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## Mayur Resources is focused on the development of natural resources in Papua New Guinea.

We are committed to delivering our diversified asset portfolio, which spans cement & lime, iron & industrial sands, and renewable energy that will contribute to nation-building and job creation in a country experiencing a significant growth trajectory.



*An artist's impression of Mayur's proposed Central Cement & Limestone Project in Papua New Guinea.*

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## Our Vision

Mayur Resources is committed to the development of economic growth through local nation building and establishment of export facing businesses that deliver value to our shareholders.

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## Our Strategy

To realise its vision, Mayur's strategy is to serve the local PNG and the wider Asia Pacific region's markets via:

- 1 Developing our mineral and building material projects that deliver high quality, low cost, and "low carbon" products
- 2 Constructing and operating a renewable energy portfolio of solar, wind, geothermal, carbon offsets, and battery storage.

Mayur is committed to engaging with host communities throughout the lifecycle of its projects, as well as incorporating internationally recognised Environmental, Social and Governance (ESG) standards into its strategy and business practices.

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## Our Values

- 1 We value all relationships, work together and strive to understand and show respect in all our dealings.
- 2 We initiate sustainable outcomes, take responsibility and are open and accountable.
- 3 We are resourceful. We solve problems and we constantly seek to create value while adapting, developing and continually improving.
- 4 We commit. We keep our word, deliver results, and are professional and ethical.



# Managing Director's Letter to Shareholders

## Dear Shareholders

This past year has presented unparalleled challenges but Mayur Resources' commitment to advancing its nation building portfolio in Papua New Guinea has never been stronger. We have the right strategy, the right people and the right projects to deliver sustainable value for all stakeholders.

I am grateful for our team's accomplishments in the 2021 fiscal year as they made significant progress, delivering on strategy and adding value to our portfolio. Amongst a number of key milestones, a highlight was the PNG Government awarding of a 20-year Mining Lease for our flagship Central Cement & Lime Project near Port Moresby in August 2020. The project has since been granted Special Economic Zone status, confirming its support from local authorities and securing a range of concessions including tax relief and duty exemption. This significantly strengthens the financial outcomes for the project, enabling it to compete with other similar businesses established in special economic zones elsewhere in Asia. It also builds international investor confidence in PNG and our overall drive to develop a new export industry.

The demand for cement and lime is forecast to grow throughout the Australasia region on the back of increased investment in infrastructure and Mayur is well positioned to take advantage of this momentum. During the year, experienced professional Trent Alexander was appointed as Chief Operating Officer of Mayur's lime and cement business to prioritise the delivery of our Phase 1 quicklime plant. Subsequent to the end of the financial year, Mayur received letters of support from customers in PNG and Australia in excess of the Phase 1 quicklime plant's initial 400,000 tonnes per year capacity. There is also offtake support for over 1 million tonnes per annum of our low- cost, high-quality clinker and cement production from Phase 2 of the CCL Project.

While the market for cement and lime is strong, the demand for low carbon lime and cement is even stronger as companies increase their commitment to Environmental, Social and Governance (ESG) principles. Mayur's priority is to become Asia Pacific's first carbon-neutral cement and lime producer. Net zero initiatives will initially be achieved via renewable power generation, carbon offsets, alternative fuels and will evolve with technology to incorporate carbon capture and electric vehicles.

In late October 2021 we announced the outcomes of our strategic review. A key pillar to the revised strategy is the establishment of Mayur Renewables. Since this announcement many have questioned whether this further complicates Mayur and is a distraction to our core business. It is appropriate for me to clearly articulate why Mayur Renewables was established and why it is absolutely aligned with the Mayur story.

Firstly, it has become increasingly clear to management and the Board that we must position the business, and in particular our cement and lime project, in a way that acknowledges and embraces a carbon constrained world. Viewed in this way Mayur Renewables is a critical enabler for our existing projects through the provision of renewable energy and carbon offsets.

Secondly it has become evident that the potential size and scale of our various renewable opportunities not only caters for the requirements of our existing project portfolio, but also offers potential to monetise the excess renewable capacity, whether in the form of solar or geothermal power or excess carbon credits. This could represent potential value that may be many times Mayur's current market capitalisation.

As part of our plan to focus on nation building industrial minerals and energy, we listed our PNG copper and gold assets on the TSX-Venture Exchange in Canada as Adyton Resources Corporation (TSXV:ADY). The spin-out saw more than C\$10.5 million raised with Mayur owning circa 43% of ADY shares on issue. We are disappointed in the performance of Adyton's share price since listing. However, we remain confident of the long-term value in Adyton as it is underpinned by resources of in excess of 2.1 million ounces of gold at Fergusson and Feni Islands combined and believe that in time the market will come to value the assets appropriately.

Our iron and industrial sands portfolio saw a number of key developments including (A) the completion of a Definitive Feasibility Study for the Orokolo Bay project, which reinforced its status as a simple, low CAPEX and financially robust project with multiple product revenue streams. The DFS was completed at a discount to an already extremely conservative average iron ore index CFR sales price of US\$66.30/t (62% Fe), (B) the submission of a Mining Lease application, and (C) the appointments of seasoned mining executives Richard Seville and Simon Slesarewich, as chairman and chief executive respectively, to enable the proposed standalone listing of this business.

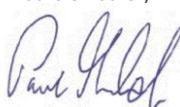
Subsequent to the financial year end in September 2021 we welcomed Charles Fear and Chris Indermaur to our board, both of whom bring extensive experience to the company.

For all our projects in PNG, we don't take the support and strong relationships we share with the government, communities and landowners for granted and we remain committed to repaying their trust through our nation building agenda.

We acknowledge the impact of the Covid 19 pandemic on our stakeholders in PNG. Despite these challenges myself and the senior management team have recently spent an extensive period of time on the ground in PNG progressing all our projects. This has provided critical insights into the next phase of execution.

I'm extremely encouraged by the continuing and steadfast support I've received from the Board, our leadership team and major shareholders, who together contribute to my confidence for the future.

Yours sincerely



**Paul Mulder**  
Managing Director

# FY2021 Highlights

**2 July 2020**

**Mayur declares maiden Ore Reserve at Orokolo Bay Industrial Sands Project.**

Mayur announces a maiden Ore Reserve at its Orokolo Bay Industrial Sands Project in accordance with JORC – 30.6Mt using a 5.5% Davis Tube Recovery cut-off.

**19 August 2020**

**Mining Lease awarded for Central Cement & Limestone Project**

Mayur is awarded a 20-year Mining Lease for the Central Cement & Limestone Project, the final statutory approval required to allow construction to begin.

**11 September 2020**

**Definitive Feasibility Study (DFS) completed for Orokolo Bay Project.**

A DFS completed for the Orokolo Bay Project reinforces its status as a simple, low CAPEX, and financially robust project with multiple revenue streams.

**17 November 2020**

**Mayur completes \$5.5 million placement.**

Mayur completes a capital raise of \$5.5m via a placement supported by the Board, existing shareholders, high net worth investors, domestic and international funds as well as new institutional investors.

**22 December 2020**

**Mining Lease application submitted for Orokolo Bay Project.**

Mayur is a step closer to developing PNG's first iron and industrial sands minerals project after lodging a Mining Lease application for its Orokolo Bay Project in Gulf Province.

**25 February 2021**

**Copper gold spinout completed as part of disaggregation strategy.**

Mayur completes the listing of its PNG copper and gold assets on the TSX-Venture Exchange in Canada as Adyton Resources Corporation (TSXV:ADY). Mayur owns circa 43% of ADY shares on issue. The demerger is a key milestone in the delivery of Mayur's disaggregation strategy which is designed to unlock the underlying value of the company's diversified portfolio.

**5 March 2021**

**CEO appointed to lead Mayur's iron and mineral sand business and advance disaggregation strategy.**

Experienced mining executive Simon Slesarewich is appointed to lead the company's iron and industrial sands business including the fast-tracking of production at the Orokolo Bay Project.

**23 April 2021**

**Highly experienced lime industry executive joins Mayur's lime and cement business.**

Global lime industry expert Bruno Wauters appointed to Mayur's Central Cement and Lime board – Mayur Industrials.

**29 April 2021**

**Mayur appoints Richard Seville as chair of its iron and industrial sands business.**

Former Orocobre Managing Director and seasoned mining executive Richard Seville is appointed to chair Mayur's iron and industrial sands business as the company pursues its disaggregation strategy.

**10 May 2021**

**Industry veteran joins Mayur lime and cement business**

Trent Alexander appointed as Chief Operating Officer of Mayur Industrials to lead the development of The Central Cement and Lime project

## Subsequent Events (ASX Announcements released after 30 June 2021)

|                          |   |
|--------------------------|---|
| <b>13 August 2021</b>    | Customers confirm support for Mayur's lime products   |
| <b>25 August 2021</b>    | Quicklime Facility via Offtake Support – PNG to become the next Major Lime producer in Asia Pacific |
| <b>7 September 2021</b>  | 1 Mtpa Clinker and Cement Offtake Support   |
| <b>8 September 2021</b>  | PNG Government Grants Special Economic Zone status to Central Cement and Lime Project               |
| <b>16 September 2021</b> | New Board appointments to steer Mayur's pathway to production and growth                            |
| <b>26 October 2021</b>   | Mayur Completes Strategic Review - Platform for Value Realisation                                   |

# Projects Overview

Mayur Resources is committed to the development of economic growth through local nation building and establishment of export facing businesses that deliver value to our shareholders.

We are committed to delivering our diversified asset portfolio, which spans cement & lime, iron & industrial sands, and renewable energy & clean fuels that will contribute to nation-building and job creation in a country experiencing a significant growth trajectory.

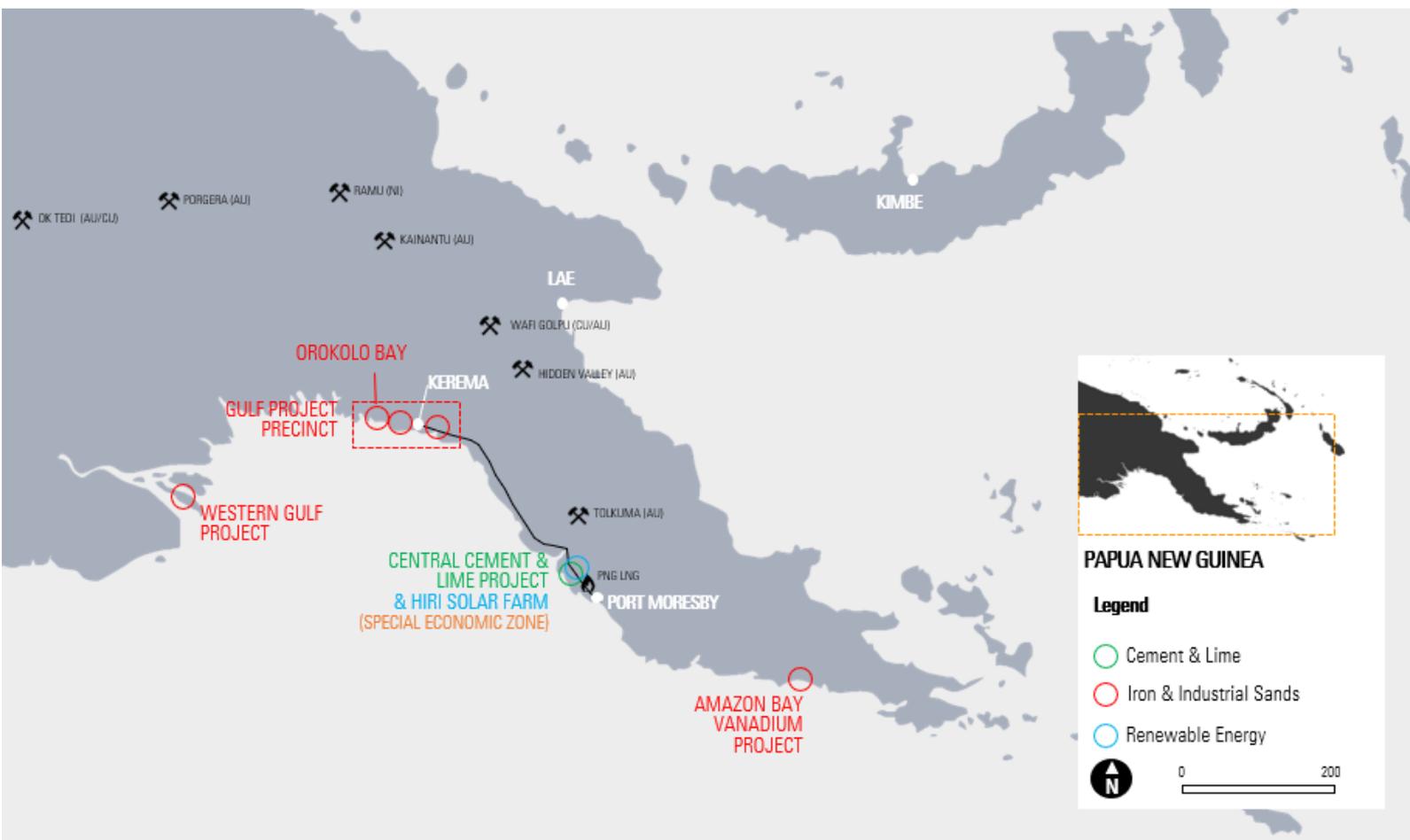
To realise its vision, Mayur’s strategy is to serve PNG and the wider Asia Pacific region’s path to decarbonisation by:

- Developing mineral projects that deliver higher quality, lower cost, and “net zero” inputs for the mining and construction industries.
- Constructing and operating a renewable energy portfolio of solar, wind, geothermal, carbon mitigation, and battery storage.

Mayur’s flagship is the “shovel ready” Central Cement and Lime Project which has received all relevant regulatory approvals and will be designed to deliver net zero products. The company is also advancing its iron and industrial sands portfolio, while it pursues identified opportunities for the development of renewable power generation in conjunction with battery energy storage and carbon offsets.

Providing cheap, reliable and clean energy will develop wealth creation industries in PNG while cement and lime are critical to the construction and mining industries respectively.

Mayur is committed to engaging with host communities throughout the lifecycle of its projects, as well as incorporating internationally recognised Environmental, Social and Governance (ESG) standards into its strategy and business practices.



# Central Cement & Lime Project

**The proposed Central Cement and Lime (CCL) Project is a vertically integrated manufacturing facility that has the potential to meet 100% of PNG's cement, clinker and quicklime requirements, with exports into the Australasian region, thereby displacing Asian imports into the region.**

Located on the coast, 25km north of the national capital, Port Moresby, and 7km from Exxon's PNG LNG facility, the project's co-located quarry, plant site and deep draft wharf will enable very low operating costs while providing direct access to both the seaborne domestic and export markets such as Australia and other South Pacific nations.

The PNG Government awarded Mayur an unprecedented 20-year Mining Lease for the project in August 2020 and the company is in advanced discussions with a shortlist of large scale international strategic investors looking for a stake in the project.

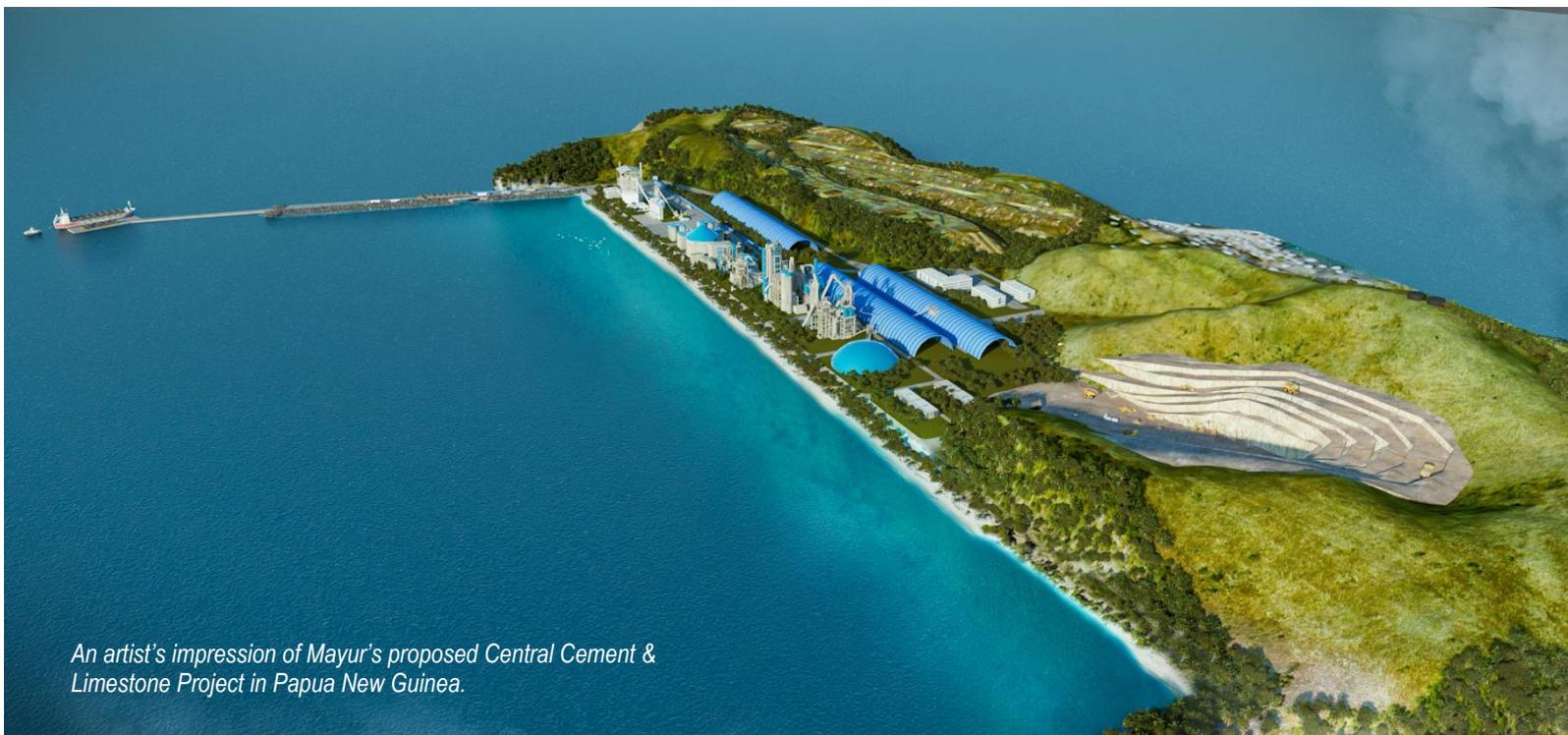
The project has also been granted Special Economic Zone status, confirming its support from local authorities and securing a range of concessions including tax relief and duty exemptions. This significantly strengthens the financial outcomes for the project, enabling it to compete with other similar businesses established in special economic zones elsewhere in Asia.

With a number of multi-billion-dollar resource and infrastructure projects in the pipeline in PNG, the demand for cement and quicklime is expected to increase dramatically.

The company has decided to deliver the project in two phases starting with a Phase 1 quicklime plant. The Phase 2 clinker and cement facilities will be developed thereafter with development costs supported with cashflow from Phase 1.

The procurement strategy for the project has continued with the Engineering, Procurement and Construction (EPC) scope to include a minimum of two quicklime kilns to take advantage of economies of scale and shared infrastructure.

Following the completion of a strategic review in October 2021, Mayur undertook to become Asia Pacific's first carbon-neutral cement and lime producer. Net zero initiatives include using alternative fuels as well as electric vehicles and equipment, hybrid renewable generation, carbon offsets as well as carbon capture.



*An artist's impression of Mayur's proposed Central Cement & Limestone Project in Papua New Guinea.*

# Iron & Industrial Sands Portfolio

Mayur Resources' iron and industrial sands portfolio in PNG are held by Mayur Iron. As part of Mayur's disaggregation strategy, the business is set to be spun out as a standalone entity to unlock the significant latent value inherent in its assets.

In March, Mayur's strategic intentions gained pace when experienced mining executive Simon Slesarewich was appointed as CEO of Mayur Iron to lead the business and progress the Orokolo Bay Iron Sands project into production. Whilst in April, former Orocobre MD Richard Seville was appointed to chair Mayur Iron. Richard's strong technical grounding coupled with his history of delivering stakeholder value will be key in setting strategy and supporting Mr Slesarewich in bringing the flagship Orokolo Bay Iron Sands project in the Gulf Province into production.

