

2nd September 2021

Historical and Pro-forma Historical Statement of Financial Position

The table below sets out the Statutory Historical Statement of Financial Position as at 31 December 2020 and the pro forma adjustments that have been made to the Statutory Historical Statement of Financial Position as at 31 December 2020. The Pro Forma Historical Statement of Financial Position below is provided for illustrative purposes only and is not represented as being necessarily indicative of Legacy Minerals' view of its future financial position.

	Review 31 December 2020	Subsequent Transactions	Total 31 May 2021	Minimum Subscription		Maximum Subscription		Latest Estimate	
				Pro-forma Adjustments	Unaudited Pro- forma Balance	Pro-forma Adjustments	Unaudited Pro- forma Balance	Pro-forma Adjustments	Unaudited Pro- forma Balance
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets									
Cash and cash equivalents	63	924	987	4,155	5,142	5,989	6,976	4,819	5,806
Trade and other receivables	11	30	41	26	67	37	78	30	71
Total current assets	74	954	1,028	4,181	5,209	6,026	7,054	4,849	5,877
Property, plant & equipment	1	81	82	-	82	-	82	-	82
Exploration and evaluation assets	77	58	135	-	135	-	135	-	135
Tenement Deposit	50	-	50	-	50	-	50	-	50
Total non-current assets	128	139	267	-	267	-	267	-	267
Total assets	202	1,093	1,295	4,181	5,476	6,026	7,321	4,849	6,144
Liabilities									
Trade and other payables	44	(20)	24	-	24	-	24	-	24
Total current liabilities	44	(20)	24	-	24	-	24	-	24
Total liabilities	44	(20)	24	-	24	-	24	-	24
Net assets	158	1,113	1,271	4,181	5,452	6,026	7,297	4,849	6,120
Equity									
Issued capital	211	1,664	1,875	4,687	6,562	6,556	8,431	5,453	7,328
Share based payments reserve	104	(104)	-	650	650	670	670	658	658
Accumulated Losses	(157)	(447)	(604)	(1,156)	(1,760)	(1,200)	(1,804)	(1,262)	(1,866)
Total equity	158	1,113	1,271	4,181	5,452	6,026	7,297	4,849	6,120

Adjustments adopted in compiling the Pro-Forma Historical Financial Information

- (a) The pro-forma statement of financial position reflects the following events that have occurred subsequent to the period ended 31 December 2020:
- (i) Legacy Minerals Pty Limited issued:
 - A. 14,030,000 ordinary fully paid shares for \$0.10 cash each to raise \$1,403,000; and
 - B. 200,000 ordinary fully paid shares for \$0.10 each to repay debt and raise \$20,000; and
 - C. 4,828,000 ordinary fully paid shares to convert 4,828,000 options exercisable at \$0.05 each for:
 - (1) \$24,140 cash (\$0.005 each); and
 - (2) \$217,260 (\$0.045 each) to repay amounts owed by Legacy Minerals to its consultants, directors, and the corporate manager.
 - (b) The options reserve and accumulated losses have been adjusted by \$104,000 for the reversal of options exercised; and
 - (i) GST refund of \$15,000; and
 - (ii) Cash payments (including GST) totalling \$518,000 for exploration and evaluation costs (\$64,000), fixed assets (\$89,000) and other expenses (\$365,000).
 - (c) The following pro forma transactions were proposed to occur immediately before or following completion of the Offer:
 - (i) The issue of a minimum of 25,000,000 Shares and up to a maximum of 35,000,000 Shares at an offer price of \$0.20 each to raise between \$5 million and \$7 million before costs pursuant to the Prospectus;
 - (ii) Total costs excluding GST of the Offer are estimated to be \$921,000 (cash \$777,000 and non-cash \$144,000) based on the Minimum Subscription and \$1,095,000 (cash \$931,000 and non-cash \$164,000) based on the Maximum Subscription. The costs directly attributable to the capital raising are \$313,000 based on the Minimum Subscription and \$444,000 based on the Maximum Subscription. These costs are offset against contributed equity. The remaining costs of the Offer of \$608,000 based on the Minimum Subscription and \$651,000 based on the Maximum Subscription are expensed through accumulated losses as they are not directly attributable to the capital raising. The GST impact of the total costs of the offer has been considered as a separate adjustment within the pro-forma statement of financial position.
 - (iii) The options reserve balance has been adjusted to reflect the proposed issue of 1,423,360 options based on Minimum Subscription and 1,620,360 options based on Maximum Subscription under the Offer, exercisable at \$0.30 each for a term of three years, to the Joint Lead Managers (Joint Lead Managers' Options). The Joint Lead Managers' Options have been valued at \$144,000 based on Minimum Subscription and \$164,000 based on Maximum Subscription under the Offer, using the Black Scholes option pricing model and have been offset against contributed equity as a cost of the Offer; and



