



AUSTRALIAN MINES LIMITED

ABN 68 073 914 191

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2021

## TABLE OF CONTENTS

CORPORATE DIRECTORY	3
DIRECTORS' REPORT	4
AUDITOR'S INDEPENDENCE DECLARATION	21
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	22
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	23
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	24
CONSOLIDATED STATEMENT OF CASH FLOWS	26
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	27
DIRECTORS' DECLARATION	55
INDEPENDENT AUDITOR'S REPORT	56
CORPORATE GOVERNANCE STATEMENT 2020 – 2021	60
ADDITIONAL ASX INFORMATION	70
TENEMENTS SCHEDULE	72
MINERAL RESOURCE ESTIMATES	73
ORE RESERVE ESTIMATES	75
NICKEL EQUIVALENT CALCULATIONS – SCONI PROJECT	76
COMPETENT PERSONS' STATEMENTS	77

## CORPORATE DIRECTORY

### DIRECTORS

Michael Ramsden, Chairman  
Benjamin Bell, Managing Director  
Michael Elias, Non-Executive Director  
Dominic Marinelli, Non-Executive Director  
Lee (Les) Guthrie, Non-Executive Director

### COMPANY SECRETARY

Oliver Carton

### REGISTERED OFFICE

Level 34, 1 Eagle Street  
Brisbane, Queensland, 4000  
Telephone: +61 7 3184 9184  
[www.australianmines.com.au](http://www.australianmines.com.au)

### STOCK EXCHANGE

Australian Securities Exchange Limited  
20 Bridge Street  
Sydney, New South Wales, 2000

ASX Code: AUZ

### BANKERS

National Australia Bank Limited  
100 St Georges Terrace  
Perth, Western Australia, 6000  
Telephone: 13 22 65

### AUDITORS

BDO Audit (WA) Pty Ltd  
Level 1, 38 Station Street  
Subiaco, Western Australia, 6008  
Telephone: +61 8 6382 4600

### SHARE REGISTRY

Advanced Share Registry Ltd  
110 Stirling Highway  
Nedlands, Western Australia, 6009  
Telephone: +61 8 9389 8033

### SOLICITORS

Allion Partners Pty Ltd  
Level 9, 863 Hay Street  
Perth, Western Australia, 6000  
Telephone: +61 8 9216 7100

**AUSTRALIAN MINES LIMITED**  
**DIRECTORS' REPORT**

The Directors present their report together with the financial statements of the Consolidated Group comprising Australian Mines Limited ("the Company" or "Australian Mines") and its controlled entities for the year ended 30 June 2021, and the auditor's report thereon.

**1. DIRECTORS**

The Directors of the Company at any time during or since the end of the financial year are:

**Michael Ramsden – Independent Non-Executive Chairman appointed 9 March 2011**

**BEC, LLB, FFIN**

Michael Ramsden is a lawyer with more than 30 years' experience as a corporate advisor. He has been involved with all forms of finance, including money markets, futures trading, lease finance, trade finance and foreign exchange.

Mr Ramsden is the Managing Director of Terrain Capital Limited in Australia, and has previously worked for international companies including CIBC Australia, JP Morgan and Scandinavian Pacific Investments Limited. He is also Vice Chairman of the Victoria Racing Club Ltd, Chairman of Cremorne Capital Ltd, Chairman of African Mahogany Australia Pty Ltd, and formerly Chairman of Terrain Australia Ltd and Director of D&D Tolhurst Ltd.

Mr Ramsden is the Chairman of the Company's Remuneration Committee and a member of the Audit and Risk Committee.

**Benjamin Bell – Managing Director appointed 23 January 2012**

**BSc, MMET, MBA**

Benjamin Bell is an experienced company executive, with a career in the Australian exploration and mining sector spanning more than two decades. He is a qualified geologist and geophysicist, with significant management and on-the-ground experience working for listed companies, government agencies and as a respected industry consultant.

**Michael Elias – Independent Non-Executive Director appointed 1 July 2005**

**BSc(Hons), FAusIMM, CPGeo**

Michael Elias has more than 40 years' extensive, international experience in all aspects of nickel resource development in both laterites and sulphides, from project generation and evaluation, exploration planning and management, development studies, open cut and underground mine geology, resource/reserve estimation, and resource economics. He has been a Principal Consultant with mining consultancy CSA Global Pty Ltd since 2001.

Mr Elias previously held the positions of Chief Geologist – WA Nickel Operations and Chief Geologist – Nickel Resource Development at WMC Resources Ltd and was a director of Silver Swan Group Ltd until his resignation on 19 November 2012. Mr Elias holds a Bachelor of Science (Honours) in Geology from the University of Melbourne and is a Fellow of the Australasian Institute of Mining and Metallurgy.