## Gulf Project Precinct

The Gulf Project Precinct located near the Provincial Capital of Kerema in PNG includes the Gulf South, Malalaua and Orokolo Bay projects. All projects are coastal or in close proximity to the coast for ease of development and future access to seaborne markets.

In December 2020, a Mining Lease Application was submitted for the flagship **Orokolo Bay Iron Sands** project which will produce a number of products including titano-magnetite, construction sands and a zircon-rich heavy mineral concentrate.

This followed the completion of a Definitive Feasibility Study (DFS) for the project which reinforced its status as a simple, low CAPEX, and financially robust project with multiple product revenue streams.

The DFS confirmed that the project will produce a post-tax (real) NPV of US\$131 million (10% discount rate) and an IRR of 103.7%. An operational design with an initial CAPEX of US\$20.5 million has been calculated to establish a simple near surface mining operation that is forecast to produce 0.5mtpa of titano-magnetite, 1mtpa of construction sand and up to 10ktpa of zircon-rich heavy mineral concentrate.

Site enabling works have commenced at Orokolo Bay and offtake discussions remain ongoing, with the focus being on high value magnetite into the Asian market.

A 25-year Environmental Permit issued by the CEPA is in place for Orokolo Bay which is expected to leave a lasting positive legacy for local landowners through the proposed post-mining sustainability land use initiative of a mechanised Sago plantation.

## Amazon Bay Project

The Amazon Bay Project has significant potential for three high value product streams: vanadium, titanium and iron.

Given the large amount of historic work that has been undertaken by previous explorers at Amazon Bay over many years, we see this as an 'advanced exploration project' bringing development synergies with Orokolo Bay. Previous exploration focused on Amazon Bay as a magnetite resource without fully pursuing its titanium and significant vanadium potential.

This project will allow Mayur to further grow its vanadium titano-magnetite mineral inventory and target the opportunity to serve the growing global demand for vanadium. Vanadium is both a key ingredient for steel strengthening and large-scale energy storage for the renewable energy sectors.



# Adyton Resources

In February 2021, Mayur successfully listed its copper and gold assets in PNG on the TSX-Venture Exchange in Canada as **Adyton Resources Corporation** (TSXV: ADY).

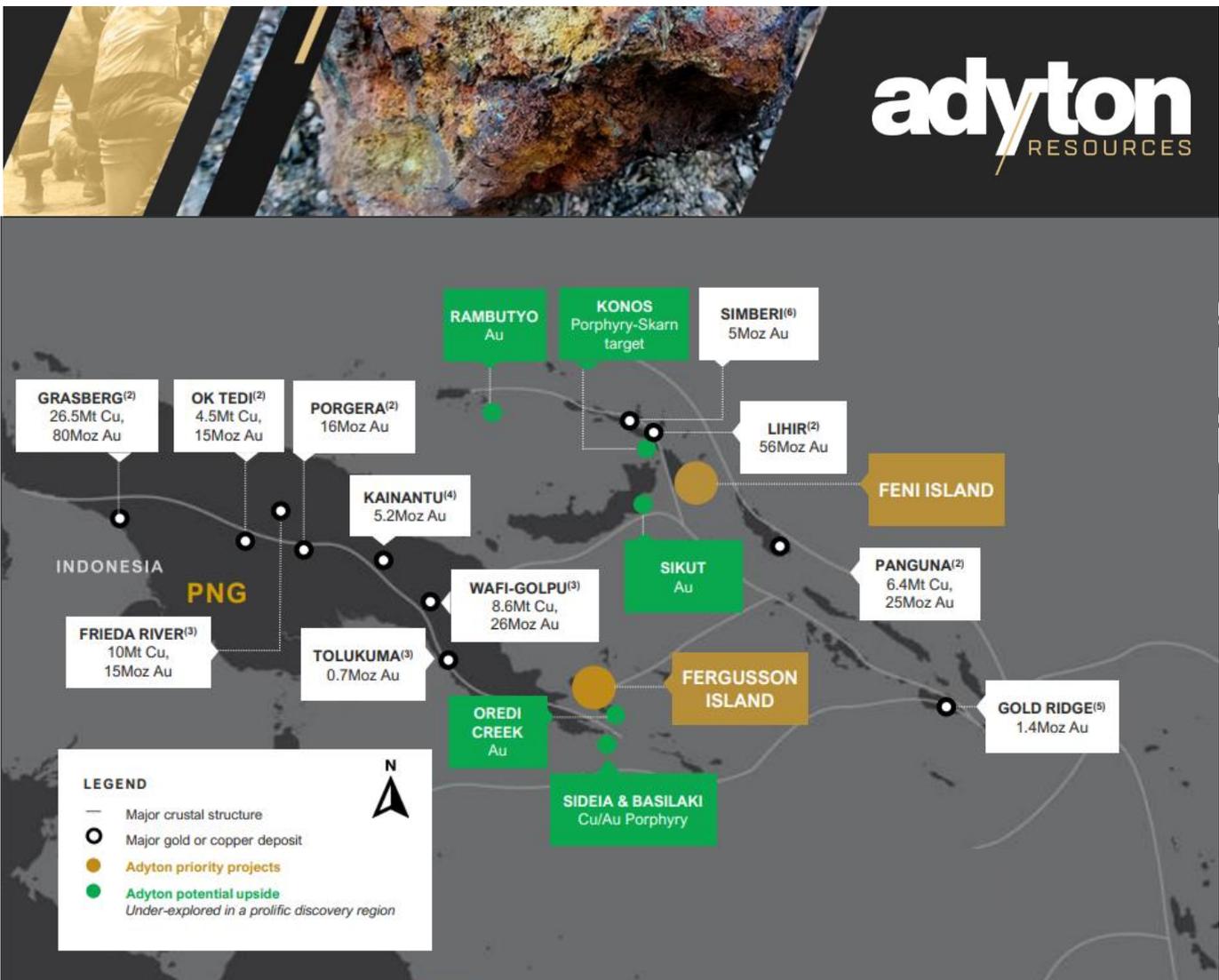
The spin out saw more than C\$10.5 million raised with Mayur Resources retaining ownership of around 43% of ADY shares on issue.

Former Mayur Non-Executive Director, Mr Frank Terranova, was appointed Executive Chairman and CEO of ADY.

We are disappointed in the performance of Adyton's share price since listing, however we remain confident of the long-term value in Adyton as it is underpinned by resources of in excess of 2.1 million ounces of gold at Fergusson and Feni Islands combined.

Sentiment across the sector remains weak, despite this backdrop we will be looking forward to Adyton systematically progressing its projects and the inevitable market recognition of its underlying value.

For more details please visit [www.adytonresources.com](http://www.adytonresources.com)



# Corporate Activities

## Strategic Review

Subsequent to the financial year end a strategic review was undertaken in order to address common points of investor feedback, changing market dynamics of resources and other factors that will affect Mayur's business, as well as encompassing early observations and feedback from the refreshed Board.

Mayur completed a strategic review of its structure, project portfolio and development plans. The result was to set a clear pathway for cash flow and a new initiative to establish a renewable energy focussed subsidiary, whilst initiating a carbon offset framework to deliver carbon neutral lime and cement.

The review, undertaken by the Mayur Board, with support from project management and advisory firm Siecap, made the following recommendations which will now be implemented:

1. Deliver on near term cashflow opportunities
2. Establish Mayur Renewables - the company's clean energy platform with a Pacific regional focus
3. Deliver on a carbon offset framework to enable a carbon neutral cement and lime business
4. Simplify and de-risk the business

## Mayur Renewables

Mayur Renewables is a critical enabler of our existing projects through the provision of renewable energy and carbon offsets to differentiate our products in the market.

As a new stand-alone entity Mayur Renewables has been established to focus on identified renewable power and carbon mitigation opportunities in PNG and the Pacific Region including:

- Large scale (>500MW) solar photovoltaic (PV)
- Geothermal power
- Energy storage
- Carbon mitigation / carbon offsets
- Leveraging solar and geothermal for development of green hydrogen and ammonia opportunities.

As part of the strategic review a desktop study identified more than 500 megawatts (MW) of solar PV potential within the 52km<sup>2</sup> area of the Special Economic Zone, in which the CCL project resides.

The potential size and scale of our various renewable opportunities not only caters for the requirements of our existing project portfolio, but also offers potential to monetise the excess renewable capacity, whether in the form of solar or geothermal power or excess carbon credits. This could represent potential value that may be many times Mayur's current market capitalisation.

|   |  |   |   |
|---|--|---|---|
| <p><b>01</b></p> <p><b>Focus on near term cashflow opportunities</b></p>   | <p><b>02</b></p> <p><b>Establish Mayur Renewables clean energy platform</b></p>   | <p><b>03</b></p> <p><b>Develop a carbon neutral lime and cement business</b></p>    | <p><b>04</b></p> <p><b>Simplify and de-risk the business</b></p>   |
| <ul style="list-style-type: none"> <li>○ Priority to establish reliable cashflow as early as possible.</li> <li>○ Focus on bringing Orokolo Bay into production in 2022</li> <li>○ Focus on development of the Quicklime kilns and infrastructure (Phase 1 of the CCL Project) and its Special Economic Zone (SEZ)</li> <li>○ Pursue logical M&amp;A opportunities that are value accretive and offer near term to immediate cashflow bias</li> </ul> | <ul style="list-style-type: none"> <li>○ Mayur Renewables (new entity) to pursue renewable power and carbon forest mitigation opportunities</li> <li>○ VECKTA appointed to review renewable potential in existing portfolio</li> <li>○ Evaluate clean energy opportunities around Geothermal, Solar, Wind and Hydro power opportunities</li> </ul> | <ul style="list-style-type: none"> <li>○ Pursue a renewable electrical power target of 30% to 50% for the Quicklime Project (CCL Phase 1) and offset surplus carbon</li> <li>○ Leverage renewable potential of Mayur's SEZ, located within 25 km of Port Moresby and 5 km of PNG LNG</li> <li>○ Target becoming Asia Pacific's first carbon-neutral Lime and Cement producer</li> </ul> | <ul style="list-style-type: none"> <li>○ Seek strategic partnerships to co-develop and de-risk advanced projects</li> <li>○ Progress Iron &amp; Industrial Sands Spinout (Ortus Resources IPO)</li> <li>○ Review appropriate corporate structuring</li> <li>○ Evaluate most logical options for traditional thermal energy assets</li> <li>○ Review opportunities to mitigate perceived PNG risk</li> </ul> |

# Tenement List

As of 30 June 2021, the Company had interests in the Exploration Licences (EL) as listed in Table 1, all located in Papua New Guinea. In addition to this the Company holds 100% of Mining Lease (ML) 526 for the CCL Project.

Table 2 shows the ELs held by Adyton Resources Corporation (TSXV: ADY), with MRL retaining a 43% ownership in Adyton Resources.

As noted in the table, various Exploration Licences are under renewal, and are progressing in accordance with the regulatory processes as prescribed by the PNG Mining Act.

The Company believes it has complied with all licence conditions, including minimum expenditure requirements, and is not aware of any matters or circumstances that have arisen that would result in the Company's application for renewal of the exploration licence not being granted in the ordinary course of business.

|   | EL number | Province | Commodity Focus         | MRL Ownership | Area Km2 |
|---|-----------|----------|-------------------------|---------------|----------|
| 1 | 2150*     | Gulf     | Iron & Industrial sands | 100%          | 256      |
| 2 | 2304*     | Gulf     | Iron & Industrial sands | 100%          | 256      |
| 3 | 2305      | Gulf     | Iron & Industrial sands | 100%          | 256      |
| 4 | 2556*     | Central  | Iron & Industrial sands | 100%          | 697      |
| 5 | 1875      | Gulf     | Thermal energy          | 100%          | 256      |
| 6 | 1876      | Gulf     | Thermal energy          | 100%          | 256      |
| 7 | 2599      | Gulf     | Thermal energy          | 100%          | 48       |
| 8 | 2303      | Central  | Limestone               | 100%          | 256      |
| 9 | 2616      | Central  | Limestone               | 100%          | 55       |

Table 1 - Exploration Licences (\*EL under renewal)

|   | EL number | Province         | Commodity Focus | MRL Indirect Interest | Area Km2 |
|---|-----------|------------------|-----------------|-----------------------|----------|
| 1 | 2095*     | Milne Bay        | Copper / gold   | 43%                   | 150      |
| 2 | 2096*     | New Ireland      | Copper / gold   | 43%                   | 95       |
| 3 | 2594*     | Manus            | Copper / gold   | 43%                   | 522      |
| 4 | 2591*     | New Ireland      | Copper / gold   | 43%                   | 252      |
| 5 | 2546      | Milne Bay        | Copper / gold   | 43%                   | 38       |
| 6 | 2549      | Milne Bay        | Copper / gold   | 43%                   | 102      |
| 7 | 2572*     | Milne Bay        | Copper / gold   | 43%                   | 126      |
| 8 | 2408*     | East New Britain | Copper / gold   | 43%                   | 249      |

Table 2 - Exploration Licences held by Adyton Resources Corporation in which MRL has an indirect interest through its 43% ownership interest in Adyton Resources Corporation (\*EL under renewal)

# JORC Reserves & Resources

## 2020/2021

### Central Cement & Lime Project

Mineral Resources at 30 June 2021 (no change from 30 June 2020)

Measured Mineral Resources Estimate

| Area         | Category        | CaO cut off % | Tonnes              | CaO %       | Al <sub>2</sub> O <sub>3</sub> % | SiO <sub>2</sub> % |
|--------------|-----------------|---------------|---------------------|-------------|----------------------------------|--------------------|
| Lea Lea      | Measured        | 52%           | 61,000,000          | 53.4        | 0.6                              | 1.65               |
| Kido         | Measured        | 52%           | 144,000,000         | 53.6        | 0.62                             | 1.77               |
| <b>Total</b> | <b>Measured</b> | <b>52%</b>    | <b>205,000,000*</b> | <b>53.5</b> | <b>0.61</b>                      | <b>1.73</b>        |

Indicated Mineral Resource Estimate

| Area         | Category         | CaO cut off % | Tonnes             | CaO %       | Al <sub>2</sub> O <sub>3</sub> % | SiO <sub>2</sub> % |
|--------------|------------------|---------------|--------------------|-------------|----------------------------------|--------------------|
| Lea Lea      | Indicated        | 50%           | 117,000,000        | 51.8        | 0.9                              | 2.7                |
| Kido         | Indicated        | 50%           | 11,000,000         | 51.5        | 0.6                              | 1.1                |
| <b>Total</b> | <b>Indicated</b> | <b>50%</b>    | <b>128,000,000</b> | <b>51.8</b> | <b>0.9</b>                       | <b>2.6</b>         |

Inferred Mineral Resource Estimate

| Area         | Category        | CaO cut off % | Tonnes            | CaO %       | Al <sub>2</sub> O <sub>3</sub> % | SiO <sub>2</sub> % |
|--------------|-----------------|---------------|-------------------|-------------|----------------------------------|--------------------|
| Lea Lea      | Inferred        | 48%           | 7,000,000         | 48.1        | 1.1                              | 2.5                |
| Kido         | Inferred        | 48%           | 42,000,000        | 48.4        | 1.0                              | 1.8                |
| <b>Total</b> | <b>Inferred</b> | <b>48%</b>    | <b>49,000,000</b> | <b>48.3</b> | <b>1.0</b>                       | <b>1.9</b>         |

Ore Reserves at 30 June 2021 (no change from 30 June 2020)

| Area         | Category | Million tonnes | CaO | Al <sub>2</sub> O <sub>3</sub> | Fe <sub>2</sub> O <sub>3</sub> | K <sub>2</sub> O | MgO | Na <sub>2</sub> O | SiO <sub>2</sub> | LOI |
|--------------|----------|----------------|-----|--------------------------------|--------------------------------|------------------|-----|-------------------|------------------|-----|
|              |          |                | %   | %                              | %                              | %                | %   | %                 | %                | %   |
| Kido         | Probable | 45             | 54  | 0.5                            | 0.3                            | 0.04             | 0.4 | 0.2               | 1.3              | 43  |
| Lea Lea      | Probable | 33             | 44  | 4.5                            | 3                              | 0.3              | 2.2 | 0.3               | 9.5              | 36  |
| <b>Total</b> |          | <b>78</b>      |     |                                |                                |                  |     |                   |                  |     |

### Depot Creek Thermal Energy Project

Mineral Resources at 30 June 2021 (no change from 30 June 2020)

| Seam         | Total Resources<br>(million tonnes) | Inferred<br>(million tonnes) | Indicated<br>(million tonnes) |
|--------------|-------------------------------------|------------------------------|-------------------------------|
| A3B          | 1.3                                 | 1.3                          | -                             |
| A3           | <0.1                                | <0.1                         | -                             |
| A2           | 3.1                                 | 1.4                          | 1.7                           |
| A1           | 0.5                                 | 0.5                          | -                             |
| A            | 6.7                                 | 4.5                          | 2.2                           |
| D            | 1.1                                 | 1.1                          | -                             |
| <b>Total</b> | <b>12.8</b>                         | <b>8.9</b>                   | <b>3.9</b>                    |

## Orokolo Bay Industrial Sands Project (Western Area)

Mineral Resources at 30 June 2021 (no change from 30 June 2020)

5.25% (Fe cut off) Resource Estimates (Groundworks Plus)

| Category     | Mt           | DTR %       | Fe %        | Ti %        | Zircon ppm | DTR Mt       | Fe Mt        | Ti Mt       | Zircon t      |
|--------------|--------------|-------------|-------------|-------------|------------|--------------|--------------|-------------|---------------|
| Measured     | 1.64         | 10.08       | 11.35       | 1.94        | 712        | 0.17         | 0.19         | 0.03        | 1,170         |
| Indicated    | 70.1         | 6.82        | 9.13        | 1.17        | 508        | 4.78         | 6.40         | 0.82        | 35,587        |
| Inferred     | 137.8        | 5.43        | 8.19        | 1.02        | 454        | 7.48         | 11.28        | 1.40        | 62,622        |
| <b>Total</b> | <b>209.5</b> | <b>5.93</b> | <b>8.53</b> | <b>1.08</b> | <b>474</b> | <b>12.42</b> | <b>17.87</b> | <b>2.25</b> | <b>99,378</b> |

Construction Sand Resource - Cut off 5.25% Fe (Western Area only)

| Category     | Mt           |
|--------------|--------------|
| Indicated    | 38.6         |
| Inferred     | 74.2         |
| <b>Total</b> | <b>112.8</b> |

Ore Reserve as at 30 June 2021 (no change from 30 June 2020)

5.25% (Fe cut off) Reserve Estimate (Groundworks Plus)

| Category     | Mt          | DTR %        | Fe %         | Ti %        | Zircon ppm | DTR Mt      | Fe Mt       | Ti Mt       | Zircon t      | Construction Sand Mt |
|--------------|-------------|--------------|--------------|-------------|------------|-------------|-------------|-------------|---------------|----------------------|
| Proved       | 1.0         | 13.99        | 14.01        | 2.46        | 900        | 0.14        | 0.14        | 0.02        | 900           | -                    |
| Probable     | 29.6        | 11.36        | 12.22        | 1.69        | 682        | 3.36        | 3.62        | 0.5         | 20,200        | 15.2                 |
| <b>Total</b> | <b>30.6</b> | <b>11.45</b> | <b>12.28</b> | <b>1.72</b> | <b>689</b> | <b>3.51</b> | <b>3.76</b> | <b>0.53</b> | <b>21,100</b> | <b>15.2</b>          |

## Orokolo Bay Industrial Sands Project (Eastern Area)

Mineral Resources at 30 June 2021 (no change from 30 June 2020)

Eastern Area (7.0 % Fe cut off) Resource Estimates (H&S Consultants)

| Category     | Mt          | DTR %       | Fe %        | Ti %        | Zircon ppm | DTR Mt      | Fe Mt       | Ti Mt       | Zircon t      |
|--------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|---------------|
| Indicated    | 7.0         | 5.7         | 9.33        | 1.44        | 923        | 0.40        | 0.65        | 0.10        | 6,500         |
| Inferred     | 26.5        | 5.2         | 9.00        | 1.39        | 921        | 1.00        | 2.39        | 0.37        | 24,400        |
| <b>Total</b> | <b>33.5</b> | <b>5.32</b> | <b>9.07</b> | <b>1.40</b> | <b>921</b> | <b>1.40</b> | <b>3.04</b> | <b>0.47</b> | <b>30,900</b> |

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# Competent Persons Statement

Statements contained in this Annual Report relating to Mineral Resources and Ore Reserves estimates for the Central Cement and Lime Project are based on, and fairly represents, information and supporting documentation prepared by Mr. Rod Huntley, who is a member of the Australian Institute of Geoscientists. Mr. Huntley has sufficient and relevant experience that specifically relate to the style of mineralisation. Mr Huntley qualifies as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012. Mr Huntley is an employee of Groundworks Pty Ltd contracted as a consultant to Mayur Resources and consents to the use of the matters based on his information in the form and context in which it appears. As a competent person Mr Huntley takes responsibility for the form and context in which this Mineral Resources and Ore Reserves Estimate prepared for the Central Cement and Lime Project appears.