- (iv) The options reserve balance has been adjusted to reflect the proposed issue of 3,750,000 options exercisable at \$0.30 each, with an expiry date that is five years from issue to the Directors and management (Director and Management Options). The Director and Management Options have been valued at \$506,000 using the Black Scholes option pricing model and have been expensed through accumulated losses.
- (d) The following pro forma transactions have occurred or will occur with completion of the Offer:
 - (i) The issue of a 29,007,500 Shares at an offer price of \$0.20 each to raise \$5.8 million before costs pursuant to the Prospectus (**Actual Subscription**);
 - (ii) Total costs excluding GST of the Offer are estimated to be \$1,055,000 (cash \$903,000 and non-cash \$152,000) based on the Actual Subscription. The costs directly attributable to the capital raising are \$348,000 based on the Actual Subscription. These costs are offset against contributed equity. The remaining costs of the Offer of \$707,000 based on the Actual Subscription are expensed through accumulated losses as they are not directly attributable to the capital raising. The GST impact of the total costs of the offer has been considered as a separate adjustment within the pro-forma statement of financial position.
 - (iii) The options reserve balance has been adjusted to reflect the proposed issue of 1,503,510 options based on Actual Subscription under the Offer, exercisable at \$0.30 each for a term of three years, to the Joint Lead Managers (Joint Lead Managers' Options). The Joint Lead Managers' Options have been valued at \$152,000 based on Actual Subscription under the Offer, using the Black Scholes option pricing model and have been offset against contributed equity as a cost of the Offer; and
 - (iv) The options reserve balance has been adjusted to reflect the proposed issue of 3,750,000 options exercisable at \$0.30 each, with an expiry date that is five years from issue to the Directors and management (Director and Management Options). The Director and Management Options have been valued at \$506,000 using the Black Scholes option pricing model and have been expensed through accumulated losses.

Statement of significant accounting policies

(a) Statement of Compliance

The Pro Forma Historical Statement of Financial Position has been prepared in accordance with the measurement requirements, but not the disclosure requirements, of the Australian Accounting Standards.

(b) Basis of Preparation

The financial information has been prepared 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. Legacy Minerals has not yet generated revenues from operations. As such, Legacy Minerals' ability to continue as a going concern will depend on the successful closure of the Offer.

(c) Accounting policies

The financial information has been prepared on an accruals basis and is based on historical costs, except for certain financial instruments measured at fair value.

 LEGACY MINERALS



The following is a summary of the material accounting policies adopted by Legacy Minerals in the preparation of the financial information.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(ii) Exploration and evaluation expenditure assets

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is an uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

(iii) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Computer hardware 3-5 years

Motor vehicle 8 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(iv) Trade and other payables



Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost when Legacy Minerals becomes obliged to make payments resulting from the purchase of goods and services. The amounts are non-interest-bearing, unsecured and are usually paid within 30 days of recognition.

(v) Equity

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit recognised.

(vi) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial information based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained internally and externally.

(vii) Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(viii) Share-based payments

Equity settled share-based payments are measured at fair value at the date of grant. Fair value for shares and options is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate.

The Black-Scholes option pricing model also takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option, together with non-market vesting conditions.

(ix) Critical estimates and assumptions

The value attributed to share options issued is an estimate calculated using an appropriate mathematical formula based on an option pricing model. The choice of models and the resultant option value require assumptions to be made in relation to the likelihood and timing of the conversion of the options to shares and the value of volatility of the price of the underlying shares.