AUSTRALIAN MINES LIMITED  
DIRECTORS' REPORT

1. DIRECTORS (cont.)

Mr Elias is a member of the Company's Remuneration Committee.

**Dominic Marinelli – Independent Non-Executive Director appointed 9 March 2011**

**BEng, PGD Sc, MBA**

Dominic Marinelli has over 20 years' corporate fundraising and mergers and acquisitions experience covering a wide range of industries including resources and other emerging technologies.

Mr Marinelli is a Director of Terrain Capital Limited in Australia. He holds an MBA from the Melbourne Business School, a degree in Electrical and Computer Systems Engineering from Monash University and a diploma in Nanotechnology from Leeds University.

Mr Marinelli is the Chairman of the Audit and Risk Committee and a member of the Company's Remuneration Committee.

**Lee (Les) Gordon Guthrie – Independent Non-Executive Director appointed 20 November 2019**

**BSc, MAICD**

Lee Guthrie is a corporate executive with over 40 years' experience in the development and delivery of projects across the mining, infrastructure and energy sectors in Australia, North America, Asia and the UK.

Mr Guthrie is the Principal & Managing Director of Bedford Road Associates, an independent consultancy providing professional advice and support for the development and delivery of major capital expenditure programs, a Non-Executive Director of DRA Global and Neometals, and was a founding contributor to the John Grill Centre for Project Leadership at the University of Sydney. He has held senior executive roles with BHP, BG Group, Aker Solutions and KBR.

Mr Guthrie is a member of the Audit and Risk Committee.

2. COMPANY SECRETARY

The Company Secretary of the Company during or since the end of the financial year is:

**Oliver Carton appointed 1 January 2018**

Oliver Carton is a qualified lawyer with over 30 years' experience in a variety of corporate roles. He is currently a Director or Company Secretary of a number of listed, unlisted and not for profit entities such as the Melbourne Symphony Orchestra and Tesseract Limited. He currently runs his own consulting business and was previously a Director of the Chartered Accounting firm KPMG. Prior to that, he was a senior legal officer with ASIC.

**AUSTRALIAN MINES LIMITED**  
**DIRECTORS' REPORT**

**3. ANNUAL REPORTING CALENDAR**

Reporting Requirement	Date
Audited Financial Statements Year ended 30 June 2021	23 September 2021
Deadline for nomination as Director	29 October 2021
Appendix 5B and Quarterly Activities Report - quarter ended 30 September 2021	29 October 2021
Annual Report	01 November 2021
Notice of AGM	16 November 2021
Virtual AGM	17 December 2021
Appendix 5B and Quarterly Activities Report - quarter ended 31 December 2021	31 January 2022
Half-Year Report	31 March 2022
Appendix 5B and Quarterly Activities Report - quarter ended 31 March 2022	29 April 2022
Appendix 5B and Quarterly Activities Report - quarter ended 30 June 2022	29 July 2022
Audited Financial Statements Year ended 30 June 2022	30 September 2022

**4. DIRECTORS' MEETINGS**

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year is as follows:

Director	Board Meetings		Remuneration Committee		Audit & Risk Committee	
	Held	Attended	Held	Attended	Held	Attended
Michael Ramsden	10	10	2	2	4	4
Benjamin Bell	10	10	0	0	0	0
Michael Elias	10	10	2	2	0	0
Dominic Marinelli	10	10	2	2	4	4
Lee Guthrie	10	10	0	0	4	4

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Board members and senior executives of the Company. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and level of performance and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Audit & Risk Committee is required to meet at least twice per year, review annual and half-year accounts, and report to the Board of Directors. The Audit & Risk Committee also oversees the Company's risk management systems and procedures.

**5. PRINCIPAL ACTIVITIES**

The consolidated entity's principal activity during the course of the financial year was the pre-development of its 100%-owned Sconi Project located in North Queensland, Australia.

AUSTRALIAN MINES LIMITED  
DIRECTORS' REPORT

## 6. OPERATING AND FINANCIAL REVIEW

Australian Mines remains positioned to be one of the world's most cost-competitive suppliers of nickel and cobalt to the electric vehicle industry, once in production.

The Company's strategy is to use its mining and ore processing experience to become an important supplier of ethically derived nickel and cobalt to meet the surging demand created by the global shift towards cleaner, more sustainable energy solutions.

At the core of Australian Mines' strategy is progressing its Sconi Project in North Queensland to commercial-scale production by mid-2024.

### **Binding long form offtake agreement signed with LG Energy Solution for 100% of Sconi nickel and cobalt production from 2024**

Australian Mines' priority during the previous year remained the advancement of offtake and financing agreement negotiations for the Sconi Project with a range of potential customers. The offtake discussions were successfully concluded in August 2021 with the Company executing a binding long form offtake agreement with Korean-based LG Energy Solution, as announced by both companies on 16 August 2021.