Statements contained in this Annual Report relating to Ore Reserves for the Orokolo Bay Mineral Sands Project Western Area are based on, and fairly represents, information and supporting documentation prepared by Mr Troy Lowien, a Member of The Australasian Institute of Mining and Metallurgy Mr Lowien qualifies as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012. Mr Lowien is an employee of Groundworks Pty Ltd contracted as a consultant to Mayur Resources and consents to the use of the matters based on his information in the form and context in which it appears. As a competent person Mr Lowien takes responsibility for the form and context in which this initial Ore Reserves Estimate prepared for the Orokolo Bay Project Western Area appears.

Statements contained in this Annual Report relating to Mineral Resource estimates for the Depot Creek Project are based on, and fairly represents, information and supporting documentation prepared by Mr. Kerry Gordon, a Member of The Australasian Institute of Mining and Metallurgy. Mr. Gordon has sufficient and relevant experience that specifically relate to the style of mineralisation. Mr Gordon qualifies as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012. Mr Gordon is an employee of Verum Ltd contracted as a consultant to Mayur Resources and consents to the use of the matters based on his information in the form and context in which it appears. As a competent person Mr Gordon takes responsibility for the form and context in which the Mineral Resource Estimate prepared for the Depot Creek Project appears.

# Consolidated Financial Statements

Mayur Resources Ltd (Co. Reg. No. 201114015W) and its subsidiaries

Financial statements for the financial year ended 30 June 2021  
(note these accounts were released on ASX on 30 September 2021)

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## **MAYUR RESOURCES LTD AND ITS SUBSIDIARIES DIRECTORS' STATEMENT**

The directors present their statement to the members together with the audited consolidated financial statements of Mayur Resources Ltd (the 'Company'), and its subsidiaries (collectively the 'Group') and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2021.

### **Opinion of the directors**

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 11 to 54 are drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards International ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### **Directors**

The directors of the Company in office at the date of this statement are:

Paul Levi Mulder  
Timothy Elgon Savile Crossley  
Hubert Hanjausa Namani  
Wee Choo Peng (appointed on 4 October 2020)  
Chris Indermaur (appointed on 15 September 2021)  
Charles Fear (appointed on 15 September 2021)

The following persons served as directors during the financial year but are not serving as directors as at the date of this statement:

Mr Frank Terranova (resigned on 15 September 2021)  
Mr Robert Charles Neale (resigned on 1 May 2021)  
Mr Lu Kee Hong (resigned on 4 October 2020)

In accordance with Article 91 of the Company's Articles of Association, Messrs Charles Fear and Chris Indermaur retire and, being eligible, offer themselves for re-election.

### **Arrangements to enable directors to acquire shares and debentures**

Except as described below, neither at the end of, nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

The Company has established a shared-based Employee Incentive Plan (EIP) to assist in the motivation, retention and reward of contractors and employees. The EIP is designed to align the interests of executives and senior management with the interests of shareholders by providing an opportunity for the participants to receive an equity interest in the Company.

The EIP permits the grant of the following types of awards:

- performance rights.
  - options; and
  - loan funded shares.
- (collectively referred to as "awards")

## MAYUR RESOURCES LTD AND ITS SUBSIDIARIES DIRECTORS' STATEMENT

During the year ended 30 June 2021, the Company issued the following awards under the EIP:

|  | <i>Number issued</i> | <i>Exercise Price</i> |
|--|----------------------|-----------------------|
| Vested performance rights awarded to employees as salary (Salary Sacrifice Rights) (i) | 3,391,603            | Nil                   |
| Long term incentive rights (ii)  | 15,500,000           | Nil                   |
| Loan funded shares (iii)   | 3,500,000            | Nil                   |

### (i) *Salary sacrifice rights*

Performance rights are granted to non-executive directors, employees, and contractors to receive shares in respect of a portion of their agreed remuneration. Each performance right will entitle the holder to receive one share. The performance rights vest annually over four equal instalments and can be exercised for no consideration at any time after being granted but prior to the expiry date of the rights.

The number of performance rights to be issued at each grant date is determined by dividing the salary amount to be paid in the form of performance share rights divided by the prevailing share price.

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Act, an interest in salary sacrifice rights of the Company as stated below:

| <b>Name of directors</b>                        | <b>Salary sacrifice rights<br/>registered in the<br/>name of directors</b> |                     |
|---|--|---------------------|
|   | <b>At 1.7.2020</b>   | <b>At 30.6.2021</b> |
| Paul Levi Mulder                                | 1,088,752  | 674,885             |
| Timothy Elgon Savile Crossley                   | 1,026,535  | 833,682             |
| Frank Terranova (resigned on 15 September 2021) | Nil  | 49,760              |

### (ii) *Long term incentive rights*

Performance rights are also offered as part of a Long-Term Incentive Plan to employees, executive and non-executive directors, contractors, and consultants, to acquire shares in the Company. The rights will vest subject to the relevant performance measures being met and the participant remaining employed.

The performance rights have a \$nil exercise price and an expiry date of 5 years from the grant date and are subject to vesting conditions.

Should any of the Vesting Conditions not be met, the Awards related to that specific Tranche will lapse and be forfeited.

Further details regarding the performance rights issued during the year are provided in Note 17 to the financial statements.

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Act, an interest in long term incentive sacrifice rights of the Company as stated below.

| <b>Name of directors</b>      | <b>Long term incentive rights<br/>registered in the<br/>name of directors</b> |                     |
|-------------------------------|---|---------------------|
|                               | <b>At 1.7.2020</b>  | <b>At 30.6.2021</b> |
| Paul Levi Mulder              | 3,000,000   | 4,500,000           |
| Timothy Elgon Savile Crossley | 1,925,000   | 4,200,000           |

## MAYUR RESOURCES LTD AND ITS SUBSIDIARIES DIRECTORS' STATEMENT

### Arrangements to enable directors to acquire shares and debentures (continued)

#### (iii) Loan funded shares

The Company issued loan funded shares to eligible employees (including employees, executives, and contractors) selected by the Board.

Pursuant to the terms of the Employee Incentive Plan, employees are granted an interest-free limited recourse loan to assist in the purchase of Shares, with the Shares acquired at their market value. The loan is limited recourse so that at any time the employee may divest their Shares in full satisfaction of the loan balance.

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Act, an interest in loan funded shares of the Company as stated below:

| Name of directors                               | Loan funded shares registered in the name of directors |              |
|---|--|--------------|
|   | At 1.7.2020  | At 30.6.2021 |
|   | Timothy Elgon Savile Crossley                          | 1,925,000    |
| Frank Terranova (resigned on 15 September 2021) | 1,125,000  | 1,125,000    |

### Directors' interests in shares, options and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Act, an interest in shares of the Company as stated below:

| Name of directors                               | Shareholdings registered in the name of directors |              | Number of ordinary shares Shareholdings in which a director is deemed to have an interest |              |
|---|---|--------------|---|--------------|
|   | At 1.7.2020                                       | At 30.6.2021 | At 1.7.2020   | At 30.6.2021 |
|   | Paul Levi Mulder                                  | 304,834      | 7,393,586   | 58,885,714   |
| Timothy Elgon Savile Crossley                   | 1,930,000   | 5,331,879    | 1,705,968   | 1,255,625    |
| Frank Terranova (resigned on 15 September 2021) | 1,125,000   | 1,125,000    | –   | 1,125,000    |

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Act, an interest in options of the Company as stated below:

| Name of directors | Options registered in the name of directors |              | Options in which a director is deemed to have an interest |              |
|-------------------|---|--------------|---|--------------|
|                   | At 1.7.2020                                 | At 30.6.2021 | At 1.7.2020   | At 30.6.2021 |
|                   | Paul Levi Mulder                            | 3,000,000    | –   | –            |

Except as disclosed in the above tables, there was no change in any of the above-mentioned interests in the Company between the end of the financial year and the date of this statement.

Except as disclosed in this report, no director who held office at the end of the financial year had an interest in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

## **MAYUR RESOURCES LTD AND ITS SUBSIDIARIES DIRECTORS' STATEMENT**

### **Audit, Risk and Compliance Committee**

The Audit, Risk and Compliance Committee (ARCC) carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the external auditors of the Group and the Company, and the assistance given by the Group and the Company's management to the external auditors.
- Reviewed the half-yearly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors.
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls.
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARCC.
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators.
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor.
- Reviewed the nature and extent of non-audit services provided by the external auditor.
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit.
- Reported actions and minutes of the ARCC to the board of directors with such recommendations as the ARCC considered appropriate.

The ARCC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

The ARCC convened two meetings during the year with full attendance from all members. The ARCC has also met with the external auditors, without the presence of the Company's management, at least once a year.

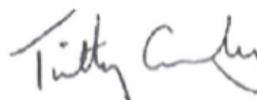
### **Independent auditor**

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors



Paul Levi Mulder  
Director  
29 September 2021



Timothy Elgon Savile Crossley  
Director  
29 September 2021

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
MAYUR RESOURCES LTD**

 600 North Bridge Road  
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 Singapore 188778

**Report on the Audit of the Financial Statements**

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[www.bakertilly.sg](http://www.bakertilly.sg)
***Opinion***

We have audited the accompanying financial statements of Mayur Resources Ltd (the “Company”) and its subsidiaries (the “Group”) as set out on pages 11 to 54, which comprise the balance sheets of the Group and of the Company as at 30 June 2021 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

***Basis for Opinion***

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Material Uncertainty Related to Going Concern***

We draw attention to Note 3 to the financial statements. As at 30 June 2021, the Group incurred a loss from continuing operations for the year of A\$10,838,325, net cash outflows from operating activities and investing activities of A\$1,937,422 and A\$4,016,901, respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group may have to provide for further liabilities that may arise and to reclassify non-current assets as current assets. No such adjustments have been made to these financial statements. Our opinion is not modified in respect of this matter.

***Key Audit Matters***

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

**Baker Tilly TFW LLP** (trading as Baker Tilly) is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

Baker Tilly TFW LLP (Registration No.T10LL1485G) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A).



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
MAYUR RESOURCES LTD (continued)**

**Report on the Audit of the Financial Statements (continued)**

**Key Audit Matters (continued)**

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**Impairment of exploration and evaluation expenditure**

*Refer to Notes 2(q), 3 and 10 to the financial statements*

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The Group is involved in exploration and evaluation activities with a focus on Industrial Minerals and Coal. The Group has exploration licenses and prospective projects in Papua New Guinea.

Exploration and evaluation expenditure totaling A\$28,186,048 as disclosed in Notes 3 and 10 represent a significant balance recorded in the consolidated balance sheet.

*SFRS(I) 6 Exploration for and Evaluation of Mineral Resources* requires the exploration and evaluation assets to be assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

As described in Note 3 to the financial statements, management performed assessment of potential indicators of impairment at 30 June 2021 in accordance with the accounting policy disclosed in Note 2(q) which required management to make certain estimates and assumptions as to future events and circumstances.

Our procedures included, amongst others:

- Evaluated the Group's accounting policy to ensure the policy complies with the requirements of *SFRS(I) 6 Exploration for and Evaluation of Mineral Resources*;
- Obtained an understanding of the status of ongoing exploration programmes and future intentions for the areas of interest, including future budgeted spend and related work programmes;
- Enquired of management and reviewed ASX announcements and minutes of directors' meetings to ensure the Group had not decided to discontinue exploration and evaluation at its areas of interest;
- Considered management's assessment of potential indicators of impairment;
- Verified a sample of additions to the Group's exploration and evaluation assets for the financial year ended 30 June 2021 to support evidence of activities carried out; and
- Verified that each exploration licence remains valid in respect of each tenement through the review of official government documentation.

We also assessed adequacy of the related disclosures made in the financial statements.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
MAYUR RESOURCES LTD (continued)**

**Report on the Audit of the Financial Statements (continued)**

**Key Audit Matters (continued)**

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**Cost of investment and impairment in an associate**

***Refer to Notes 2(f), (o), 3 and 12 to the financial statements***

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The Company acquired a 42.75% ownership interest in Adyton Resources Corporation with consideration of A\$12,621,902 as consideration for the Company's disposal of its 100% ownership interest in MR Exploration PNG Pte Ltd and Mayur Exploration PNG Limited. The shares in Adyton Resources Corporation that were received by the Company are subject to resale restrictions.

As at 30 June 2021, the carrying amount of the Group's and Company's investment in an associate, Adyton Resources Corporation was A\$11,381,878 and A\$12,621,902 respectively. The fair value of the Group's interest in Adyton Resources Corporation on 30 June 2021 was A\$5.17 million based on the quoted market price available on the TSX Venture Exchange.

As described in Note 3 to the financial statements, management assessed the recoverable amount of investment in associate based on fair value less cost of disposal of the investment in associate. The determination of fair value less cost of disposal is based on the commonly used valuation metrics for junior mineral exploration companies such as economic value per resource ounce applied to the publicly reported mineral resources of the associate. A small change in the assumptions could affect the recoverable amount of investment in associate.

Our procedures included, amongst others:

- Evaluated management's basis in determining the cost of investment in Adyton Resources Corporation, including the adjustments made to reflect the resale restrictions.
- Reviewed management's assessment of indicators of impairment for its investment in associate.
- Reviewed the method, assumptions and data used by management in the valuation.
- Assessed the sensitivity of the key assumptions on the impairment assessment based on reasonably possible changes in the key assumptions.

We also assessed adequacy of the related disclosures made in the financial statements

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
MAYUR RESOURCES LTD (continued)**

**Report on the Audit of the Financial Statements (continued)**

***Other Information***

Management is responsible for the other information. The other information comprises the Directors' Statement as set out on pages 1 to 4, which we obtained prior to the date of this auditor's report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 that regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the management and take appropriate actions in accordance with SSAs.

***Responsibilities of Management and Directors for the Financial Statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is 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 has no realistic alternative but to do so.

The director's responsibilities include overseeing the Group's financial reporting process.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAYUR RESOURCES LTD (continued)**

### **Report on the Audit of the Financial Statements (continued)**

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 SSAs 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 these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
MAYUR RESOURCES LTD (continued)**

**Report on the Audit of the Financial Statements (continued)**

*Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

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

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

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

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chan Sek Wai.

A handwritten signature in blue ink that reads "Baker Tilly".

**Baker Tilly TFW LLP**  
Public Accountants and  
Chartered Accountants  
Singapore

29 September 2021

**MAYUR RESOURCES LTD AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the financial year ended 30 June 2021**

|  |       | <b>Group</b>        |              |
|--|-------|---------------------|--------------|
|  | Note  | 2021<br>A\$         | 2020<br>A\$  |
| <b>Revenue and other income</b>  | 4     | <b>58,656</b>       | 149,075      |
| <b>Less: expenses</b>  |       |                     |              |
| Consultants and contractors  |       | <b>(472,683)</b>    | (1,261,506)  |
| Remuneration to directors and key management                                       |       | <b>(340,578)</b>    | (411,259)    |
| Travel expenses  |       | <b>(113,527)</b>    | (222,616)    |
| Impairment of exploration and evaluation expenditure                               | 10    | <b>(7,018,469)</b>  | (219,727)    |
| Listing and share registry expenses  |       | <b>(113,879)</b>    | (179,018)    |
| Auditors' remuneration   | 5     | <b>(140,447)</b>    | (160,771)    |
| Share-based payments expense   | 17(b) | <b>(730,214)</b>    | (561,942)    |
| Insurance  |       | <b>(133,356)</b>    | (117,003)    |
| Investor and public relations expense  |       | <b>(122,332)</b>    | (93,355)     |
| Depreciation expense   | 9(b)  | <b>(28,078)</b>     | (26,442)     |
| Foreign exchange losses, net   |       | <b>(119,010)</b>    | –            |
| Other operating expenses   |       | <b>(598,309)</b>    | (451,564)    |
| Share of results of associate  |       | <b>(966,099)</b>    | –            |
| <b>Loss before income tax expense from continuing operations</b>                   |       | <b>(10,838,325)</b> | (3,556,128)  |
| Tax expense from continuing operations   | 7     | –                   | –            |
| <b>Loss for the year from continuing operations</b>                                |       | <b>(10,838,325)</b> | (3,556,128)  |
| <b>Discontinued operations</b>   |       |                     |              |
| Profit/(loss) from discontinued operations, net of tax                             | 11(d) | <b>8,624,711</b>    | (164,271)    |
| <b>Loss for the year</b>   |       | <b>(2,213,614)</b>  | (3,720,399)  |
| <b>Other comprehensive loss:</b>   |       |                     |              |
| Share of other comprehensive loss of associate                                     |       | <b>(273,925)</b>    | –            |
| <b>Total comprehensive loss for the year attributable to owners of the Company</b> |       | <b>(2,487,539)</b>  | (3,720,399)  |
| <b>(Loss)/earnings per share</b>   |       |                     |              |
| From continuing operations   |       |                     |              |
| - Basic and diluted  | 8     | <b>(5.65) cents</b> | (2.08) cents |
| From discontinued operations   |       |                     |              |
| - Basic and diluted  | 8     | <b>4.50 cents</b>   | (0.09) cents |
| From continuing and discontinued operations  |       |                     |              |
| - Basic and diluted  | 8     | <b>(1.15) cents</b> | (2.17) cents |

The accompanying notes form an integral part of these financial statements.

**MAYUR RESOURCES LTD AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**  
**At 30 June 2021**

|   |      | <b>Group</b>      |                   |
|---|------|-------------------|-------------------|
|   | Note | 2021<br>A\$       | 2020<br>A\$       |
| <b>Non-current assets</b>                           |      |                   |                   |
| Property, plant, and equipment                      | 9    | 3,152,305         | 2,490,856         |
| Exploration and evaluation expenditure              | 10   | 28,186,048        | 33,260,840        |
| Investment in associate                             | 12   | 11,381,878        | –                 |
| <b>Total non-current assets</b>                     |      | <u>42,720,231</u> | <u>35,751,696</u> |
| <b>Current assets</b>                               |      |                   |                   |
| Cash and cash equivalents                           | 13   | 4,535,828         | 2,988,147         |
| Other receivables                                   | 14   | 321,562           | 302,579           |
| <b>Total current assets</b>                         |      | <u>4,857,390</u>  | <u>3,290,726</u>  |
| <b>Total assets</b>                                 |      | <u>47,577,621</u> | <u>39,042,422</u> |
| <b>Current liabilities</b>                          |      |                   |                   |
| Trade and other payables                            | 15   | 1,270,792         | 863,920           |
| <b>Total current liabilities</b>                    |      | <u>1,270,792</u>  | <u>863,920</u>    |
| <b>Total liabilities</b>                            |      | <u>1,270,792</u>  | <u>863,920</u>    |
| <b>Net assets</b>                                   |      | <u>46,306,829</u> | <u>38,178,502</u> |
| <b>Equity</b>                                       |      |                   |                   |
| <i>Equity attributable to owners of the Company</i> |      |                   |                   |
| Share capital                                       | 16   | 56,729,839        | 49,048,549        |
| Reserves  | 17   | 4,165,435         | 1,414,698         |
| Accumulated losses                                  |      | (14,588,445)      | (12,284,745)      |
| <b>Total equity</b>                                 |      | <u>46,306,829</u> | <u>38,178,502</u> |

The accompanying notes form an integral part of these financial statements.

