800,000	\$0.250
Granted	2,000,000	\$0.250
Outstanding at the end of the financial period	7,800,000	\$0.250
Exercisable at the end of the financial period	7,800,000	\$0.250

The weighted average share price during the financial period was \$0.25.

The weighted average remaining contractual life of options outstanding at the end of the financial period was 3 years.

The Company issued 2,000,000 options exercisable at \$0.25 on or before 30 June 2024, which vested on issue as show below:

- 2,000,000 Advisor options to the Lead Manager (Discovery Capital) in relation to services provided for the Public Offer.

**Note 11. Share-based payments (continued)**

For the options granted during the current financial period, the Black Scholes Option Pricing Model has been used with the valuation model inputs used to determine the fair value at the grant date, are as follows:

Assumption

Expected volatility	100%
Risk free interest rate (%)	0.10%
Expected life of Options	3 years
Exercise price	\$0.25
Grant date Share price (assume IPO price)	\$0.20
<b>Value per Option</b>	<b>\$0.1154</b>

The resultant value of \$230,800 for the 2,000,000 advisor options has been recorded as a cost of issuing shares and has been applied against the share capital raised through the Public Offer.



In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



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Russell Davis  
Chairman

11 March 2022

## M3 Mining Limited

### Independent auditor's review report to shareholders

## Report on the Review of the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of M3 Mining Limited which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of M3 Mining Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Responsibility of the Directors for the Financial Report

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

### Auditor's Responsibilities for the Review of the Financial Report

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

#### ACCOUNTANTS & ADVISORS

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position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

William Buck Audit (WA) Pty Ltd  
ABN 67 125 012 124

CM

Conley Manifis  
Director  
Dated this 11<sup>th</sup> day of March, 2022