The initial term of the offtake agreement with LG Energy Solution is six years, during which time LG Energy Solution is projected to purchase 71,000 dry metric tonnes of nickel and 7,000 dry metric tonnes of cobalt in the form of a mixed hydroxide precipitate (MHP). These quantities represent 100% of the projected future production of the Sconi Project during the period covered by the agreement.

The offtake agreement with LG Energy Solution has only one Condition Precedent, which is that Australian Mines secures financing for construction of the Sconi Project on or before 30 June 2022 or such later date as the parties may agree. Sconi financing negotiations continue to progress in line with Australian Mines' expectations and the Company expects to make further announcements in relation to the project financing during the course of the 2022 financial year in accordance with its continuous disclosure obligations.

In parallel with the negotiations to secure an offtake partner for the Sconi Project (which resulted in the binding long form offtake agreement with LG Energy Solution) over the past year, Australian Mines also developed enhancements to the Sconi production circuit, such as the production of nickel-cobalt-manganese (NCM) precursor cathode active material (P-CAM). This work demonstrated to potential offtake partners in the automotive sector that Australian Mines offered them an alternative to their existing P-CAM producers once their existing contracts expire over the coming decade. More importantly, though, the Company's P-CAM work demonstrated to the broader battery and electrical vehicle sector that having manufactured the technically challenging NCM811 P-CAM, Australian Mines clearly has the skills to manufacture an intermediate material, such as a mixed nickel-cobalt hydroxide precipitate, successfully and routinely.

**AUSTRALIAN MINES LIMITED  
DIRECTORS' REPORT**

**6. OPERATING AND FINANCIAL REVIEW (cont.)**

Whilst in-house production of P-CAM, including a NCM 90/05/05 P-CAM, remain ongoing within Australian Mines, this work will occupy a much lower importance within the Company going forward (and is likely to cease altogether during the coming year), as the Company focusses its resources and efforts on financing, constructing, and operating its wholly owned Sconi Project in North Queensland.

Similarly, whilst the results returned from Australian Mines' exploration programs during past twelve to twenty-four months have proved encouraging and warrant follow-up work, the Company will undertake minimal exploration activities during the coming year in line with the Company's forward looking plan, which is focussed exclusively on the successful financing, construction, and operation of the Sconi Project.

**General Economic Conditions**

The Consolidated Group made a loss for the year of \$4,493,350 (2020: loss \$3,523,194). There was no impairment of exploration assets during the year (2020: nil).

A comparison of the consolidated financial performance is included in the table below.

Financials	2021	2020
	\$	\$
Revenue from operating activities	-	-
Net Loss	(4,493,350)	(3,523,194)
Cash and cash equivalents	3,640,861	3,242,301

The Company's financial results demonstrate a net loss due to the Company's position of mineral explorer, rather than producer. At this point in the Company's development, whilst it incurs expenditure through the ongoing exploration of tenements, no return has been generated as the Company is yet to move into production, thus providing income.

The Company's financial condition and results of operations have not been materially impacted by the Coronavirus (COVID-19) pandemic. In fact, total expenditures for the whole period were lower than anticipated due to travel restrictions and working from home arrangements.



**AUSTRALIAN MINES LIMITED**  
**DIRECTORS' REPORT**

## **7. DIVIDENDS**

No dividends were paid or declared by the Company during the year (2020: nil).

However, on 23 March 2021 shareholders approved a reduction of Australian Mines' share capital by way of an in-specie distribution of Norwest Minerals Limited ("Norwest Minerals") shares. On the 31 March 2021 implementation date, Australian Mines shareholders received 1 Norwest Minerals share for every 189 Australian Mines shares held. The Company pooled the unmarketable parcel shares and engaged Euroz Hartleys Limited to carry out the sales process. This was completed on 4 June 2021 at an average price of \$0.085 per Norwest Minerals share. The funds raised were distributed to ineligible Australian Mines shareholders. Refer to Note 13 for further information.

## **8. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

Following the approval at the general meeting held on 23 March 2021, there was a reduction of Australian Mines' share capital by way of an in-specie distribution of Norwest Minerals shares. Australian Mines shareholders received 1 Norwest Minerals share for every 189 Australian Mines shares held. Australian Mines is no longer a substantial holder of Norwest Minerals shares.

Australian Mines was certified Carbon Neutral under the Australian Government's Climate Active program during the financial year, becoming the first Australian mineral resources company to do so. This is Australian Mines' second year of certification. Achieving carbon neutral certification is integral to building a long-term sustainable future for Australian Mines and is consistent with behaving as a responsible corporate citizen.

There have been no other significant changes in the state of affairs of the Group during the financial year.

## **9. EVENTS SUBSEQUENT TO REPORTING DATE**

On 28 July 2021, the Company announced a share placement of 342,105,264 new shares at an issue price of \$0.019 to raise \$6.5 million (before costs).