**MAYUR RESOURCES LTD AND ITS SUBSIDIARIES**  
**BALANCE SHEET**  
**At 30 June 2021**

|   |       | Company           |              |
|---|-------|-------------------|--------------|
|   | Note  | 2021<br>A\$       | 2020<br>A\$  |
| <b>Non-current assets</b>                           |       |                   |              |
| Property, plant, and equipment                      |       | 6,265             | –            |
| Investments in subsidiaries                         | 11(b) | 12,243,898        | 13,859,295   |
| Investment in associate                             | 12    | 12,621,902        | –            |
| <b>Total non-current assets</b>                     |       | <b>24,872,065</b> | 13,859,295   |
| <b>Current assets</b>                               |       |                   |              |
| Cash and cash equivalents                           | 13    | 3,787,964         | 2,873,447    |
| Other current assets                                | 14    | 199,445           | 225,062      |
| Receivables from subsidiaries                       | 19    | 18,197,632        | 21,742,571   |
| <b>Total current assets</b>                         |       | <b>22,185,041</b> | 24,841,080   |
| <b>Total assets</b>                                 |       | <b>47,057,106</b> | 38,700,375   |
| <b>Current liabilities</b>                          |       |                   |              |
| Trade and other payables                            | 15    | 750,278           | 542,969      |
| <b>Total current liabilities</b>                    |       | <b>750,278</b>    | 542,969      |
| <b>Total liabilities</b>                            |       | <b>750,278</b>    | 542,969      |
| <b>Net assets</b>                                   |       | <b>46,306,828</b> | 38,157,406   |
| <b>Equity</b>                                       |       |                   |              |
| <i>Equity attributable to owners of the Company</i> |       |                   |              |
| Share capital                                       | 16    | 56,729,839        | 49,048,549   |
| Reserves  | 17    | 10,984,676        | 8,050,100    |
| Accumulated losses                                  |       | (21,407,687)      | (18,941,243) |
| <b>Total equity</b>                                 |       | <b>46,306,828</b> | 38,157,406   |

The accompanying notes form an integral part of these financial statements.

**MAYUR RESOURCES LTD AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the financial year ended 30 June 2021**

| <b>Group</b>  | <b>Share capital</b> | <b>Reserves</b>  | <b>Accumulated losses</b> | <b>Non-controlling interests</b> | <b>Total Equity</b> |
|---|----------------------|------------------|---------------------------|----------------------------------|---------------------|
| <b>2021</b>   | <b>A\$</b>           | <b>A\$</b>       | <b>A\$</b>                | <b>A\$</b>                       | <b>A\$</b>          |
| <b>Balance as at 1 July 2020</b>                                  | <b>49,048,549</b>    | <b>1,414,698</b> | <b>(12,284,745)</b>       | <b>–</b>                         | <b>38,178,502</b>   |
| Loss for the year   | –                    | –                | (2,213,614)               | –                                | (2,213,614)         |
| <i>Other comprehensive loss</i>                                   |                      |                  |                           |                                  |                     |
| Share of other comprehensive loss of associate                    | –                    | (273,925)        | –                         | –                                | (273,925)           |
| <b>Total comprehensive loss for the year</b>                      | <b>–</b>             | <b>(273,925)</b> | <b>(2,213,614)</b>        | <b>–</b>                         | <b>(2,487,539)</b>  |
| <b>Transactions with owners in their capacity as owners:</b>      |                      |                  |                           |                                  |                     |
| Issue of ordinary shares  | 8,026,494            | –                | –                         | –                                | 8,026,494           |
| Costs of shares issuance  | (345,204)            | –                | –                         | –                                | (345,204)           |
| Transfer of reserve on loss of control of subsidiary              | –                    | 90,086           | (90,086)                  | –                                | –                   |
| Share based payments (Note 17(b))                                 | –                    | 2,934,576        | –                         | –                                | 2,934,576           |
| <b>Total transactions with owners in their capacity as owners</b> | <b>7,681,290</b>     | <b>3,024,662</b> | <b>(90,086)</b>           | <b>–</b>                         | <b>10,615,866</b>   |
| <b>Balance as at 30 June 2021</b>                                 | <b>56,729,839</b>    | <b>4,165,435</b> | <b>(14,588,445)</b>       | <b>–</b>                         | <b>46,306,829</b>   |

| <b>Group</b>  | <b>Share capital</b> | <b>Reserves</b>    | <b>Accumulated losses</b> | <b>Non-controlling interests</b> | <b>Total Equity</b> |
|---|----------------------|--------------------|---------------------------|----------------------------------|---------------------|
| <b>2020</b>   | <b>A\$</b>           | <b>A\$</b>         | <b>A\$</b>                | <b>A\$</b>                       | <b>A\$</b>          |
| <b>Balance as at 1 July 2019</b>                                  | <b>36,976,495</b>    | <b>2,720,951</b>   | <b>(8,564,346)</b>        | <b>716,908</b>                   | <b>31,850,008</b>   |
| Loss for the year   | –                    | –                  | (3,720,399)               | –                                | (3,720,399)         |
| <b>Total comprehensive loss for the year</b>                      | <b>–</b>             | <b>–</b>           | <b>(3,720,399)</b>        | <b>–</b>                         | <b>(3,720,399)</b>  |
| <b>Transactions with owners in their capacity as owners:</b>      |                      |                    |                           |                                  |                     |
| Issue of ordinary shares  | 11,485,765           | –                  | –                         | –                                | 11,485,765          |
| Costs of shares issuance  | (2,554,363)          | –                  | –                         | –                                | (2,554,363)         |
| Acquisition of non-controlling interests in subsidiaries          | 3,089,148            | (2,372,240)        | –                         | (716,908)                        | –                   |
| Share based payments (Note 17(b))                                 | –                    | 1,065,987          | –                         | –                                | 1,065,987           |
| Shares issued in lieu of cash remunerations                       | 51,504               | –                  | –                         | –                                | 51,504              |
| <b>Total transactions with owners in their capacity as owners</b> | <b>12,072,054</b>    | <b>(1,306,253)</b> | <b>–</b>                  | <b>(716,908)</b>                 | <b>10,048,893</b>   |
| <b>Balance as at 30 June 2020</b>                                 | <b>49,048,549</b>    | <b>1,414,698</b>   | <b>(12,284,745)</b>       | <b>–</b>                         | <b>38,178,502</b>   |

The accompanying notes form an integral part of these financial statements.

**MAYUR RESOURCES LTD AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the financial year ended 30 June 2021**

| Company   | Share capital<br>A\$ | Reserves<br>A\$   | Accumulated<br>losses<br>A\$ | Total<br>Equity<br>A\$ |
|---|----------------------|-------------------|------------------------------|------------------------|
| <b>2021</b>   |                      |                   |                              |                        |
| <b>Balance as at 1 July 2020</b>                                  | <b>49,048,549</b>    | <b>8,050,100</b>  | <b>(18,941,243)</b>          | <b>38,157,406</b>      |
| Loss for the financial year                                       | –                    | –                 | (2,466,444)                  | (2,466,444)            |
| <b>Total comprehensive loss for the financial year</b>            | <b>–</b>             | <b>–</b>          | <b>(2,466,444)</b>           | <b>(2,466,444)</b>     |
| <b>Transactions with owners in their capacity as owners:</b>      |                      |                   |                              |                        |
| Issue of ordinary shares  | 8,026,494            | –                 | –                            | 8,026,494              |
| Costs of shares issuance  | (345,204)            | –                 | –                            | (345,204)              |
| Share based payments (Note 17(b))                                 | –                    | 2,934,576         | –                            | 2,934,576              |
| <b>Total transactions with owners in their capacity as owners</b> | <b>7,681,290</b>     | <b>2,934,576</b>  | <b>–</b>                     | <b>10,615,866</b>      |
| <b>Balance as at 30 June 2021</b>                                 | <b>56,729,839</b>    | <b>10,984,676</b> | <b>(21,407,687)</b>          | <b>46,306,828</b>      |

| Company   | Share capital<br>A\$ | Reserves<br>A\$  | Accumulated<br>losses<br>A\$ | Total<br>Equity<br>A\$ |
|---|----------------------|------------------|------------------------------|------------------------|
| <b>2020</b>   |                      |                  |                              |                        |
| <b>Balance as at 1 July 2019</b>                                  | <b>36,976,495</b>    | <b>6,984,113</b> | <b>(9,789,657)</b>           | <b>34,170,951</b>      |
| Loss for the financial year                                       | –                    | –                | (9,151,586)                  | (9,151,586)            |
| <b>Total comprehensive loss for the financial year</b>            | <b>–</b>             | <b>–</b>         | <b>(9,151,586)</b>           | <b>(9,151,586)</b>     |
| <b>Transactions with owners in their capacity as owners:</b>      |                      |                  |                              |                        |
| Issue of ordinary shares  | 11,485,766           | –                | –                            | 11,485,766             |
| Costs of shares issuance  | (2,554,363)          | –                | –                            | (2,554,363)            |
| Acquisition of non-controlling interests in subsidiaries          | 3,089,148            | –                | –                            | 3,089,148              |
| Share based payments (Note 17(b))                                 | –                    | 1,065,987        | –                            | 1,065,987              |
| Shares issued in lieu of cash remuneration                        | 51,503               | –                | –                            | 51,503                 |
| <b>Total transactions with owners in their capacity as owners</b> | <b>12,072,054</b>    | <b>1,065,987</b> | <b>–</b>                     | <b>13,138,041</b>      |
| <b>Balance as at 30 June 2020</b>                                 | <b>49,048,549</b>    | <b>8,050,100</b> | <b>(18,941,243)</b>          | <b>38,157,406</b>      |

The accompanying notes form an integral part of these financial statements.

**MAYUR RESOURCES LTD AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the financial year ended 30 June 2021**

|   |       | <b>Group</b>       |             |
|---|-------|--------------------|-------------|
|   | Note  | <b>2021</b><br>A\$ | 2020<br>A\$ |
| Loss before tax   |       | <b>(2,213,614)</b> | (3,720,399) |
| <u>Adjustments for:</u>   |       |                    |             |
| Interest income   | 4     | <b>(162)</b>       | (14,529)    |
| Share based payment expense                                       | 17(b) | <b>730,214</b>     | 561,942     |
| Depreciation expense  | 9(b)  | <b>28,078</b>      | 26,442      |
| Impairment of capitalised exploration and evaluation expenditure  | 10    | <b>7,018,469</b>   | 219,727     |
| Share of results of associate                                     |       | <b>966,099</b>     | -           |
| Profit on disposal of discontinued operations                     | 11(d) | <b>(8,740,760)</b> | -           |
| Net foreign exchange gain   |       | <b>93,291</b>      | (92,962)    |
| Total adjustments   |       | <b>95,229</b>      | 700,620     |
| Operating cash flows before changes in working capital            |       | <b>(2,118,385)</b> | (3,019,779) |
| <u>Changes in working capital:</u>                                |       |                    |             |
| Decrease/(increase) in trade receivables and other current assets |       | <b>80,783</b>      | (75,492)    |
| Increase/(decrease) in trade and other payables                   |       | <b>100,018</b>     | (97,363)    |
| Total changes in working capital                                  |       | <b>180,801</b>     | (172,855)   |
| Cash flows used in operations                                     |       | <b>(1,937,584)</b> | (3,192,634) |
| Interest received   |       | <b>162</b>         | 14,529      |
| <b>Net cash flows used in operating activities</b>                |       | <b>(1,937,422)</b> | (3,178,105) |
| <b>Cash flow from investing activities</b>                        |       |                    |             |
| Payments for property, plant, and equipment                       | 9(c)  | <b>(477,380)</b>   | (319,719)   |
| Payments for exploration and evaluation expenditure               | 10    | <b>(2,589,912)</b> | (4,223,034) |
| Transaction costs incurred on loss of control of subsidiary       | 11(d) | <b>(950,965)</b>   | -           |
| Cash disposed on loss of control of subsidiary                    | 11(d) | <b>(88,644)</b>    | -           |
| <b>Net cash used in investing activities</b>                      |       | <b>(4,106,901)</b> | (4,542,753) |
| <b>Cash flow from financing activities</b>                        |       |                    |             |
| Proceeds from share issue   | 16    | <b>7,976,494</b>   | 9,445,093   |
| Cost of issuing shares  | 16    | <b>(291,204)</b>   | (513,691)   |
| Repayment of borrowings   |       | -                  | (1,036,383) |
| <b>Net cash provided by financing activities</b>                  |       | <b>7,685,290</b>   | 7,895,019   |
| <b>Reconciliation of cash and cash equivalents</b>                |       |                    |             |
| Cash and cash equivalents at beginning of financial year          |       | <b>2,988,147</b>   | 2,799,951   |
| Net increase in cash and cash equivalents                         |       | <b>1,640,967</b>   | 174,161     |
| Foreign exchange difference on cash and cash equivalents          |       | <b>(93,286)</b>    | 14,035      |
| Cash and cash equivalents at end of financial year                | 13    | <b>4,535,828</b>   | 2,988,147   |

The accompanying notes form an integral part of these financial statements.

**MAYUR RESOURCES LTD AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 30 June 2021**

**1. Corporate information**

Mayur Resources Ltd (the “Company”) (Co. Reg. No. 201114015W), is a limited liability company incorporated in Singapore. On 21 September 2017, the Company listed on the Australian Stock Exchange.

The registered office of the Company is located at 80 Robinson Road #02-00 Singapore 068898. The principal place of business is Level 7, 300 Adelaide Street, Brisbane QLD, 4000, Australia.

The principal activity of the Company is investment holding. The Group is involved in exploration and evaluation activities with a focus on Industrial Minerals and Iron. The Group has exploration licenses and prospective projects in Papua New Guinea. The principal activities of the subsidiaries and associate are disclosed in Notes 11 and 12 to the financial statements respectively.

The Company’s shares are listed on the Australian Stock Exchange under the ticker code MRL.

**2. Summary of significant accounting policies**

**a) Basis of preparation**

The financial statements are expressed in Australian dollar (“A\$”), which is the Company’s functional currency. The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)”).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group considers the characteristics of the asset or liability which market participants would consider when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 Share-based Payment and measurements that have some similarities to fair value but are not fair value, such as value in use in SFRS(I) 1-36 Impairment of Assets. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- (a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- (c) Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The Company’s separate financial statements have been prepared on the same basis, and as permitted by the Act, the Company’s separate statement of profit or loss and other comprehensive income is not presented.

## 2. Summary of significant accounting policies (continued)

### a) Basis of preparation (continued)

#### *Use of estimates and judgements*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a major degree of judgement or complexity, are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

### b) New and revised standards

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group and the Company have adopted all the new and amended SFRS(I) and SFRS(I) Interpretations (“SFRS(I) INT”) which are relevant to the Group and the Company and are effective for annual financial periods beginning on or after 1 July 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 30 June 2021 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

### c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company’s balance sheet, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investments, the difference between disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

### d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. Subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses, and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant, and equipment, are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

### e) Basis of combination

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

## 2. Summary of significant accounting policies (continued)

### e) Basis of combination (continued)

Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if the subsidiary incurred losses and the losses allocated exceed the non-controlling interests in the subsidiary's equity.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e., transactions with owners in their capacity as owners).

When a change in the Company's ownership interest in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific SFRS(I).

If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

### f) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

## 2. Summary of significant accounting policies (continued)

### f) Investments in associates (continued)

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are carried at cost less accumulated impairment loss. On disposal of an investment in an associate, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

### g) Foreign currency

#### *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Group and the Company are presented in Australian dollar, which is the Company's functional currency.

#### *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency transaction reserve within equity in the consolidated financial statements.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

#### *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities are translated at the closing rates at the date of the balance sheet;
- (b) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (c) All resulting exchange differences are recognised in the currency translation reserve within equity.

## 2. Summary of significant accounting policies (continued)

### g) Foreign currency (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

### h) Revenue

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Interest income is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

### i) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investment in subsidiaries and associate except where 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 tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the balance sheet date.

### j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts, if any, that form an integral part of the Group's cash management.

## 2. Summary of significant accounting policies (continued)

### k) Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### l) Contingencies

A contingent liability is:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

### m) Financial assets

#### *Recognition and derecognition*

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

#### *Classification and measurement*

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Group classifies its financial assets based on the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets. The Group's financial assets are classified at amortised cost which comprise other receivables and cash and cash equivalents.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired. Interest income from these financial assets is included in interest income using the EIR method.

#### *Impairment*

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

## 2. Summary of significant accounting policies (continued)

### m) Financial assets (continued)

#### *Impairment (continued)*

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

#### *Offsetting of financial assets and financial liabilities*

Financial assets and liabilities are offset, and the net amount presented on the balance sheet when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### n) Financial liabilities

Financial liabilities include trade and other payables. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process. Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

### o) Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss.

### p) Property, plant, and equipment

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

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

## 2. Summary of significant accounting policies (continued)

### p) Property, plant, and equipment (continued)

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Dismantlement, removal, or restoration costs are included as part of the cost of property, plant, and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the profit or loss.

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Useful lives of property, plant and equipment range from 3 to 5 years.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The residual values, estimated useful lives and depreciation method are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the profit or loss when the changes arise.

### q) Exploration and evaluation expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained legal rights to explore an area are expensed in the profit or loss.

Exploration and evaluation assets are only recognised if the rights to 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 by its 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.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and the facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash-generating unit shall not be larger than the area of interest.

Once technical feasibility and commercial viability of the area of interest are demonstrable, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified from exploration and evaluation assets to property and development assets within property, plant, and equipment or intangible, as applicable.

### r) Share based compensation

The economic entity makes equity-settled share-based payments to directors, employees and other parties for services provided for the acquisition of exploration assets. Where applicable, the fair value of the equity is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using the Black Scholes option valuation pricing model which incorporates all market vesting conditions. Where applicable, the number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Where the fair value of services rendered by other parties can be reliably determined, this is used to measure the equity-settled payment.

## 2. Summary of significant accounting policies (continued)

### s) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments. When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

### t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors.

### u) Employee benefits

#### Employee leave entitlement

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

#### *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

### v) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

## 3. Key sources of estimation uncertainty and critical accounting judgements

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *Impairment of investment in associate*

As at 30 June 2021, the carrying value of the Group's and the Company's investment in associate was A\$11,381,878 (2020: A\$ Nil) and A\$12,621,902 (2020: A\$ Nil) respectively. The investment in associate is assessed for impairment in accordance with the accounting policy described in Note 2(o).

### 3. Key sources of estimation uncertainty and critical accounting judgements (continued)

#### *Impairment of investment in associate (continued)*

As at 30 June 2021, the fair value of the Group's investment in the associate based on quoted market prices was A\$5.1 million. The Group has determined that no impairment of the investment in the associate is necessary as it is considered that the recoverable amount of the investment, determined using fair value less cost of disposal, exceeded the carrying value of the investment in the associate. In making its assessment of the recoverable amount of the investment, management considered commonly used valuation metrics for junior mineral exploration companies such as economic value per resource ounce applied to the publicly reported mineral resources of the associate as determined in accordance with Canadian National Instrument 43-101. The fair value measurement is categorised in Level 3 of the fair value hierarchy.

#### Sensitivity to changes in assumptions

With regards to the impairment assessment of investment of associate, a 24% decrease in economic value per resources ounce would result in an impairment loss.

#### *Shared based payments*

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Fair value is calculated using the Black Scholes valuation model, considering the terms and conditions upon which the options were granted. The assumptions used in these valuation models are set out in Note 17(b).

Where the vesting of share-based payments contains performance based and market-based milestones, in estimating the number and fair value of the equity instruments issued, the Group assesses the probability of the milestones being met, and therefore the probability of the instruments vesting. Management applies judgement to arrive at the probabilities that are applied to these instruments. These estimates will be adjusted over time to reflect actual performance and management's best estimates of the conditions being met.

#### *Calculation of loss allowance*

When measuring the expected credit loss ("ECL"), the Group and Company use reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions with consideration on the impact of COVID-19 pandemic and how these conditions are expected to affect the Group's and the Company's ECL assessment. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

As the calculations of loss allowances on other receivables and receivables from related parties are subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of receivables. Details of ECL measurement and carrying value of other receivables and receivables from subsidiaries at the end of the financial year are disclosed in Notes 14, 19 and 20 respectively.