The Company announced a binding long form offtake agreement was signed with LG Energy Solution on 16 August 2021. The agreement is for the supply of mixed nickel-cobalt hydroxide from the Sconi Project in Queensland. The agreement has only one Condition Precedent, which is that Australian Mines secures financing for construction of the Sconi Project, on or before 30 June 2022. This is a major milestone for Australian Mines with quantities expected to account for 100% of the projected future production.

**AUSTRALIAN MINES LIMITED**  
**DIRECTORS' REPORT**

**9. EVENTS SUBSEQUENT TO REPORTING DATE (cont.)**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly evolving and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, vaccinations, quarantine, travel restrictions and any economic stimulus that may be provided.

There is also uncertainty surrounding potential impacts associated with the current New South Wales Coronavirus (COVID-19) outbreak, with the potential to affect the other states, in particular Queensland, Victoria and the Australian Capital Territory.

There have been no other events subsequent to reporting date.

**10. LIKELY DEVELOPMENTS**

Australian Mines is devoting its resources exclusively to developing its wholly-owned Sconi Project. Accordingly, Australian Mines has no intention to acquire additional projects at this time unless they can clearly demonstrate that they represent a sound opportunity for shareholders and complement the Company's primary focus.

**11. DIRECTORS' INTERESTS**

As at the date of this report, the number of shares and options in the Company held by each Director of Australian Mines Limited and other key management personnel of the Consolidated Group, including their personally-related entities, are as follows:

<b>Specified Directors and Key Management Personnel</b>	<b>Shares</b>	<b>Listed Options</b>	<b>Unlisted Options</b>
M Ramsden	72,094,670	-	-
B Bell	66,093,067	-	-
M Elias	18,422,897	-	-
D Marinelli	44,866,368	-	-
L Guthrie	-	-	-
T Maclean	9,950,000	-	-

AUSTRALIAN MINES LIMITED  
DIRECTORS' REPORT

## 12. SHARE OPTIONS

### Unissued shares under options

There were no unissued shares under options as at 30 June 2021.

## 13. REMUNERATION REPORT – AUDITED

The Directors present the Company's 2021 remuneration report outlining key aspects of our remuneration policy and framework, and remuneration awarded this year. The report includes the following:

- Key management personnel covered in this report
- Overview of remuneration policies
- Principals of compensation
- Directors and executive officers' remuneration
- Terms of equity settled share-based payment transactions
- Equity instruments held by key management personnel
- Remuneration consultants
- Voting and comments made at the company's 2020 Annual General Meeting
- Loans to key management personnel
- Other key management personnel transactions

### a) Key management covered in this report

#### Non-Executive and Executive Directors and officers (see pages 4 to 5 for Director details)

Michael Ramsden (Chairman)

Lee (Les) Guthrie (Non-Executive Director)

Benjamin Bell (Managing Director)

Tim Maclean (Chief Operating Officer)

Michael Elias (Non-Executive Director)

Dominic Marinelli (Non-Executive Director)

### b) Overview of remuneration policies

The board remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Executive Directors and Executives with a remuneration package that reflects the person's responsibilities, duties and personal performance. An employee Loan Share Plan scheme for key Executives is in place.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to Non-Executive Directors by other companies of similar size in the mining industry.

**AUSTRALIAN MINES LIMITED  
DIRECTORS' REPORT**

**13. REMUNERATION REPORT – AUDITED (cont.)**

**b) Overview of remuneration policies (cont.)**

The Board has established a Remuneration and Nomination Committee (Remuneration Committee) responsible for making recommendations to the Board on remuneration arrangements for Directors and Executives of the Company.

**Assessing performance and clawback of remuneration**

The Remuneration Committee is responsible for assessing performance against Key Performance Indicators (KPI) and determining Short Term Incentives (STI) and Long Term Incentives (LTI) to be paid. To assist in this assessment, the committee received a Board and Executive Remuneration Benchmarking report from BDO Reward (WA) Pty Ltd which was based on independently verifiable data such as financial measures, market capitalisation and data from independently run surveys.

In the event of serious misconduct or a material misstatement in the company's financial statements, the remuneration committee can cancel or defer performance-based remuneration and may also claw back performance-based remuneration paid in the previous financial years.

**c) Principles of compensation**

Remuneration of Directors and Executives is referred to as compensation throughout this report.

Compensation levels for key management personnel, and for relevant key management personnel of the Consolidated Group, are competitively set to attract and retain appropriately qualified and experienced directors and executives.

**Fixed Compensation**

Fixed compensation consists of base compensation as well as employer contributions to superannuation funds. Compensation levels are reviewed annually by the Remuneration Committee through a process that considers individual and overall performance of the Consolidated Group.

**Short term Incentive Bonus**

The Company has no scheme to pay discretionary bonuses based on short term performance. However, a bonus of \$12,603 was paid to Mr Tim Maclean during the year (2020: \$12,637).

AUSTRALIAN MINES LIMITED  
DIRECTORS' REPORT

13. REMUNERATION REPORT – AUDITED (cont.)

c) Principles of compensation (cont.)

**Long Term Incentive Bonus**

On 24 November 2017 the Directors and key management personnel were invited to participate in a Loan Share Plan. Under the Plan, the Directors were granted Performance Shares issued at market value. A limited recourse loan was provided by the Group to allow the Directors to purchase the Performance Shares pursuant to the terms of the loan agreement.

The shares were purchased at a market rate of \$0.116 per share. The director's plan shares are divided into 2 tranches and subject to service period vesting conditions. The key management personnel plan shares are divided into 3 tranches and are subject to service period vesting conditions. As a result of the plan 69,550,000 shares were issued. The fair value of the shares was estimated at the date of grant using a Black-Scholes model. Refer to Note 14 for further details. All of the 69,550,000 shares have vested and at the end of the reporting period all were in a holding lock as they secure the loan granted to the holders to purchase them.

**Consequences of Performance on Shareholder Wealth**

In considering the Consolidated Group's performance and benefits for shareholder wealth, the Remuneration Committee takes into account profitability and share price movements when setting the total amount of any bonuses. No performance bonuses were paid in the current financial year.

	2021	2020	2019	2018	2017
Loss for the year	\$4,493,350	\$3,523,194	\$9,795,806	\$5,322,775	\$1,675,932
Change in Share Price	182%	(62%)	(76%)	493%	7%

**Service Contracts - Executive Director**

The Company entered into a service agreement contract with Executive Director, Mr Benjamin Bell, effective from 1 July 2012. Mr Bell's contract was renewed effective 1 July 2017 and his fixed remuneration package was \$325,000 per annum including superannuation. Effective 1 July 2018 the package increased to \$400,000. The contract has no defined term however either party may terminate this agreement by providing three months' written notice in accordance with the agreement.

At any time, contracts of employment may be terminated by the Company forthwith if the Executive Director (amongst other items) breaches duties connected with the performance of services; enters bankruptcy; engages in misconduct; or is of ill health or unsound mind. Under such circumstances the Company will pay an amount equal to the aggregate of unpaid salary, annual leave and long service leave accrued to the date of termination.

AUSTRALIAN MINES LIMITED  
DIRECTORS' REPORT

13. REMUNERATION REPORT – AUDITED (cont.)

c) Principles of compensation (cont.)

**Service Contracts - Executive Director (cont.)**

The Company provides insurance for the Executive Director for any liability arising from statute or common law and public indemnity insurance in respect of shareholder or third-party actions.

The Remuneration Committee undertakes to review Directors' remuneration on an annual basis to take into account changes to the cost of living and changes in the scope of the Directors' roles and responsibilities. If warranted the Board may approve bonus payments up to a reasonable limit for exceptional performance to the Executive Director.

**Service Contracts - Executive Officers**

The Company entered into an executive employment agreement with Tim Maclean as Chief Operating Officer effective 17 July 2017. Mr Maclean has been employed on a salary of \$273,750 per annum inclusive of superannuation. The agreement includes an invitation to participate in the Loan Share Plan whereby the executive can apply for shares. The contract has no defined term however either party may terminate this agreement by providing three months written notice in accordance with the agreement.

At any time, contracts of employment may be terminated by the Company forthwith if the Executive Officer (amongst other items) breaches duties connected with the performance of services; engages in misconduct; or becomes incapacitated. Under such circumstances the Company will pay an amount equal to the aggregate of unpaid salary, annual leave and long service leave accrued to the date of termination.

The remuneration of executive officers will be reviewed annually by the Company in conjunction with a performance review. If warranted the Company may approve bonus payments however, they are under no obligation to pay a bonus each year.

AUSTRALIAN MINES LIMITED  
DIRECTORS' REPORT

13. REMUNERATION REPORT – AUDITED (cont.)

c) Principles of compensation (cont.)

**Non-Executive Directors**

Total remuneration for all Non-Executive Directors is not to exceed \$800,000 per annum, excluding options and other share-based incentives which are approved separately at a general meeting. Non-Executive Directors' fees are set with reference to fees paid to other Non-Executive Directors of comparable companies. Mr M Elias and Mr D Marinelli are presently paid \$70,000 (2020: \$70,000) per annum each. Mr L Guthrie is also paid \$70,000 per annum (2020: \$72,987). The Non-Executive Chairman received a fee of \$105,000 (2020: \$105,000) per annum. There has been no movement in Non-Executive Director's fees for FY2022.