### 3. Key sources of estimation uncertainty and critical accounting judgements (continued)

#### *Calculation of cost of investment in associate and consideration on loss of control of subsidiary*

Notes 11 and 12 describe transactions entered into by the Company pursuant to which the Group acquired a 42.75% ownership interest in Adyton Resources Corporation as consideration the Group's disposal of its 100% ownership interest in MR Exploration PNG Pte Ltd and Mayur Exploration PNG Limited. The shares in Adyton Resources Corporation that were received by the Company are subject to resale restrictions.

In estimating fair value of the Adyton Resources Corporation shares received as consideration the Company was required to adjust the fair value of the Adyton Resources Corporation shares to reflect the resale restrictions. The directors assessed that the appropriate methodology for making this adjustment was the use of an option pricing model that incorporates the duration of the restriction and the characteristics of the underlying shares. To achieve this a Black Scholes option pricing model was used which required determination of the most appropriate inputs to the valuation model including the expected duration of the restriction, volatility and dividend yield and making assumptions about them. The fair value measurement of consideration is classified in Level 3 of the fair value hierarchy.

#### **Critical accounting judgements**

In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations which are described in the preceding paragraphs).

#### *Going concern assumption*

As at 30 June 2021 the Group had cash reserves of A\$4,535,828 (2020: A\$2,988,147), net current assets of A\$3,586,598 (2019: A\$2,426,806) and net assets of A\$46,306,829 (2020: A\$38,178,502). The Group incurred a loss from continuing operations for the year ended 30 June 2021 of A\$10,838,325 (2020 loss: A\$3,556,128), net cash outflows from operating activities of A\$1,937,422 (2020: A\$3,178,105 outflows) and net outflows from investing activities of A\$4,106,901 (2020: A\$4,542,753 outflows). These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The ability of the Group to continue as a going concern is principally dependent upon the following:

- (a) the ability of the Company to raise additional funding in the future;
- (b) the successful implementation of the Group's disaggregation strategy; and
- (c) the successful exploration and subsequent exploitation of the Group's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

Based on the success of previous capital raisings combined with the potential to attract farm-in partners for projects, the potential sale or disaggregation of the current portfolio of exploration assets held and the ability of the Group to reduce or defer uncommitted expenditure, the directors have prepared the financial statements on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The directors are confident of securing funds as and when necessary to meet the Group's obligations as and when they fall due.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group may have to provide for further liabilities that might arise and to reclassify non-current assets as current assets. No such adjustments have been made to these financial statements.

### 3. Key sources of estimation uncertainty and critical accounting judgements (continued)

#### Critical accounting judgements (continued)

##### *Impairment of exploration and evaluation expenditure*

At 30 June 2021, the carrying value of exploration and evaluation assets of the Group was A\$28,186,048 (2020: A\$33,260,840). Exploration and evaluation assets are assessed for impairment in accordance with the accounting policy disclosed in Note 2(q). The accounting policy requires management to make certain estimates and assumptions as to future events and circumstances. These estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the accounting policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be expensed in the statement of profit or loss and other comprehensive income.

As at 30 June 2021, three of the Group's mineral exploration licences were under application for renewal. The Group believes it has complied with all licence conditions, including minimum expenditure requirements, and is not aware of any matters or circumstances that have arisen that would result in the Group's application for renewal of the exploration licences not being granted in the ordinary course of business. The Group has determined that no impairment of the capitalised exploration and evaluation expenditure relating to these exploration licences is necessary as it is considered that there is a reasonable basis to expect that the renewal applications will be granted and that the Group is otherwise proceeding with exploration and development activities on the exploration licences. Should any of the exploration licences not be renewed, the relevant capitalised amount as at 30 June 2021 will be expensed in the statement of profit or loss and other comprehensive income. Exploration and evaluation assets are set out in Note 10. During the year ended 30 June 2021 the Group impaired A\$7,018,469 (2020: A\$219,727) in relation to several mineral exploration tenements that were relinquished by the Group following a strategic review of the Group's portfolio of mineral exploration tenements. The licences were renewed subsequent to the end of the reporting period.

##### *Impact of COVID-19*

The outbreak of the COVID-19 pandemic in early 2020 and the subsequent travel and trade restrictions imposed by the governments of numerous countries including Australia and Papua New Guinea have caused disruption to businesses and economic activity. The Board and Management of the consolidated entity have considered the impact of the COVID-19 pandemic on the consolidated entity's operations and financial performance and have determined that the consolidated entity has not been materially impacted by the COVID-19 pandemic at this stage. Restrictions on international travel and disruptions to international supply chains have caused some delays in the consolidated entity's exploration and development programs but have not had a significant impact on the consolidated entity's operations or results to the date of these financial statements.

In preparing the consolidated financial report, management has considered the impact of COVID-19 on the various balances in the financial report, including the carrying values of trade receivables and finite life non-current assets. Management determined that there was no significant impact of COVID-19 on the abovementioned balances and accounting estimates.

##### *Loss of control over MR Exploration PNG Pte Ltd and Mayur Exploration PNG Limited*

Note 11 describes that on 18 February 2021 the Group was considered to have disposed of its 100% ownership interests in MR Exploration PNG Pte Ltd and Mayur Exploration PNG Limited which held the Group's portfolio of copper and gold mineral exploration tenements located in Papua New Guinea even though the Group obtained a 42.75% ownership interest in Adyton Resources Corporation as consideration for the disposal of its ownership interest in MR Exploration PNG Pte Ltd and Mayur Exploration PNG Limited. The remaining 57.25% of the ownership interests in Adyton Resources Corporation are held by shareholders that are unrelated to the Group.

The directors of the Company assessed whether the Group lost control over MR Exploration PNG Pte Ltd and Mayur Exploration PNG Limited as a result of the transaction with Adyton Resources Corporation. In making their judgement, the directors considered the Group's ownership interest in Adyton Resources Corporation and the representation of appointees of the Company's appointees on the Board of Directors of Adyton Resources Corporation. After assessment, the directors concluded that the Group does not have a sufficiently dominant voting interest to direct the relevant activities of Adyton Resources Corporation and therefore the Group lost control over MR Exploration PNG Pte Ltd and Mayur Exploration PNG Limited.

### 3. Key sources of estimation uncertainty and critical accounting judgements (continued)

#### Critical accounting judgements (continued)

##### *Significant influence over Adyton Resources Corporation*

Having concluded that the 42.75% ownership interest in Adyton Resources Corporation did not provide the Company with control over Adyton Resources Corporation, the directors of the Company assessed whether the Company has significant influence over Adyton Resources Corporation.

Note 12 describes that the directors assessed that the Company does have significant influence over Adyton Resources Corporation by virtue of its 42.75% ownership interest and has classified Adyton Resources Corporation as an associate and the Group has accounted for it for it using the equity method of accounting.

##### *Deferred tax assets*

No members of the Group have generated taxable income in the financial year and as such the Group continues to carry forward tax losses that give rise to deferred tax assets. Given that the Group's projects remain in early exploration stages, it is unlikely that the Group will generate taxable income in the foreseeable future in the absence of asset sales.

Taking account of the above, the deferred tax assets have not been recognised in the financial statements as management does not believe that the members of the Group satisfy the recognition criteria set out in SFRS(I) 1-12.

### 4. Revenue and other income – continuing operations

|   | <b>Group</b>  |             |
|---|---------------|-------------|
|   | <b>2021</b>   | <b>2020</b> |
|   | <b>A\$</b>    | <b>A\$</b>  |
| Interest income - cash and cash equivalents | <b>162</b>    | 14,529      |
| COVID-19 government grant                   | <b>50,000</b> | 62,500      |
| Recovery of finance charges                 | <b>8,494</b>  | -           |
| Foreign currency exchange gains, net        | <b>-</b>      | 72,046      |
|   | <b>58,656</b> | 149,075     |

The COVID-19 government grant received is a non-refundable grant received from the Australian government as part of its economic response to the COVID-19 pandemic. The Group did not receive any other COVID-19 related grants or financial support.

### 5. Auditor's remuneration – continuing operations

|                          | <b>Group</b>   |             |
|--------------------------|----------------|-------------|
|                          | <b>2021</b>    | <b>2020</b> |
|                          | <b>A\$</b>     | <b>A\$</b>  |
| Audit fees:              |                |             |
| - Auditor of the Company | <b>50,000</b>  | 46,300      |
| - Other auditors*        | <b>90,447</b>  | 114,471     |
|                          | <b>140,447</b> | 160,771     |

There are no non-audit fees paid to other auditors in the years ended 30 June 2021 and 30 June 2020.

\* Includes independent member firms of the Baker Tilly International network.

## 6. Segment information

For management purposes, the Group is organised into the following business units:

- Industrial minerals which includes limestone and the Port Moresby Lime Project.
- Iron which includes construction sands, magnetite sand and heavy mineral sands. The focus of this business unit is the development of the Orokolo Bay Industrial Sands Project located along the southern coast of Papua New Guinea.
- Coal and power comprising the Depot Creek coal resource in the Gulf Project of Papua New Guinea and which is developing a proposal for vertically integrated domestic power projects in Papua New Guinea with an initial focus on the Lae region.
- Corporate which provides Group-level corporate services, investment and treasury functions.
- Copper and gold comprising the Group's interests in the Feni Island Project in the New Ireland Province of Papua New Guinea, the Basilaki / Sideia project in Milne Bay Province and the Sitipu Project in the Eastern Highlands province of Papua New Guinea. The Group disposed of the copper and gold business unit in 2021.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on actual expenditure incurred, including capitalised expenditure which differs from operating profit or loss reported in the consolidated financial statements.

### *Accounting policies adopted*

The Chief Operating Decision Maker assesses the performance of the operating segments based on a measure of gross expenditure that includes both expenditure that is capitalised in these financial statements and expenditure that is expensed in the statement of profit or loss and other comprehensive income in these financial statements. The measurement of gross expenditure does not include the impairment of exploration expenditure or non-cash items such as depreciation expense and share based payments expense. Interest and other items of revenue are allocated to the Corporate segment.

|  | Industrial Minerals<br>A\$ | Iron<br>A\$        | Coal and Power<br>A\$ | Corporate<br>A\$   | Copper and Gold (discontinued)<br>A\$ | Consolidated Financial Statements<br>A\$ |
|--|----------------------------|--------------------|-----------------------|--------------------|---------------------------------------|--|
| <b>Group 2021</b>                                    |                            |                    |                       |                    |                                       |  |
| <i>Results:</i>                                      |                            |                    |                       |                    |                                       |  |
| Interest income                                      | –                          | –                  | –                     | 162                | –                                     | 162                                      |
| Impairment of exploration and evaluation expenditure | –                          | (4,243,889)        | (2,774,580)           | –                  | –                                     | (7,018,469)                              |
| Profit from discontinued operation                   | –                          | –                  | –                     | –                  | 8,624,711                             | 8,624,711                                |
| Share of result of associate                         | –                          | –                  | –                     | (966,099)          | –                                     | (966,099)                                |
| Segment (loss)/profit                                | <b>(49,744)</b>            | <b>(4,566,250)</b> | <b>(2,897,537)</b>    | <b>(3,320,794)</b> | <b>8,624,711</b>                      | <b>(2,213,614)</b>                       |
| <i>Assets:</i>                                       |                            |                    |                       |                    |                                       |  |
| Exploration and evaluation Expenditure               | 8,123,699                  | 14,889,606         | 5,172,743             | –                  | –                                     | 28,186,048                               |
| Investment in associate                              | –                          | –                  | –                     | 11,381,878         | –                                     | 11,381,878                               |
| Segment assets                                       | <b>8,130,166</b>           | <b>15,359,510</b>  | <b>8,712,865</b>      | <b>15,375,580</b>  | –                                     | <b>47,577,621</b>                        |
| <i>Segment assets include:</i>                       |                            |                    |                       |                    |                                       |  |
| Non-cash expenditure capitalised                     | 694,917                    | 1,077,799          | 407,863               | –                  | 23,783                                | 2,204,362                                |
| Additions to property, plant, and equipment          | –                          | –                  | 689,527               | –                  | –                                     | 689,527                                  |
| Additions to exploration and evaluation expenditure  | 2,045,231                  | 2,292,868          | 322,919               | –                  | 131,037                               | 4,792,055                                |
| Segment liabilities                                  | <b>167,826</b>             | <b>254,312</b>     | <b>378,648</b>        | <b>470,006</b>     | –                                     | <b>1,270,792</b>                         |

**6. Segment information (continued)**

|   | <b>Industrial<br/>Minerals<br/>A\$</b> | <b>Iron<br/>A\$</b> | <b>Coal and<br/>Power<br/>A\$</b> | <b>Corporate<br/>A\$</b> | <b>Copper and<br/>Gold<br/>(discontinued)<br/>A\$</b> | <b>Consolidated<br/>Financial<br/>Statements<br/>A\$</b> |
|---|--|---------------------|-----------------------------------|--------------------------|---|--|
| <b>Group<br/>2020</b>                                   |  |                     |                                   |                          |   |  |
| <i>Results:</i>   |  |                     |                                   |                          |   |  |
| Interest income   | –                                      | –                   | –                                 | 14,529                   | –   | 14,529   |
| Impairment of exploration and<br>evaluation expenditure | (219,727)                              | –                   | –                                 | –                        | –   | (219,727)  |
| Loss from discontinued<br>operations                    | –                                      | –                   | –                                 | –                        | (164,271)   | (164,271)  |
| Segment loss  | <u>(241,597)</u>                       | <u>(60,313)</u>     | <u>(65,694)</u>                   | <u>(3,188,524)</u>       | <u>(164,271)</u>                                      | <u>(3,720,399)</u>                                       |
| <i>Assets:</i>  |  |                     |                                   |                          |   |  |
| Exploration and evaluation<br>Expenditure               | 6,077,458                              | 16,841,755          | 7,624,285                         | –                        | 2,717,342   | 33,260,840   |
| Segment assets  | <u>6,082,425</u>                       | <u>17,243,291</u>   | <u>9,819,930</u>                  | <u>3,098,504</u>         | <u>2,798,272</u>                                      | <u>39,042,422</u>  |
| <i>Segment assets include:</i>                          |  |                     |                                   |                          |   |  |
| Non-cash expenditure<br>capitalised                     | 15,977                                 | 402,101             | 104,963                           | –                        | 32,507  | 555,548  |
| Additions to property, plant,<br>and equipment          | –                                      | 12,823              | 386,065                           | –                        | –   | 398,888  |
| Additions to exploration and<br>evaluation expenditure  | <u>1,014,732</u>                       | <u>2,414,283</u>    | <u>845,894</u>                    | <u>–</u>                 | <u>222,622</u>  | <u>4,497,531</u>   |
| Segment liabilities                                     | <u>35,685</u>                          | <u>168,507</u>      | <u>109,966</u>                    | <u>536,468</u>           | <u>13,294</u>   | <u>863,920</u>   |

*Geographical information*

The Group's non-current assets are all located in Papua New Guinea ("PNG") where all the exploration activities are carried out.

*Information about major customer*

The Group is still in the pre-commercialised stage of its exploration activities and therefore no revenue is generated.

**7. Tax expense**

|  | <b>Group</b>        |                     |
|--|---------------------|---------------------|
|  | <b>2021<br/>A\$</b> | <b>2020<br/>A\$</b> |
| Tax expense attributable to loss of the Group is made up of: |                     |                     |
| Current year income tax                                      | <u>–</u>            | <u>–</u>            |

The income tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax to profit/(loss) before tax due to the following factors:

**7. Tax expense (continued)**

|   | <b>Group</b>        |                 |
|---|---------------------|-----------------|
|   | <b>2021</b>         | <b>2020</b>     |
|   | <b>A\$</b>          | <b>A\$</b>      |
| Loss before income tax from:                    |                     |                 |
| Continuing operations                           | <b>(10,838,325)</b> | (3,556,128)     |
| Discontinued operations (Note 11)               | <b>8,624,711</b>    | (164,271)       |
|   | <b>(2,213,614)</b>  | (3,720,399)     |
| Effect of tax rates in other jurisdictions      | <b>(491,826)</b>    | (398,613)       |
| Tax calculated at a tax rate of 17% (2020: 17%) | <b>(376,314)</b>    | (632,468)       |
| Expenses not deductible for tax purposes        | <b>2,021,256</b>    | 76,842          |
| Effect of results of equity                     |                     |                 |
| – accounted investee presented net of tax       | <b>251,186</b>      | –               |
| Effect of change in tax rates                   | <b>(212,289)</b>    | –               |
| Income not assessable for tax purposes          | <b>(13,000)</b>     | <b>(17,188)</b> |
| Movement in unrecognised deferred tax assets    | <b>(1,179,013)</b>  | 971,427         |
| Tax expense                                     | <b>–</b>            | <b>–</b>        |

The applicable rate of income tax in a jurisdiction other than Singapore in which the Group is subject to tax rate ranging from 26% to 30% for the year ended 30 June 2021 (30 June 2020: 27.5% to 30%).

Include in expenses not deductible for tax purposes is non-deductible impairment of exploration and evaluation expenditure of A\$7,018,469 (2020: A\$219,727).

|   | <b>Group</b>       |             |
|---|--------------------|-------------|
|   | <b>2021</b>        | <b>2020</b> |
|   | <b>A\$</b>         | <b>A\$</b>  |
| Accruals  | <b>33,455</b>      | 16,031      |
| Provisions  | <b>37,591</b>      | 28,561      |
| Capital raising costs   | <b>14,431</b>      | 47,334      |
| Investment in associate                                       | <b>(560,885)</b>   | –           |
| Others  | <b>(45,655)</b>    | (47,956)    |
| Tax losses available for offset against future taxable income | <b>1,990,890</b>   | 2,604,870   |
| Net deferred tax assets                                       | <b>1,469,827</b>   | 2,648,840   |
| Deferred tax assets not recognised                            | <b>(1,469,827)</b> | (2,648,840) |
|   | <b>–</b>           | <b>–</b>    |

Deferred tax assets do not expire under current legislation.

**8. Earnings per share**

The earnings per share was calculated based on net loss attributable to equity shareholders divided by the weighted average number of ordinary shares. The basic and diluted loss per share is the same for the years ended 30 June 2021 and 30 June 2020 as the Group incurred losses from continuing operations for both years, and the share options are anti-dilutive.

The following tables reflect the loss and share data used in the computation of basic and dilute earnings per share for the financial years ended 30 June:

|   | <b>Group</b>            |             |
|---|-------------------------|-------------|
|   | <b>2020</b>             | <b>2019</b> |
|   | <b>A\$</b>              | <b>A\$</b>  |
| Loss from continuing operations attributable to owners  | <b>(10,838,325)</b>     | (3,556,128) |
| Profit/(loss) from discontinued operations attributable to owner                                | <b>8,624,711</b>        | (164,271)   |
| Loss from continuing and discontinued operations attributable to owners                         | <b>(2,213,614)</b>      | (3,720,399) |
|   |                         |             |
|   | <b>Number of shares</b> |             |
| Weighted average number of ordinary shares outstanding for basic and diluted earnings per share | <b>191,711,997</b>      | 171,370,783 |

**9. Property, plant, and equipment**

|  | <b>Group</b>            |                  |
|--|-------------------------|------------------|
|  | <b>2021</b>             | 2020             |
|  | A\$                     | A\$              |
| Power plant assets, at cost              | <b>2,795,974</b>        | 2,106,447        |
| Plant and equipment, net of depreciation | <b>356,331</b>          | 384,409          |
|  | <b><u>3,152,305</u></b> | <u>2,490,856</u> |

*(a) Power plant assets at cost*

The Group continued feasibility studies and negotiations to obtain approvals for a coal fired electricity power plant to operate in Lae, Morobe Province and supply electricity to PNG Power Limited. The capitalised costs relate to expenditure incurred as at 30 June 2021 in respect of the proposed project. Depreciation of these costs has not commenced as the assets are not ready for use.

|                    | <b>Group</b>            |                  |
|--------------------|-------------------------|------------------|
|                    | <b>2021</b>             | 2020             |
|                    | A\$                     | A\$              |
| Balance at 1 July  | <b>2,106,447</b>        | 1,758,588        |
| Additions          | <b>689,527</b>          | 347,859          |
| Balance at 30 June | <b><u>2,795,974</u></b> | <u>2,106,447</u> |

*(b) Plant and equipment, net of depreciation*

|                           | <b>Group</b>          |                |
|---------------------------|-----------------------|----------------|
|                           | <b>2021</b>           | 2020           |
|                           | A\$                   | A\$            |
| Balance at 1 July         | <b>384,409</b>        | 359,822        |
| Additions                 | -                     | 51,029         |
| Depreciation              | <b>(28,078)</b>       | (26,442)       |
| Carrying value at 30 June | <b><u>356,331</u></b> | <u>384,409</u> |
| Cost                      |                       |                |
| - At 1 July               | <b>443,429</b>        | 392,400        |
| - At 30 June              | <b>443,429</b>        | 443,429        |
| Accumulated depreciation  |                       |                |
| - At 1 July               | <b>(59,020)</b>       | (32,578)       |
| - At 30 June              | <b>(87,098)</b>       | (59,020)       |
| Carrying value at 30 June | <b><u>356,331</u></b> | <u>384,409</u> |

Plant and equipment consist of office equipment and machineries which are individually insignificant.