Directors' fees cover all main board activities and membership of committees. The Directors have participated in the Employees Loan Share Plan and received an allotment of shares as detailed in Note 14.

d) **Directors' and executive officers' remuneration**

Details of the nature and amount of each major element of the remuneration of each Director of the Consolidated Group and other key management personnel of the Consolidated Group are shown on the following table.

AUSTRALIAN MINES LIMITED  
DIRECTORS' REPORT

13. REMUNERATION REPORT – AUDITED (cont.)

		SHORT TERM				POST EMPLOYMENT			SHARE-BASED	TOTAL	Proportion of remuneration based	Value of share-based payments as a proportion of remuneration
		Non-Exec Directors' Fees	Executive Salaries	Bonus	Fringe Benefits (C)	Super-annuation Contribution	Termination and Retirement Benefits	Other Long-Term Benefits (A)	Shares Issued (B)			
		\$	\$	\$	\$	\$	\$	\$	\$	%	%	
<b>Directors</b>												
<b>Non-Executive</b>												
Mr M Ramsden	2021	95,890	-	-	-	9,110	-	-	-	105,000	0	0
	2020	95,890	-	-	-	9,110	-	-	-	105,000	0	0
Mr M Elias	2021	63,927	-	-	-	6,073	-	-	-	70,000	0	0
	2020	63,927	-	-	-	6,073	-	-	-	70,000	0	0
Mr D Marinelli	2021	63,927	-	-	-	6,073	-	-	-	70,000	0	0
	2020	63,927	-	-	-	6,073	-	-	-	70,000	0	0
Mr L Guthrie	2021	63,927	-	-	-	6,073	-	-	-	70,000	0	0
	2020	66,655	-	-	-	6,332	-	-	-	72,987	0	0
<b>Executive</b>												
Mr B Bell (A)(C)	2021	-	378,306	-	6,599	21,694	-	141,585	-	548,184	0	0
	2020	-	378,997	-	-	21,003	-	22,194	-	422,194	0	0
<b>Total Compensation Directors</b>	2021	287,671	378,306	-	6,599	49,023	-	141,585	-	863,184	0	0
	2020	290,399	378,997	-	-	48,591	-	22,194	-	740,181	0	0
<b>Executive Officers</b>												
Mr T Maclean (A)(B)	2021	-	252,056	12,603	-	21,694	-	19,232	-	305,585	4	0
	2020	-	252,747	12,637	-	21,003	-	19,371	47,323	353,081	17	13
Mr M Hughes	2021	-	-	-	-	-	-	-	-	-	0	0
	2020	-	89,834	-	-	14,773	76,000	-	-	180,607	0	0
<b>Total Compensation Executive Officers</b>	2021	-	252,056	12,603	-	21,694	-	19,232	-	305,585	4	0
	2020	-	342,581	12,637	-	35,776	76,000	19,371	47,323	533,688	11	9

(A) Other long-term benefits include movement in the annual and long service leave provision. Benjamin Bell received a pay out of his accrued entitlements during the 2021 financial year, being \$60,214 long service leave and \$51,750 Annual Leave.

(B) The estimated options value disclosed above are calculated at grant date using a Black-Scholes model. Share-based payments expense relates to the Performance Shares granted to Executive Officer Tim Maclean on 24 November 2017.

(C) Non-monetary fringe benefits of \$6,599 were provided as compensation to Benjamin Bell during the 2021 financial year (2020: nil).



AUSTRALIAN MINES LIMITED  
DIRECTORS' REPORT

13. REMUNERATION REPORT – AUDITED (cont.)

e) Equity instruments held by key management personnel

**Movement in shares**

The movement during the reporting period in the number of ordinary shares held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2020	Purchases	Sales / Other Changes	Held at 30 June 2021
<b>Directors</b>				
M Ramsden	72,094,670	-	-	72,094,670
B Bell	66,093,067	-	-	66,093,067
M Elias	18,422,897	-	-	18,422,897
D Marinelli	44,866,368	-	-	44,866,368
L Guthrie	-	-	-	-
<b>KMP</b>				
T Maclean	9,950,000	-	-	9,950,000

f) Voting and comments made at the company's 2020 Annual General Meeting

The Company received 57.30% "for" votes on its remuneration report for the 2020 financial year at the Annual General Meeting held on 10 November 2020. As the Company received more than 25% votes against the approval of the Remuneration Report, the Company has recorded its second strike in accordance with the *Corporations Act 2001* (Cth).

At the same Annual General Meeting a spill resolution was voted on, to determine whether the Directors would need to stand for re-election within 90 days. The result of the vote was 43.33% "for" votes. As the resolution did not receive the required 50% votes, the Company was not required to hold a 'spill meeting'.

Australian Mines' Remuneration Committee seeks guidance from BDO Reward (WA) and engaged them to review the current board and executive remuneration on ongoing annual basis. The objective of this review is to ensure that the remuneration levels of its Board and Management continue to be aligned to the market.