*(c) Non-cash transactions*

|   | <b>Group</b>          |                |
|---|-----------------------|----------------|
|   | <b>2021</b>           | 2020           |
|   | A\$                   | A\$            |
| Aggregate cost of property, plant and equipment acquired        | <b>689,527</b>        | 398,888        |
| Less: Share-based payment (Note 17(b))                          | <b>(212,305)</b>      | (22,228)       |
| Less: Shares issued in lieu of cash remuneration                | -                     | (51,503)       |
| Add/less: Change in other payables for additions                | <b>158</b>            | (5,438)        |
| Net cash outflow for purchase of property, plant, and equipment | <b><u>477,380</u></b> | <u>319,719</u> |

**10. Exploration and evaluation expenditure**

|                                   | <b>Group</b>      |            |
|-----------------------------------|-------------------|------------|
|                                   | <b>2021</b>       | 2020       |
|                                   | A\$               | A\$        |
| Exploration and evaluation phases | <b>28,186,048</b> | 33,260,840 |

*Exploration and Evaluation Assets*

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Movements in exploration and evaluation assets during the financial year are summarised below:

|  | <b>Group</b>       |            |
|--|--------------------|------------|
|  | <b>2021</b>        | 2020       |
|  | A\$                | A\$        |
| Balance at beginning of financial year   | <b>33,260,840</b>  | 28,983,036 |
| Exploration and evaluation expenditure capitalised during the financial year                     | <b>4,792,055</b>   | 4,497,531  |
| Impairment of exploration and evaluation expenditure   | <b>(7,018,469)</b> | (219,727)  |
| Exploration and evaluation expenditure disposed of on loss of control of subsidiary (Note 11(d)) | <b>(2,848,378)</b> | –          |
| Balance at end financial year  | <b>28,186,048</b>  | 33,260,840 |

Impairment charges for the year represent the impairment of capitalised exploration in relation to tenements that the Group has, or intends to, relinquish. Movements in impairment charges are summarised below:

|  | <b>Group</b>     |         |
|--|------------------|---------|
|  | <b>2021</b>      | 2020    |
|  | A\$              | A\$     |
| Movement of impairment of exploration and evaluation expenditure |                  |         |
| At 1 July  | <b>219,727</b>   | –       |
| Impairment charge during the financial year                      | <b>7,018,469</b> | 219,727 |
| At 30 June   | <b>7,238,196</b> | 219,727 |

*Non-cash transactions*

|   | <b>Group</b>       |           |
|---|--------------------|-----------|
|   | <b>2021</b>        | 2020      |
|   | A\$                | A\$       |
| Aggregate cost of exploration and evaluation expenditure    | <b>4,792,055</b>   | 4,497,531 |
| Less: Share-based payment (Note 17(b))                      | <b>(1,992,057)</b> | (481,817) |
| Add: Change in other payables for additions                 | <b>(210,086)</b>   | 207,320   |
| Net cash outflow for exploration and evaluation expenditure | <b>2,589,912</b>   | 4,223,034 |

## 11. Subsidiaries

### a) The Group's significant subsidiaries

The table below presents the Group's ownership interests in subsidiaries as at 30 June 2021 and 30 June 2020.

| Subsidiaries of Mayur Resources Ltd:             | Country of incorporation | Principal activity  | Effective ownership interest held by the Group |      |
|--|--------------------------|---------------------|--|------|
|  |                          |                     | 2021   | 2020 |
|  |                          |                     | %  | %    |
| MR Iron PNG Pte Ltd <sup>#</sup>                 | Singapore                | Investment holding  | 100  | 100  |
| MR Energy PNG Pte Ltd <sup>#</sup>               | Singapore                | Investment holding  | 100  | 100  |
| MR Industrials PNG Pte Ltd <sup>#</sup>          | Singapore                | Investment holding  | 100  | 100  |
| MR Power Generation Pte Ltd <sup>#</sup>         | Singapore                | Investment holding  | 100  | 100  |
| Mayur Iron PNG Limited <sup>^^</sup>             | Papua New Guinea         | Mineral exploration | 100  | 100  |
| Mayur Energy PNG Ltd <sup>^^</sup>               | Papua New Guinea         | Coal exploration    | 100  | 100  |
| Mayur Industrials PNG Ltd <sup>^^</sup>          | Papua New Guinea         | Steel               | 100  | 100  |
| Mayur Power Generation PNG Limited <sup>^^</sup> | Papua New Guinea         | Power generation    | 100  | 100  |
| Waterford Limited <sup>^^</sup>                  | Papua New Guinea         | Coal exploration    | 100  | 100  |
| MR Exploration PNG Pte Ltd <sup>@</sup>          | Singapore                | Investment holding  | -  | 100  |
| Mayur Exploration PNG Limited <sup>@</sup>       | Papua New Guinea         | Mineral exploration | -  | 100  |

<sup>#</sup> Audited by Baker Tilly TFW LLP

<sup>^^</sup> Audited by independent overseas member firms of Baker Tilly International for consolidation purposes.

<sup>@</sup> During the year ended 30 June 2021 the Group ceased to have a controlling interest in MR Exploration PNG Pte Ltd and Mayur Exploration PNG Limited. Refer Note 11(d).

### b) Investment in subsidiaries

|   | Company           |                   |
|---|-------------------|-------------------|
|   | 2021              | 2020              |
|   | A\$               | A\$               |
| <b>Unquoted equity shares at cost</b>                   |                   |                   |
| Balance at beginning of financial year                  | 13,859,295        | 10,770,147        |
| Disposal of subsidiaries                                | (1,615,397)       | -                 |
| Acquisition of non-controlling interest in subsidiaries | -                 | 3,089,148         |
| Balance at end of financial year                        | <b>12,243,898</b> | <b>13,859,295</b> |

### c) Non-controlling interests

As at 30 June 2021 and 30 June 2020, there were no non-controlling interests in subsidiaries.

In 2019, MR Iron PNG Pte Ltd (MIPP) entered into an agreement with China Titanium Resources Holdings Limited (CTRH) pursuant to which CTRH could earn up to a 49% ownership interest in MR Iron PNG Pte Ltd by providing up to US\$25 million in funding for the Orokolo Bay industrial sands project. The agreement provides that CTRH will receive a 2% equity interest in MIPP for each US\$1 million in funding contributed by CTRH, provided that CTRH's total equity interest in MIPP is capped at 49%. As at 30 June 2021, CTRH had not acquired any equity interest in MIPP under the terms of the agreement.

### d) Losing control over subsidiaries during the financial year and discontinued operations

On 18 February 2021 the Group disposed of its 100% ownership interests in MR Exploration PNG Pte Ltd and Mayur Exploration PNG Limited which held the Group's portfolio of copper and gold mineral exploration tenements located in Papua New Guinea.

**11. Subsidiaries (continued)****d) Losing control over subsidiaries during the financial year and discontinued operations (continued)**

The consideration for the disposals was received in the form of shares in Adyton Resources Corporation. Refer Note 12 for further information regarding the investment in Adyton Resources Corporation. No tax charge or credit arose in relation to the disposal.

As at 18 February 2021, the carrying amounts of the net assets of MR Exploration PNG Pte Ltd and Mayur Exploration PNG Limited were as follows:

|  | <b>2021</b><br><b>A\$</b> |
|--|---------------------------|
| <b>Non-current assets</b>                        |                           |
| Exploration and evaluation expenditure (Note 10) | <b>2,848,378</b>          |
| <b>Current assets</b>                            |                           |
| Cash   | <b>88,644</b>             |
| Other current assets                             | <b>11,369</b>             |
| <b>Current liabilities</b>                       |                           |
| Trade and other payables                         | <b>(18,214)</b>           |
| <b>Net assets at date of loss of control</b>     | <b>2,930,177</b>          |
| Value of share consideration received            | <b>12,621,902</b>         |
| Less: Transaction costs                          | <b>(950,965)</b>          |
| <b>Consideration, net of transaction costs</b>   | <b>11,670,937</b>         |
| Gain on disposal, net of transaction costs       | <b>8,740,760</b>          |

The gain on disposal is included in the profit for the year from discontinued operation in the consolidated statement of profit or loss as follows:

|   | <b>Group</b>              |                           |
|---|---------------------------|---------------------------|
|   | <b>2021</b><br><b>A\$</b> | <b>2020</b><br><b>A\$</b> |
| Other revenue – foreign currency exchange gain, net     | <b>25,719</b>             | 20,916                    |
| Audit fees  | –                         | (7,658)                   |
| Professional fees                                       | <b>(8,465)</b>            | (10,728)                  |
| Travel  | <b>(28,844)</b>           | (18,002)                  |
| Premises costs  | <b>(37,028)</b>           | (86,490)                  |
| Other operating expenses                                | <b>(66,881)</b>           | (57,811)                  |
| Insurance   | –                         | (77)                      |
| Director remuneration                                   | <b>(550)</b>              | (3,828)                   |
| Finance expenses  | –                         | (593)                     |
| <b>Loss from discontinued operation before tax</b>      | <b>(116,049)</b>          | (164,271)                 |
| Tax expense   | –                         | –                         |
| <b>Loss from discontinued operations, after tax</b>     | <b>(116,049)</b>          | (164,271)                 |
| <b>Gain on disposal</b>                                 |                           |                           |
| Profit on disposal before tax                           | <b>8,740,760</b>          | –                         |
| Tax expense   | –                         | –                         |
| Profit on disposal after tax                            | <b>8,740,760</b>          | –                         |
| Profit/(loss) for the year from discontinued operations | <b>8,624,711</b>          | (164,271)                 |

**11. Subsidiaries (continued)****d) Losing control over subsidiaries during the financial year and discontinued operations (continued)**

Cash flows for MR Exploration PNG Pte Ltd and Mayur Exploration PNG Limited for the 2021 year until the date of disposal and for the 2020 year are summarised as follows:

|   | <b>Group</b>     |             |
|---|------------------|-------------|
|   | <b>2021</b>      | <b>2020</b> |
|   | <b>A\$</b>       | <b>A\$</b>  |
| Operating activities                          | <b>(105,713)</b> | (122,466)   |
| Investing activities                          | <b>(98,635)</b>  | (175,878)   |
| <b>Cashflows from discontinued operations</b> | <b>(204,348)</b> | (298,344)   |

**12. Investment in associate**

|                         | <b>Group</b>      |             | <b>Company</b> |             |
|-------------------------|-------------------|-------------|----------------|-------------|
|                         | <b>2021</b>       | <b>2020</b> | <b>2021</b>    | <b>2020</b> |
|                         | <b>A\$</b>        | <b>A\$</b>  | <b>A\$</b>     | <b>A\$</b>  |
| Investment in associate | <b>11,381,878</b> | –           | 12,621,902     | –           |
|                         | <b>11,381,878</b> | –           | 12,621,902     | –           |

On 18 February 2021, the Group acquired a 42.75% ownership interest in Adyton Resources Corporation as the consideration of the Group's disposal of its 100% ownership interest in MR Exploration PNG Pte Ltd and Mayur Exploration PNG Limited (refer Note 11(d)). Adyton Resources Corporation is incorporated in Canada with its principal place of business at Level 14, 167 Eagle Street Brisbane QLD Australia. The principal activity of Adyton Resources Corporation is mineral exploration for gold and copper in Papua New Guinea.

The Group accounts for its investment in Adyton Resources Corporation using the equity method as set out in the Group's accounting policies in note 2. The financial year end date of Adyton Resources Corporation is 31 December, and it presents its financial statements in Canadian dollars. For the purposes of applying the equity method of accounting, the financial statements of Adyton Resources Corporation for the six months ended 30 June 2021 have been used, and appropriate adjustments have been made to exclude the effects of transactions prior to 18 February 2021 being the date on which Adyton Resources Corporation became an associate of the Group. The fair value of the Group's interest in Adyton Resources Corporation on 30 June 2021 was A\$5.17 million based on the quoted market price available on the TSX Venture Exchange. The fair value measurement is classified with Level 1 of the fair value hierarchy.

The Group did not receive any dividends from Adyton Resources Corporation during the financial year.

Summarised financial information in respect of Adyton Resources Corporation is set out below. The summarised information below represents amounts in Adyton Resources Corporation's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), modified for fair value adjustments on acquisition.

|  |                    |
|--|--------------------|
|  | <b>2021</b>        |
|  | <b>A\$</b>         |
| <b>Non-current assets</b>              |                    |
| Exploration and evaluation expenditure | <b>21,732,591</b>  |
| Property, plant, and equipment         | <b>71,233</b>      |
| <b>Current assets</b>                  |                    |
| Cash                                   | <b>6,022,472</b>   |
| Other current assets                   | <b>421,726</b>     |
| <b>Current liabilities</b>             |                    |
| Trade and other payables               | <b>(1,623,746)</b> |
| <b>Net assets at 30 June 2021</b>      | <b>26,624,276</b>  |

**12. Investment in associate (continued)**

|   |                    |
|---|--------------------|
| Revenue   | Nil                |
| Loss for the period from 18 February 2021 to 30 June 2021   | <u>(2,259,882)</u> |
| <b>Other comprehensive income</b>   |                    |
| Exchange differences on translation to presentation currency for the period from 18 February 2021 to 30 June 2021 | <u>(640,760)</u>   |
| <b>Total comprehensive income</b>   |                    |
| Total comprehensive income for the period from 18 February 2021 to 30 June 2021                                   | <u>(2,900,642)</u> |

The financial statements of the associate are reviewed by an independent member firm of Baker Tilly International for equity accounting purposes.

Reconciliation of the above summarised financial information to the carrying amount of the interest in Adyton Resources Corporation recognised in the consolidated financial statements is as follows:

|  |                          |
|--|--------------------------|
|  | <b>2021</b>              |
|  | <b>A\$</b>               |
| Net assets of Adyton Resources Corporation at 30 June 2021 | <b>26,624,276</b>        |
| Group's share of net assets (42.75%)                       | <u><b>11,381,878</b></u> |
| Carrying amount of the Group's interest in the associate   | <u><b>11,381,878</b></u> |

**13. Cash and cash equivalents**

|                            | <b>Group</b>            |                  | <b>Company</b>   |                  |
|----------------------------|-------------------------|------------------|------------------|------------------|
|                            | <b>2021</b>             | 2020             | <b>2021</b>      | 2020             |
|                            | <b>A\$</b>              | A\$              | <b>A\$</b>       | A\$              |
| Unrestricted bank balances | <b>4,535,828</b>        | 2,988,147        | 3,787,964        | 2,873,447        |
|                            | <u><b>4,535,828</b></u> | <u>2,988,147</u> | <u>3,787,964</u> | <u>2,873,447</u> |

**14. Other receivables**

|                                    | <b>Group</b>          |                | <b>Company</b>        |                |
|------------------------------------|-----------------------|----------------|-----------------------|----------------|
|                                    | <b>2021</b>           | 2020           | <b>2021</b>           | 2020           |
|                                    | <b>A\$</b>            | A\$            | <b>A\$</b>            | A\$            |
| Goods and services tax receivables | <b>114,520</b>        | 116,229        | -                     | 44,265         |
| Other current receivables          | <b>207,042</b>        | 186,350        | <b>199,445</b>        | 180,797        |
|                                    | <u><b>321,562</b></u> | <u>302,579</u> | <u><b>199,445</b></u> | <u>225,062</u> |

**15. Trade and other payables**

|                              | <b>Group</b>            |                | <b>Company</b>        |                |
|------------------------------|-------------------------|----------------|-----------------------|----------------|
|                              | <b>2021</b>             | 2020           | <b>2021</b>           | 2020           |
|                              | <b>A\$</b>              | A\$            | <b>A\$</b>            | A\$            |
| Trade creditors and accruals | <b>1,270,792</b>        | 863,920        | <b>750,278</b>        | 542,969        |
|                              | <u><b>1,270,792</b></u> | <u>863,920</u> | <u><b>750,278</b></u> | <u>542,969</u> |

**16. Share capital**

|  | <b>Group and Company</b> |             |
|--|--------------------------|-------------|
|  | <b>2021</b>              | <b>2020</b> |
|  | <b>A\$</b>               | <b>A\$</b>  |
| <b>Issue and fully paid-up capital</b> |                          |             |
| Share capital                          | <b>56,729,839</b>        | 49,048,549  |

Movements in ordinary shares on issue in the year to 30 June were:

|   | <b>2021</b>        |                   | <b>2020</b>   |             |
|---|--------------------|-------------------|---------------|-------------|
|   | <b>Number</b>      | <b>A\$</b>        | <b>Number</b> | <b>A\$</b>  |
| At beginning of financial year                                  | <b>177,017,923</b> | <b>49,048,549</b> | 151,009,373   | 36,976,495  |
| Issuance of shares pursuant to capital raising                  | <b>28,147,127</b>  | <b>7,976,494</b>  | 13,271,673    | 7,432,133   |
| Issuance of shares in settlement of capital raising costs       | <b>250,000</b>     | <b>50,000</b>     | 3,791,214     | 2,040,672   |
| Shares issued on the exercise of options and performance rights | <b>11,720,919</b>  | -                 | 3,109,566     | 1,412,960   |
| Issuance of shares as partial payment for services received     | -                  | -                 | 115,451       | 51,504      |
| Acquisition of non-controlling interests in subsidiaries        | -                  | -                 | 5,720,646     | 3,089,148   |
| Funds received on sale of Loan Funded Shares                    | -                  | -                 | -             | 600,000     |
| Cost of issuing shares  | -                  | <b>(345,204)</b>  | -             | (2,554,363) |
| At end of financial year  | <b>217,135,969</b> | <b>56,729,839</b> | 177,017,923   | 49,048,549  |

Ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

*Reconciliation of proceeds from share issue and costs of issuing shares to cash flow from financing activities*

|   | <b>Group</b>     | <b>Group</b> |
|---|------------------|--------------|
|   | <b>2021</b>      | <b>2020</b>  |
|   | <b>A\$</b>       | <b>A\$</b>   |
| Funds received on the exercise of options and performance rights      | -                | 1,412,960    |
| Issuance of shares pursuant to capital raising                        | <b>7,976,494</b> | 7,432,133    |
| Funds received on sale of Loan Funded Shares                          | -                | 600,000      |
| Proceeds from share issue in the consolidated statement of cash flows | <b>7,976,494</b> | 9,445,093    |
| Cost of issuing shares  | <b>(345,204)</b> | (2,554,363)  |
| Issuance of shares in settlement of capital raising costs             | <b>50,000</b>    | 2,040,672    |
| Capital raising costs accrued but not paid at the end of the period   | <b>4,000</b>     | -            |
| Cost of issuing shares in the consolidated statement of cash flows    | <b>(291,204)</b> | (513,691)    |

**16. Share capital (continued)****Options issued**

The Company did not grant any options during the year ended 30 June 2021 and 30 June 2020.

The following table illustrates the number and movements in share options issued during the financial year:

|  | Loyalty Options |             | Advisor Options |                    |
|--|-----------------|-------------|-----------------|--------------------|
|  | 2021            | 2020        | 2021            | 2020               |
| <b>On issue at beginning of the period</b>                 | –               | 12,189,637  | –               | <b>1,337,856</b>   |
| Options exercised  | –               | (2,934,392) | –               | –                  |
| Options lapsed   | –               | (9,255,245) | –               | <b>(1,337,856)</b> |
| <b>On issue at end of the period</b>                       | –               | –           | –               | –                  |
| Weighted average exercise price of options                 | <b>A\$Nil</b>   | A\$Nil      | <b>A\$Nil</b>   | <b>A\$Nil</b>      |
| Weighted average share price on the date options exercised | <b>A\$Nil</b>   | A\$0.56     | Nil exercised   | Nil exercised      |

The options do not have any voting rights, any entitlement to dividends or any entitlement to the proceeds on liquidation in the event of a winding up.

**17. Reserves**

|   | Group              |             | Company           |           |
|---|--------------------|-------------|-------------------|-----------|
|   | 2021               | 2020        | 2021              | 2020      |
|   | A\$                | A\$         | A\$               | A\$       |
| Capital reserve (a)   | <b>(6,545,316)</b> | (6,635,402) | –                 | –         |
| Share of foreign currency translation reserve of an associate | <b>(273,925)</b>   | –           | –                 | –         |
| Share based payments reserve (b)                              | <b>10,984,676</b>  | 8,050,100   | <b>10,984,676</b> | 8,050,100 |
|   | <b>4,165,435</b>   | 1,414,698   | <b>10,984,676</b> | 8,050,100 |

*(a) Capital reserve*

During the 2020 year, the Group acquired the entire non-controlling interests (NCI) in its MR Energy PNG Pte Ltd and MR Power Generation Pte Ltd for shares in the parent entity with a fair value of A\$3,089,148 with a resulting transfer from equity attributable to non-controlling interest to equity attributable to owners of the parent entity and creation of a capital reserve as summarised below:

|   | Group<br>2021<br>A\$ | Group<br>2020<br>A\$ |
|---|----------------------|----------------------|
| Balance at the beginning of the reporting period                | <b>(6,635,402)</b>   | (4,263,162)          |
| Equity attributable to owners of the Company:                   |                      |                      |
| Fair value of shares in parent entity issued to acquire the NCI | –                    | (3,089,148)          |
| NCI in subsidiaries   | –                    | 716,908              |
| Transfer to accumulated losses                                  | <b>90,086</b>        | –                    |
| Balance at the end of the reporting period                      | <b>(6,545,316)</b>   | (6,635,402)          |

**17. Reserves (continued)***(b) Share based payments reserve*

The share-based payments reserve is used to record the fair value of shares or options issued to employees/contractors and other service providers.

|   | <b>Group and Company</b> |             |
|---|--------------------------|-------------|
|   | <b>2021</b>              | <b>2020</b> |
|   | <b>A\$</b>               | <b>A\$</b>  |
| Balance at 1 July                             | <b>8,050,100</b>         | 6,984,113   |
| Share based payments made during the year (i) | <b>2,934,576</b>         | 1,065,987   |
| Balance at 30 June                            | <b>10,984,676</b>        | 8,050,100   |

The share-based payments made during the year were accounted for as follows:

|   | <b>Group and Company</b> |             |
|---|--------------------------|-------------|
|   | <b>2021</b>              | <b>2020</b> |
|   | <b>A\$</b>               | <b>A\$</b>  |
| Recognised as share-based payments expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income | <b>730,214</b>           | 561,942     |
| Capitalised as exploration and evaluation expenditure (Note 10)   | <b>1,992,057</b>         | 481,817     |
| Capitalised as property, plant, and equipment (Note 9(c))   | <b>212,305</b>           | 22,228      |
|   | <b>2,934,576</b>         | 1,065,987   |

*(i) Share based payments made during the year*

The following share-based payment transactions were recognised during the year:

|   | <b>2021</b>          |                  |
|---|----------------------|------------------|
|   | <i>Number issued</i> | <b>A\$</b>       |
| Vested performance rights awarded to employees as salary (Salary Sacrifice Rights) (ii)                       | <b>3,391,603</b>     | <b>1,003,171</b> |
| Loan funded shares (iii)  | <b>3,500,000</b>     | <b>645,956</b>   |
| Shares awarded as bonus payment (iv)  |                      | <b>171,139</b>   |
| Long term incentive rights subject to vesting conditions (v)  | <b>15,500,000</b>    | <b>1,055,400</b> |
| <i>Amounts recognised in relation to share based payments issued in the current year</i>                      |                      | <b>2,875,666</b> |
| Amounts recognised in the current year in relation to share based payments issued in previous financial years |                      | <b>58,910</b>    |
|   |                      | <b>2,934,576</b> |
|   |                      | <b>1,065,987</b> |
|   |                      | <b>161,019</b>   |
|   |                      | <b>1,065,987</b> |

|   | <b>2020</b>          |                  |
|---|----------------------|------------------|
|   | <i>Number issued</i> | <b>A\$</b>       |
| Vested performance rights awarded to employees as salary (Salary Sacrifice Rights) (ii)                       | 2,823,768            | 904,968          |
| <i>Amounts recognised in relation to share based payments issued in the current year</i>                      |                      | 904,968          |
| Amounts recognised in the current year in relation to share based payments issued in previous financial years |                      | 161,019          |
|   |                      | <b>1,065,987</b> |

**17. Reserves (continued)***(ii) Salary sacrifice rights*

Performance rights are granted to employees and contractors to receive shares in respect of a portion of their agreed remuneration. Each performance right will entitle the holder to receive one share. The performance rights vest annually over four equal instalments and can be exercised for no consideration at any time after vesting but prior to the expiry date of the rights.

The number of performance rights to be issued at each grant date is determined by dividing the salary amount to be paid in the form of performance share rights divided by the prevailing share price (rounded down to the nearest whole number). Any new employees/contractors or employees/contractors that have not worked on behalf of the Company for a minimum of 12 months shall be restricted in exercising their performance rights until such time they have worked for and/or on behalf of the Company for a year of 12 months.

During the financial year, 3,391,603 salary sacrifice rights were issued in respect of remuneration totalling A\$1,003,171 (2020: 2,823,768 salary sacrifice rights issued in respect of remuneration totalling A\$904,968).

*(iii) Loan funded shares*

During the year the Company granted loan funded shares to the value of A\$645,956 (2020: A\$Nil) to eligible employees selected by the Board. Pursuant to the terms of the Employee Incentive Plan, employees are granted an interest free limited recourse loan to assist in the purchase of Shares, with the Shares acquired at their market value. The loan will be limited recourse so that at any time the employee may divest their Shares in full satisfaction of the loan balance. In accordance with the requirements of applicable SFRS(I) the loan funded shares are to be accounted for as an option granted to the employee with an exercise price equal to the market price of the Company's shares at the grant date. Consequently, the loan funded shares have been valued using an option pricing model using the following inputs:

|                         |            |            |
|-------------------------|------------|------------|
| Grant date              | 27/01/2021 | 27/05/2021 |
| Exercise price          | \$0.33     | \$0.22     |
| Expected volatility     | 102%       | 90.88%     |
| Risk-free interest rate | 1.05%      | 1.53%      |
| Term                    | 10 years   | 10 years   |
| Grant date share price  | \$0.33     | \$0.22     |
| Fair value per option   | \$0.30     | \$0.19     |

As at 30 June 2021, the Shares to which the loan funded shares share based payments summarised above relate had not been formally issued by the Company. In accordance with the requirements of *SFRS(I) 2 Share-based Payment* the Group has recognised the loan funded shares as at the grant date being the date on which the recipient became contractually entitled to receive the Shares.

The Group did not issue any long-term incentive rights subject to vesting conditions in the 2020 year.

*(iv) Shares as awarded as a bonus payment*

During the year the Group entered into a contractual arrangement to issue shares to the value of A\$171,139 to an employee as a bonus payment. (2020: A\$Nil). As at 30 June 2021, the Shares had not been issued by the Company. In accordance with the requirements of *SFRS(I) 2 Share-based Payment* the Group has recognised the obligation to issue the Shares as at the date on which the recipient became contractually entitled to receive the Shares.

*(v) Long term incentive rights subject to vesting conditions*

Performance rights are also offered as part of a Long-Term Incentive Plan to employees, executive and non-executive directors, contractors, and consultants, to acquire shares in the Company. The rights will vest subject to the relevant performance measures being met and the participant remaining employed.

Unless otherwise noted, the milestones / performance conditions attached to the long-term incentive rights are non-market-based conditions. Non-market conditions are considered by adjusting the number of rights included in the measurement of the transaction amount using a probability of vesting assumption so that, ultimately, the amount recognised shall be based on the number of rights that eventually vest.

**17. Reserves (continued)**

| <b>Milestone / Performance condition</b>  | <b>Number granted</b> | <b>Vesting probability</b> | <b>Vesting Date</b> | <b>Value per LTI</b>  | <b>% recognised</b> |
|---|-----------------------|----------------------------|---------------------|-----------------------|---------------------|
| Financial closure of the Central Cement & Lime Project.   | 870,000               | Nil                        | 30/06/2021          | \$ 0.34               | 100%                |
| Financial close for the Lae Power Project.  | 870,000               | 25%                        | 30/09/2021          | \$ 0.34               | 68%                 |
| The Company's share price achieving a 120-day VWAP of \$0.80 or in the event of an IPO, the combined value look through is equivalent to the MRL share price plus the new IPO Company.            | 1,740,000             | N/a <sup>^</sup>           | 30/06/2021          | \$ 0.014 <sup>^</sup> | 100%                |
| The Company's share price achieving a 120-day VWAP of \$1.20 or in the event of an IPO, the combined value look through is equivalent to the MRL share price plus the new IPO Company.            | 1,740,000             | N/a <sup>^</sup>           | 30/12/2021          | \$ 0.026 <sup>^</sup> | 52%                 |
| The Company's share price achieving a 120-day VWAP of \$1.80 or in the event of an IPO, the combined value look through is equivalent to the MRL share price plus the new IPO Company.            | 1,740,000             | N/a <sup>^</sup>           | 30/12/2021          | \$ 0.009 <sup>^</sup> | 52%                 |
| Completion of the Copper Gold spin out by 30 March 2021 that results in a look monetisation value of additional shares of at least 20% on top of MRL's value on a 120-day VWAP prior to spin out. | 1,740,000             | 100%                       | 30/03/2021          | \$ 0.34               | 100%                |
|   | <b>8,700,000</b>      |                            |                     |                       |                     |

<sup>^</sup> The market conditions associated with these LTIs, upon which vesting is conditioned, have been considered when estimating the fair value of the rights granted as follows:

|  | <b>\$0.80<br/>120-day<br/>VWAP<br/>target</b> | <b>\$1.20<br/>120-day<br/>VWAP<br/>target</b> | <b>\$1.80<br/>120-day<br/>VWAP<br/>target</b> |
|--|---|---|---|
| Exercise price   | A\$Nil  | A\$Nil  | A\$Nil  |
| Share price target (adjusted for 120-day VWAP condition) | A\$1.45                                       | A\$2.18                                       | A\$3.26                                       |
| Expected volatility                                      | 85.33%  | 85.33%  | 85.33%  |
| Risk-free interest rate                                  | 0.10%   | 0.10%   | 0.10%   |
| Expected life of share options                           | 195 days                                      | 380 days                                      | 380 days                                      |
| Grant date share price                                   | \$0.34  | \$0.34  | \$0.34  |
| Fair value per option                                    | A\$0.014                                      | A\$0.026                                      | A\$0.009                                      |

**17. Reserves (continued)**

On 27 January 2021, the Group granted 2,000,000 long term incentive rights to an employee. The rights were subject to certain milestones as follows:

| <b>Milestone / Performance condition</b>   | <b>Number granted</b> | <b>Vesting probability</b> | <b>Vesting Date</b> | <b>Value per LTI</b> | <b>% recognised</b> |
|--|-----------------------|----------------------------|---------------------|----------------------|---------------------|
| First shipment of bulk sample iron sands from Orokolo Bay project by September 2021.   | 200,000               | 25%                        | 30/09/2021          | \$0.33               | 63%                 |
| Pre IPO-Seed strategic investor invests in the Amazon Bay Vanadium Titano Magnetite project in accordance with parameters agreed with the Board.   | 200,000               | 50%                        | 31/12/2021          | \$0.33               | 46%                 |
| The Group's 51% ownership interest in MIPP to be listed on the ASX by 31 December 2021   | 900,000               | 50%                        | 31/12/2021          | \$0.33               | 46%                 |
| If the Amazon Bay project is not included in the listing of MIPP on the ASX, list the Amazon Bay Project on the ASX by 31 December 2022 in accordance with parameters agreed with the Board. | 500,000               | 50%                        | 31/12/2022          | \$0.33               | 22%                 |
| Satisfaction of other performance milestones as agreed with the Managing Director.   | 200,000               | 100%                       | 31/12/2022          | \$0.33               | 22%                 |
|  | <b>2,000,000</b>      |                            |                     |                      |                     |

On 12 February 2021, the Group granted 3,050,000 long term incentive rights to employees, contractors, and consultants. The rights were subject to certain milestones as follows:

| <b>Milestone / Performance condition</b>  | <b>Number granted</b> | <b>Vesting probability</b> | <b>Vesting Date</b> | <b>Value per LTI</b> | <b>% recognised</b> |
|---|-----------------------|----------------------------|---------------------|----------------------|---------------------|
| First shipment of bulk sample iron sands from Orokolo Bay project by September 2021.  | 50,000                | 25%                        | 30/09/2021          | \$0.30               | 60%                 |
| The Group's 51% ownership interest in MIPP to be listed on the ASX by 31 December 2021.   | 300,000               | 50%                        | 31/12/2021          | \$0.30               | 43%                 |
| Secure mining lease for Central Cement and Lime Project.  | 250,000               | 100%                       | 30/06/2021          | \$0.30               | 100%                |
| Secure binding offtake agreements for in aggregate > 1,000,000 tons of clinker, cement, and quicklime production with a minimum of 100,000 tons of quicklime. | 125,000               | Nil                        | 30/06/2021          | \$0.30               | 100%                |
| Financial closure of Central Cement and Lime Project (Lime or Cement).  | 695,000               | 25%                        | 30/09/2021          | \$0.30               | 60%                 |
| Secure the mining lease for the Orokolo Bay Project before 30 July 2021.  | 550,000               | Nil                        | 30/06/2021          | \$0.30               | 82%                 |
| Reach financial investment decision for the Orokolo Bay Project before 30 December 2021.  | 720,000               | 50%                        | 31/12/2021          | \$0.30               | 43%                 |
| Delineate maiden JORC resource estimate for the Amazon Bay project before 30 November 2021.   | 100,000               | 50%                        | 30/11/2021          | \$0.30               | 47%                 |
| Financial closure of the Lae Power Project by 30 September 2021.  | 160,000               | 25%                        | 30/09/2021          | \$0.30               | 60%                 |

**17. Reserves (continued)***(b) Share based payments reserve (continued)*

| <b>Milestone / Performance condition</b>   | <b>Number granted</b> | <b>Vesting probability</b> | <b>Vesting Date</b> | <b>Value per LTI</b> | <b>% recognised</b> |
|--|-----------------------|----------------------------|---------------------|----------------------|---------------------|
| Complete IPO or spin out of copper and gold portfolio by 30 March 2021.            | 50,000                | 100%                       | 30/06/2021          | \$0.30               | 100%                |
| Satisfaction of other performance milestones as agreed with the Managing Director. | 50,000                | 100%                       | 31/12/2022          | \$0.30               | 20%                 |
|  | <b>3,050,000</b>      |                            |                     |                      |                     |

On 27 May 2021, the Group granted 1,750,000 long term incentive rights to rights to an employee. The rights were subject to certain milestones as follows:

| <b>Milestone / Performance condition</b>  | <b>Number granted</b> | <b>Vesting probability</b> | <b>Vesting Date</b> | <b>Value per LTI</b> | <b>% recognised</b> |
|---|-----------------------|----------------------------|---------------------|----------------------|---------------------|
| Binding offtake agreements secured for cement / clinker for 600,000 tonnes per year and quick lime 200,000 tonnes per year.   | 525,000               | 50%                        | 28/02/2022          | \$0.23               | 12%                 |
| Offtake agreements for 500,000 tonnes per year limestone and an agreed finance solution for construction of a start-up quarry   | 262,500               | 50%                        | 30/11/2021          | \$0.23               | 18%                 |
| First quarry production and sales achieved  | 262,500               | 100%                       | 28/02/2022          | \$0.23               | 12%                 |
| Port Moresby Lime and Cement Project achieves financial investment decision or is successfully IPO'd at a valuation that enables the requisite equity component to be raised to enable a financial investment decision to be achieved | 350,000               | 100%                       | 31/05/2022          | \$0.23               | 9%                  |
| Port Moresby Lime and Cement Project achieves financial investment decision or is successfully IPO'd at a valuation that enables the requisite equity component to be raised to enable a financial investment decision to be achieved | 350,000               | 100%                       | 31/05/2025          | \$0.23               | 2%                  |
|   | <b>1,750,000</b>      |                            |                     |                      |                     |

All LTI Rights have an expiry date of five years from the grant date.

The Group did not issue any long-term incentive rights subject to vesting conditions in the 2020 year.

## 18. Capital commitments

To maintain current rights of tenure to exploration tenements, including tenements that had expired and were the subject of renewal applications by the Group as at 30 June 2021, the Group is required to perform exploration work to meet minimum expenditure requirements as specified by the Papua New Guinea Mineral Resources Authority. The following table sets out the minimum expenditure commitments:

|   | <b>Group and Company</b> |                  |
|---|--------------------------|------------------|
|   | <b>2021</b>              | <b>2020</b>      |
|   | <b>A\$</b>               | <b>A\$</b>       |
| Payable:  |                          |                  |
| - not later than one year                           | <b>605,491</b>           | 1,767,249        |
| - later than one year and not later than five years | <b>213,088</b>           | 1,005,713        |
|   | <b>818,579</b>           | <b>2,772,962</b> |

## 19. Receivables from subsidiaries

|  | <b>Company</b>      |              |
|--|---------------------|--------------|
|  | <b>2021</b>         | <b>2020</b>  |
|  | <b>A\$</b>          | <b>A\$</b>   |
| Receivables from subsidiaries                | <b>34,802,863</b>   | 35,195,655   |
| Less: Allowance for credit loss (Note 20(j)) | <b>(16,605,231)</b> | (13,453,084) |
| Net receivables from subsidiaries            | <b>18,197,632</b>   | 21,742,571   |

Receivables from subsidiaries are non-trade in nature, unsecured, repayable on demand and are non-interest bearing.

|  | <b>Company</b>     |             |
|--|--------------------|-------------|
|  | <b>2021</b>        | <b>2020</b> |
|  | <b>A\$</b>         | <b>A\$</b>  |
| Balance at 1 July  | <b>21,742,571</b>  | 22,857,813  |
| Advances to subsidiaries   | <b>4,351,514</b>   | 4,376,675   |
| Share-based payment  | <b>2,204,355</b>   | 504,051     |
| Commercial forgiveness of debt on loss of control of subsidiary        | <b>(6,948,461)</b> | –           |
| Reversal of allowance for credit loss on loss of control of subsidiary | <b>5,067,687</b>   | –           |
| Allowance for credit loss  | <b>(8,219,834)</b> | (5,995,968) |
| Balance at 30 June   | <b>18,197,632</b>  | 21,742,571  |

## 20. Financial risk management

The Group's principal financial instruments comprise cash and cash equivalents, receivables and trade and other payables. The Group does not currently have any projects in production and as such the main purpose of these financial instruments is to provide liquidity to finance the Group's development and exploration activities. It is, and has been throughout the financial year, the Group's policy that no trading in speculative financial instruments shall be undertaken. The main risks arising from the Group's use of financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. During the financial year, the Group has had some transactional currency exposures, principally to the Papua New Guinea Kina ("PGK"). The Group has not entered into forward currency contracts to hedge these exposures due to the short time frame associated with the currency exposure and the relatively modest overall exposure at any one point in time.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 2. Primary responsibility for identification and control of financial risk rests with the Board of Directors. However, the day-to-day management of these risks is under the control of the Managing Director. The Board agrees the strategy for managing future cash flow requirements and projections.