**AUSTRALIAN MINES LIMITED  
DIRECTORS' REPORT**

**13. REMUNERATION REPORT – AUDITED (cont.)**

**g) Loans to key management personnel**

A limited recourse loan has been provided to Directors to allow them to purchase performance shares pursuant to the terms of the Loan Share Plan, detailed in point (c). No interest is payable on the loan and repayment is due upon forfeiture or sale of the shares. Details of the shares and loans can be found below:

Name	Issue Date	Shares Issued	Issue Price	Loan Balance
Michael Ramsden	24 Nov 2014	7,000,000	\$0.007	\$49,000
Michael Elias	24 Nov 2014	7,000,000	\$0.007	\$49,000
Dominic Marinelli	24 Nov 2014	7,000,000	\$0.007	\$49,000
Benjamin Bell	24 Nov 2014	13,000,000	\$0.007	\$91,000
		34,000,000		\$238,000
Michael Ramsden	24 Nov 2017	8,600,000	\$0.116	\$997,600
Michael Elias	24 Nov 2017	5,200,000	\$0.116	\$603,200
Dominic Marinelli	24 Nov 2017	5,200,000	\$0.116	\$603,200
Benjamin Bell	24 Nov 2017	40,600,000	\$0.116	\$4,709,600
Tim MacLean	24 Nov 2017	9,950,000	\$0.116	\$1,154,200
		69,550,000		\$8,067,800

**h) Other key management personnel transactions**

The terms and conditions of the transactions with key management personnel were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Apart from the details disclosed in the Remuneration Report, no Director has entered into a contract with the Consolidated Group since the end of the previous financial year and there were no contracts involving Directors' interests existing at year end.

This is the end of the Audited Remuneration Report.

**14. CORPORATE GOVERNANCE**

The Consolidated Group's corporate governance policies and practices are set out in pages 60-69.

**AUSTRALIAN MINES LIMITED  
DIRECTORS' REPORT**

**15. ENVIRONMENTAL REGULATIONS**

The Consolidated Group conducts mining and exploration activities on mineral tenements. The right to conduct these activities is granted, subject to environmental conditions and requirements and as such is governed by a range of environmental legislation. The Directors have considered the requirements of the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. As the Company has not yet commenced construction of the Sconi Project, the Company is not yet subject to the public reporting requirements of the NGER Act. The Consolidated Group aims to ensure a high standard of environmental care is achieved and, as a minimum, to comply with relevant environmental regulations. To the best of the Directors knowledge, the Company has adequate systems in place to ensure compliance with the requirements of the applicable legislation and is not aware of any material breach of those requirements during the financial year and up to the date of the Directors' Report.

In addition, Australian Mines is the first mineral resources company to be certified a Carbon Neutral Organisation under the Australian Government's Climate Active programme. Meeting the Climate Active Carbon Neutral Standard demonstrates the Company's carbon neutral status is based on best practice, international standards and emissions reductions.

**16. FINANCIAL REPORTING**

The Directors have declared, in writing to the Board that the Company's financial statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

**17. INDEMNIFICATION AND INSURANCE OF OFFICERS**

The Company has entered into Director and Officer Protection Deeds (Deed) with each Director and the Company Secretary (officers). Under the Deed, the Company indemnifies the officers to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the officers in connection with the officers being an officer of the Company, the employment of the officer with the Company or a breach by the Company of its obligations under the Deed.

Also pursuant to the Deed, the Company must insure the officers against liability and provide access to all Board papers relevant to defending any claim brought against the officers in their capacity as officers of the Company.

The Company has paid insurance premiums during the year of \$126,540 (2020: \$65,591) in respect of liability for any current and future Directors, Company Secretary, executives and employees of the Company.

AUSTRALIAN MINES LIMITED  
DIRECTORS' REPORT

## 18. NON-AUDIT SERVICES

BDO Reward (WA) Pty Ltd, was appointed to provide remuneration benchmarking services in relation to Executive and Non-Executive Directors Report. Refer to Note 6 for auditor's remuneration. BDO Reward (WA) Pty Ltd was paid \$13,121 plus GST (2020: \$1,000 plus GST) for these services. BDO Reward (WA) Pty Ltd was also engaged in the prior year.

The board has established, subsequent to year-end, certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the *Corporations Act 2001* (Cth). These procedures include:

- a) Non-audit services are subject to the corporate governance procedures adopted by the Company and will be reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- b) Ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Consolidated Group, acting as an advocate for the Consolidated Group or jointly sharing risks and rewards.

## 19. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 21 and forms part of this Directors' Report for the year ended 30 June 2021.

## 20. ROUNDING OFF

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the Directors.