**20. Financial risk management (continued)****a) Categories of financial instruments**

The carrying values of the Group's financial instruments at the balance sheet date are as follows:

|   | <b>Group</b>     |             | <b>Company</b>    |             |
|---|------------------|-------------|-------------------|-------------|
|   | <b>2021</b>      | <b>2020</b> | <b>2021</b>       | <b>2020</b> |
|   | <b>A\$</b>       | <b>A\$</b>  | <b>A\$</b>        | <b>A\$</b>  |
| <i>Financial assets</i>                 |                  |             |                   |             |
| Financial assets at amortised cost      | <b>4,742,870</b> | 3,174,497   | <b>22,185,041</b> | 24,796,815  |
| <i>Financial liabilities</i>            |                  |             |                   |             |
| Financial liabilities at amortised cost | <b>1,220,900</b> | 863,920     | <b>750,278</b>    | 542,969     |

**b) Foreign currency risk**

The Group is exposed to foreign currency risk mainly arising from various currency exposures, including Papua New Guinea Kina ("PGK"). The Group's policy is to convert its local currency to the foreign currency at the time of the transaction. Foreign currency risk arises from future commercial transactions.

The Group manages foreign currency risk on an as-needs basis. The risk is measured using sensitivity analysis and cash-flow forecasting. The Group's exposure to foreign currency risk, expressed in Australian dollars at the reporting date, was as follows:

|                           | <b>PGK</b>     |             |
|---------------------------|----------------|-------------|
|                           | <b>2021</b>    | <b>2020</b> |
|                           | <b>A\$</b>     | <b>A\$</b>  |
| <i>Financial assets</i>   |                |             |
| Cash and cash equivalents | <b>746,083</b> | 112,766     |
| Net currencies exposure   | <b>746,803</b> | 112,766     |

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number in the table represents a decrease in the operating loss after tax and increase equity where the Australian dollar strengthens against the relevant currency. For a 10% weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the loss or equity, and the balances below would be negative.

|                           | <b>PGK</b>  |             |
|---------------------------|-------------|-------------|
|                           | <b>2021</b> | <b>2020</b> |
|                           | <b>A\$</b>  | <b>A\$</b>  |
| Loss after tax and equity |             |             |
| - 10% increase            | 74,608      | 11,277      |
| - 10% decrease            | (74,608)    | (11,277)    |

**20. Financial risk management (continued)****b) Interest rate risk**

The Group's exposure to interest rate risk arises predominantly from cash and cash equivalents bearing variable interest rates. At the end of the reporting period, the Group maintained the following variable rate accounts:

|                           | 30 June 2021                     |             | 30 June 2020                     |             |
|---------------------------|----------------------------------|-------------|----------------------------------|-------------|
|                           | Weighted average interest rate % | Balance A\$ | Weighted average interest rate % | Balance A\$ |
| Cash and cash equivalents | 0.1                              | 4,535,828   | 0.5                              | 2,988,147   |

At the end of the reporting period, if the interest rates had changed, as illustrated in the table below, with all other variables remaining constant, after-tax loss and equity would have been affected as follows:

|                                       | After-tax loss (higher)/lower |          | Equity (higher)/lower |          |
|---------------------------------------|-------------------------------|----------|-----------------------|----------|
|                                       | 2021 A\$                      | 2020 A\$ | 2021 A\$              | 2020 A\$ |
| 2021 +0.5 (50bp)/(2019: +0.5% (50bp)) | 22,679                        | 14,941   | 22,679                | 14,941   |
| 2021 -0.5 (50bp)/(2019: -0.5% (50bp)) | (22,679)                      | (14,941) | (22,679)              | (14,941) |

**c) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate exposure is significant in relation to the Group's total credit exposure. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses (ECL):

| Description of evaluation of financial assets  | Basis for recognition and measurement of ECL |
|--|--|
| Counterparty has a low risk of default and does not have any past due amounts  | 12-month ECL                                 |
| There has been a significant increase in credit risk since initial recognition.  | Lifetime ECL - not credit-impaired           |
| There is evidence of credit impairment   | Lifetime ECL - credit-impaired               |
| There is evidence indicating that the Company has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings | Write-off                                    |

## 20. Financial risk management (continued)

### d) Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

The risk that the borrower will default on a demand loan depends on whether the borrower:

- (i) has sufficient cash or other liquid assets to repay the loan immediately; or
- (ii) does not have sufficient cash or other liquid assets to repay the loan immediately.

The Group performs this assessment qualitatively by reference to the borrower's immediate cash flow and liquid asset position. Relying on the 30 days past due rebuttable presumption is not considered an appropriate indicator given the lack of contractual payment obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the end of the reporting period. A financial instrument is determined to have low credit risk; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

### e) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes. Where information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

This is assessed based on a number of factors including key liquidity and solvency ratios. Relying on the 90 days past due rebuttable presumption is not considered an appropriate indicator given the lack of contractual payment obligations due throughout the life of the loan.

### f) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

### g) Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

**20. Financial risk management (continued)****h) Maximum exposure and concentration of credit risk**

The Group and the Company do not have concentration of credit risk at 30 June 2021 and 30 June 2020, except for receivables from subsidiaries of the Company.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The credit loss for cash and cash equivalents and other receivables are immaterial as at 30 June 2021 and 30 June 2020.

**i) Other financial assets at amortised cost**

Other financial assets at amortised costs include other receivables, other current assets (excluding goods and services tax receivables) and cash and cash equivalents.

The table below details the credit quality of the Group's and the Company's financial assets:

| <b>30 June 2021</b>           |                          | Gross carrying amount | Loss allowance | Net carrying amount |
|-------------------------------|--------------------------|-----------------------|----------------|---------------------|
|                               | 12-month or lifetime ECL | A\$                   | A\$            | A\$                 |
| <b>Group</b>                  |                          |                       |                |                     |
| Other receivables             | N.A.<br>Exposure Limited | 207,042               | –              | 207,042             |
| Cash and cash equivalents     | N.A.<br>Exposure Limited | 4,535,828             | –              | 4,535,828           |
| <b>Company</b>                |                          |                       |                |                     |
| Other receivables             | N.A.<br>Exposure Limited | 199,445               | –              | 199,445             |
| Receivables from subsidiaries | Lifetime                 | 34,802,863            | (16,605,231)   | 18,197,632          |
| Cash and cash equivalents     | N.A.<br>Exposure Limited | 3,787,964             | –              | 3,787,964           |
| <b>30 June 2020</b>           |                          |                       |                |                     |
|                               | 12-month or lifetime ECL | Gross carrying amount | Loss allowance | Net carrying amount |
|                               |                          | A\$                   | A\$            | A\$                 |
| <b>Group</b>                  |                          |                       |                |                     |
| Other receivables             | N.A.<br>Exposure Limited | 186,350               | –              | 186,350             |
| Cash and cash equivalents     | N.A.<br>Exposure Limited | 2,988,147             | –              | 2,988,147           |
| <b>Company</b>                |                          |                       |                |                     |
| Other receivables             | N.A.<br>Exposure Limited | 180,797               | –              | 180,797             |
| Receivables from subsidiaries | Lifetime                 | 35,195,655            | (13,453,084)   | 21,742,571          |
| Cash and cash equivalents     | N.A.<br>Exposure Limited | 2,873,447             | –              | 2,873,447           |

**20. Financial risk management (continued)****h) Movements in credit loss allowance**

There are no movements in the allowance for impairment of financial assets under SFRS (I) 9 during the financial year for the Group and Company except for the following.

|                              | <b>Receivables from subsidiaries</b> |             |
|------------------------------|--------------------------------------|-------------|
|                              | <b>2021</b>                          | <b>2020</b> |
|                              | <b>A\$</b>                           | <b>A\$</b>  |
| <b>Company</b>               |                                      |             |
| Balance at 1 July            | <b>13,453,084</b>                    | 7,457,116   |
| Loss allowance measured      |                                      |             |
| Lifetime ECL:                |                                      |             |
| - Credit impaired, net       | <b>3,152,147</b>                     | 5,995,968   |
| Balance at 30 June (Note 19) | <b>16,605,231</b>                    | 13,453,084  |

**i) Liquidity risk**

The ability of Group to operate as a going concern and meet its obligations as and when they fall due is principally dependent upon the ongoing support from its shareholders, the ability of the Group to successfully raise capital as and when necessary and the ability to complete successful exploration and subsequent exploitation of the areas of interest. This is to ensure the continuance of its activities and to meet its financial obligations as and when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents in order to meet the Group's forecast requirements. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in bank deposits. At the reporting date, the Group did not have access to any undrawn borrowing facilities.

All liabilities of the Group and the Company are due within one year.

**21. Fair value estimation**

The carrying amount of financial assets (net of any allowance for impairment) and financial liabilities as disclosed in Note 20(a) are assumed to approximate their fair values primarily due to their short maturities.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

## 22. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The Group defines capital as being share capital plus reserves. The Board of Directors monitors the level of capital as compared to the Group's long-term debt commitments.

The Group is not subject to any externally imposed capital requirements.

No changes were made to the Group's and the Company's capital management objectives or policies during the financial years ended 30 June 2021 and 30 June 2020.

## 23. Related party transactions

### (a) Compensation of key management personnel

|  | Group            |                  |
|--|------------------|------------------|
|  | 2021             | 2020             |
|  | A\$              | A\$              |
| Short term employee benefits           | 416,250          | 477,500          |
| Superannuation contributions           | 39,544           | 45,363           |
| Share based payments                   | 1,278,885        | 730,267          |
|  | <u>1,734,679</u> | <u>1,253,130</u> |
| <i>Includes amounts paid to:</i>       |                  |                  |
| Non-executive directors of the Company | 133,556          | 136,875          |
| Executive Directors                    | 1,601,123        | 1,116,255        |
|  | <u>1,734,679</u> | <u>1,253,130</u> |

Total key management personnel compensation represents gross compensation paid or payable and includes amounts capitalised to exploration and evaluation expenditure and property, plant, and equipment.

The following awards were made to directors of the Company during the current and prior financial years pursuant to the Company's Employee Incentive Plan are as follows:

|                  | Salary Sacrifice<br>Rights<br>Number | Long Term<br>Incentive<br>Rights<br>Number |
|------------------|--------------------------------------|--|
| <b>2021</b>      |                                      |  |
| Rob Neale        | 98,724                               | -  |
| Frank Terranova  | 49,760                               | -  |
| Paul Mulder      | 712,390                              | 4,500,000                                  |
| Timothy Crossley | 880,009                              | 4,200,000                                  |
|                  | <u>1,740,883</u>                     | <u>8,700,000</u>                           |
| <b>2020</b>      |                                      |  |
| Paul Mulder      | 515,485                              | -  |
| Timothy Crossley | 637,707                              | -  |
|                  | <u>1,153,192</u>                     | <u>-</u>                                   |

**23. Related party transactions (continued)***(b) Compensation of key management personnel*

The following awards were exercised and converted into one share in the Company for which award exercised, by directors of the Company pursuant to the Company's Employee Incentive Plan:

| <b>2021</b>      | <b>Salary<br/>Sacrifice<br/>Rights<br/>Number</b> | <b>Long Term<br/>Incentive<br/>Rights<br/>Number</b> | <b>Options<br/>Number</b> |
|------------------|---|--|---------------------------|
| Paul Mulder      | 1,088,752   | 3,000,000  | 3,000,000                 |
| Timothy Crossley | 1,026,536   | 1,925,000  | –                         |
|                  | <u>2,115,288</u>                                  | <u>4,925,000</u>                                     | <u>3,000,000</u>          |

No awards were exercised, cancelled, or lapsed during the year ended 30 June 2020.

**24. Contingent liabilities**

In September 2015, the Group entered into a Development Management Deed with a third party. Under this deed and its subsequent addendums, the third party is to provide services relating to the Lae power project and any subsequent power projects undertaken by the Group. In addition to the amounts paid to the third party for their services, they are entitled to contingent compensation of A\$140,000 payable upon financial close of the Lae power project (and likewise for any other subsequent projects).

In June 2017, the Group entered into two additional Deeds of appointment with third parties, regarding the power projects. Under these deeds, the third parties are to provide services relating to Lae power project. As compensation for their services, they are entitled to various payments and/or interests in MR Power Generation PNG Pte Ltd and MR Energy PNG Pte Ltd, contingent upon the achievement of certain milestones/investor introductions. These amounts include:

*Third party 1*

- (a) A\$50,000 fee upon signing of the Power Purchasing Agreement.
- (b) A\$700,000 fee upon financial close of the Lae power project.
- (c) 8% equity in MR Power Generation PNG Pte Ltd and MR Energy PNG Pte Ltd upon operation commencement and approval of first shareholder dividend payment; and
- (d) Introduction fee of 3% of proceeds for any investors introduced which result in funds being received.

*Third party 2*

- (a) Upon achievement of the signing of the Power Purchase Agreement and subsequent government guarantees by a defined date to be determined, 5% interest in MR Power Generation PNG Pte Ltd and MR Energy PNG Pte Ltd; and
- (b) Introduction fee of 3% of proceeds for any investors introduced which result in funds being received.

These amounts have not been recognised in the financial statements due to their payment being contingent upon future events not wholly within the control of the Group.

## 25. Subsequent events

Except as noted below, there has been no matter or circumstance which has arisen since the end of the year that has significantly affected, or may significantly affect the Group's operations, the result of those operations or the Group's state of affairs:

- Subsequent to the end of the financial year, the Group was advised that the Mineral Resources Authority of Papua New Guinea had granted the renewal of three exploration licences that were subject to renewal application at 30 June 2021
- On 16 September 2021, Mr Charles Fear was appointed Non-Executive Chairman of the Company and Mr Chris Indermaur was appointed as a Non-Executive Director of the Company. Mr Frank Terranova resigned as a Non-Executive Director on the same date.

## 26. Authorisation of financial statements

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors dated 29 September 2021.

# Shareholder Information

The shareholder information set out below was applicable at 27 October 2021.

## A Distribution of securities

Analysis of the number of equity securities by size of holding:

| Holding Ranges                           | Holders    |
|--|------------|
| above 0 up to and including 1,000        | 38         |
| above 1,000 up to and including 5,000    | 163        |
| above 5,000 up to and including 10,000   | 124        |
| above 10,000 up to and including 100,000 | 205        |
| above 100,000                            | 128        |
| <b>Totals</b>                            | <b>658</b> |

There were 76 holders of less than a marketable parcel of listed shares (based on a share price of \$0.25 per share).

## B Equity security holders

Twenty largest quoted equity security holders

| Holder Name   | Holding            | % IC           |
|---|--------------------|----------------|
| DTJ CO PTY LTD  | 50,000,000         | 22.51%         |
| QMP NOMINEES PTY LTD  | 15,268,036         | 6.88%          |
| LEVEL 280 RIVERSIDE PTY LTD                                     | 12,997,190         | 5.85%          |
| CS THIRD NOMINEES PTY LIMITED<br><HSBC CUST NOM AU LTD 13 A/C>  | 8,359,294          | 3.76%          |
| MR PAUL LEVI MULDER   | 7,198,243          | 3.24%          |
| TIMMOO PTY LTD<br><THE MAHONY FAMILY S/F A/C>                   | 6,968,958          | 3.14%          |
| NERO RESOURCE FUND PTY LTD<br><NERO RESOURCE FUND A/C>          | 6,335,196          | 2.85%          |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED                       | 6,243,361          | 2.81%          |
| MR THOMAS JONATHAN CHARLTON<br><THE CHARLTON FAMILY A/C>        | 6,193,056          | 2.79%          |
| ASHER CAPITAL PTY LTD<br><NKF A/C>                              | 5,265,944          | 2.37%          |
| CERTANE CT PTY LTD<br><MAYUR RESOUR ESP ALLOC A/C>              | 4,584,122          | 2.06%          |
| RELESAH PASTORAL HOLDINGS PTY LTD<br><THE HASELER ESTATES A/C>  | 4,485,985          | 2.02%          |
| CS FOURTH NOMINEES PTY LIMITED<br><HSBC CUST NOM AU LTD 11 A/C> | 3,537,787          | 1.59%          |
| MR TIMOTHY ELGON SAVILE CROSSLEY                                | 3,165,573          | 1.43%          |
| SAK SUPERANNUATION PTY LTD<br><THE KING SUPER FUND A/C>         | 2,973,318          | 1.34%          |
| MR DUNCAN JOHN HARDIE   | 2,756,483          | 1.24%          |
| BRISPOT NOMINEES PTY LTD<br><HOUSE HEAD NOMINEE A/C>            | 2,484,092          | 1.12%          |
| TRENT ALEXANDER   | 2,361,066          | 1.06%          |
| MR TIMOTHY ELGON SAVILE CROSSLEY                                | 2,166,306          | 0.98%          |
| DAVID W IRVINE PTY LTD<br><IRVINE INVESTMENT A/C>               | 2,000,000          | 0.90%          |
| SIMON SLESAREWICH   | 2,000,000          | 0.90%          |
| <b>Total</b>  | <b>157,344,010</b> | <b>70.85%</b>  |
| <b>Total issued capital - selected security class(es)</b>       | <b>222,077,256</b> | <b>100.00%</b> |

*Unquoted equity securities*

| Security                            | Number on issue | Number of holders | Number of holders of more than 20% of securities |
|-------------------------------------|-----------------|-------------------|--|
| Long Term Incentive Rights          | 17,531,250      | 7                 | 1  |
| Salary Sacrifice Performance Rights | 4,964,933       | 15                | 1  |

Unlisted Long-Term Incentive Rights and Performance Rights represent rights to acquire ordinary shares.

Each right entitles the holder to acquire one ordinary share.

The names of the holders of more than 20% the unlisted long-term Incentive Rights and Performance Rights are:

| Security Holder | Long Term Incentive Rights |                          | Salary Sacrifice Performance Rights |                         |
|-----------------|----------------------------|--------------------------|-------------------------------------|-------------------------|
|                 | LTI                        | % of total LTIs on issue | PRs                                 | % of total PRs on issue |
| Paul Mulder     | 4,500,000                  | 25.7%                    | 674,885                             | 13.6%                   |
| Tim Crossley    | 4,500,000                  | 25.7%                    | 833,682                             | 16.8%                   |

**C Substantial shareholders**

Substantial shareholders (>5%) in the company are set out below:

| Name                        | Units      |
|-----------------------------|------------|
| DTJ CO PTY LTD              | 50,000,000 |
| QMP NOMINEES PTY LTD        | 15,268,036 |
| LEVEL 280 RIVERSIDE PTY LTD | 12,997,190 |

**D. Listed shares subject to escrow**

Not applicable

### **E. Voting rights**

The voting rights attaching to each class of equity securities are set out below:

- *CDI's*

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.

- *Options, Long Term Incentive Rights, Salary Sacrifice Rights and Performance Rights*

No voting rights.

### **F. ASX Listing Rule 4.10.19**

Mayur Resources Ltd has used the cash and assets in a form readily convertible into cash at the time of admission in a manner consistent with its business objectives.

# Corporate Directory

## Board of Directors (as 27 October 2021)

|                    |                                    |
|--------------------|------------------------------------|
| Mr Charles Fear    | Independent Non-Executive Chairman |
| Mr Paul Mulder     | Managing Director                  |
| Mr Tim Crossley    | Executive Director                 |
| Mr Chris Indermaur | Independent Non-Executive Director |
| Mr Hubert Namani   | Independent Non-Executive Director |
| Mr Wee Choo Peng   | Independent Non-Executive Director |

## Company Secretary (Australia)

Mr Kerry Parker  
Telephone: +61 7 3157 4400

## Company Secretary (Singapore)

Tricor Singapore Pte Ltd  
80 Robinson Road #02-00  
Singapore 068898  
Telephone: +(65) 6236 3333

## Registered Office (Singapore)

Tricor Singapore Pte Ltd  
80 Robinson Road #02-00  
Singapore 068898  
Telephone: +(65) 6236 3333

## Principal Place of Business (Australia)

Level 7  
300 Adelaide Street  
Brisbane QLD 4000  
Telephone: +61 7 3157 4400

## Postal address

PO Box 10985  
Brisbane QLD 4000

## Website:

[www.mayurresources.com](http://www.mayurresources.com)

## Share Registry

Automic Pty Ltd  
Level 5, 126 Phillip Street  
Sydney NSW 2000

## Telephone:

+61 1300 288 664

## Stock Exchange

Australian Securities Exchange  
20 Bridge Street  
Sydney, NSW 2000

## ASX Code

MRL

## Auditors

Baker Tilly TFW