*Benjamin Bell*

Benjamin Bell  
Managing Director  
Dated: 23<sup>rd</sup> September 2021

## DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF AUSTRALIAN MINES LIMITED

As lead auditor of Australian Mines Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Mines Limited and the entities it controlled during the period.



**Phillip Murdoch**  
Director

**BDO Audit (WA) Pty Ltd**

Perth, 23 September 2021

AUSTRALIAN MINES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$000	2020 \$000
Other Income		63	80
<b>Net Other income</b>		<b>63</b>	<b>80</b>
Personnel expenses	4	(950)	(1,052)
Share based payment expense	14	(30)	(47)
Exploration expenditure	5	(349)	(5)
Depreciation and amortisation	5	(235)	(244)
Impairment Loss	13	(1,135)	-
Corporate overheads and indirect expenses	5	(1,536)	(1,947)
Share of loss of associate accounted for using the equity method	5	(323)	(313)
<b>Results from operating activities</b>		<b>(4,558)</b>	<b>(3,608)</b>
Finance Income		2	5
<b>Net finance income</b>		<b>2</b>	<b>5</b>
<b>Loss before income tax</b>		<b>(4,493)</b>	<b>(3,523)</b>
Income tax expense	7	-	-
<b>Loss after income tax</b>		<b>(4,493)</b>	<b>(3,523)</b>
<b>Total comprehensive loss for the period</b>		<b>(4,493)</b>	<b>(3,523)</b>
<b>Loss per share attributable to the ordinary equity holders of the Company</b>			
Basic loss per share (cents)	8	(0.12)	(0.10)
Diluted loss per share (cents)	8	(0.12)	(0.10)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying Notes.

AUSTRALIAN MINES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021

	Notes	2021 \$000	2020 \$000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	3,641	3,242
Trade and other receivables		32	92
<b>TOTAL CURRENT ASSETS</b>		<b>3,673</b>	<b>3,334</b>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation assets	12	33,091	30,640
Investment accounted for equity method	13	-	3,222
Intangibles		11	5
Property, plant and equipment		452	724
<b>TOTAL NON-CURRENT ASSETS</b>		<b>33,554</b>	<b>34,591</b>
<b>TOTAL ASSETS</b>		<b>37,227</b>	<b>37,925</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		364	89
Provisions		139	230
Lease Liability		164	171
<b>TOTAL CURRENT LIABILITIES</b>		<b>667</b>	<b>490</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions		-	-
Lease Liability		181	390
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>181</b>	<b>390</b>
<b>TOTAL LIABILITIES</b>		<b>848</b>	<b>880</b>
<b>NET ASSETS</b>		<b>36,379</b>	<b>37,045</b>
<b>EQUITY</b>			
Contributed equity	15	91,904	88,107
Reserves	15	4,081	4,051
Accumulated losses	16	(59,606)	(55,113)
<b>TOTAL EQUITY</b>		<b>36,379</b>	<b>37,045</b>

The Consolidated Statement of Financial Position is to be read  
in conjunction with the accompanying Notes.

AUSTRALIAN MINES LIMITED

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

		Issued Capital	Accumulated Losses	Share Option Reserve	Share Based Payment Reserve	Total Equity
		\$000	\$000	\$000	\$000	\$000
	Notes					
Contributions by and distribution to members						
Opening balance at 1 July 2020		88,107	(55,113)	494	3,557	37,045
Adjustment to Opening balances						-
<b>Total comprehensive income for the period:</b>						
(Loss) for the year	16	-	(4,493)	-	-	(4,493)
Other comprehensive (loss)/income		-	-	-	-	-
<b>Total comprehensive loss for the period</b>		<b>-</b>	<b>(4,493)</b>	<b>-</b>	<b>-</b>	<b>(4,493)</b>
Transactions with owners, recorded directly in equity						
Share based payment transactions	15	-	-	-	30	30
Shares issued during the year	15	5,902	-	-	-	5,902
Transaction costs from issue of shares	15	(341)	-	-	-	(341)
Reduction in capital (i)	13	(1,764)	-	-	-	(1,764)
<b>Total transactions with owners, recorded directly in equity</b>		<b>3,797</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>3,827</b>
<b>Closing balance at 30 June 2021</b>		<b>91,904</b>	<b>(59,606)</b>	<b>494</b>	<b>3,587</b>	<b>36,379</b>

- (i) On 23 March 2021 shareholders approved a reduction of Australian Mines Limited's share capital by way of an in-specie distribution of Norwest Minerals Limited shares. On the 31 March 2021 implementation date Australian Mines Limited shareholders received 1 Norwest Minerals Limited share for every 189 Australian Mines Limited shares held.

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying Notes.



AUSTRALIAN MINES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2020

		Issued Capital	Accumulated Losses	Share Option Reserve	Share Based Payment Reserve	Total Equity
		\$000	\$000	\$000	\$000	\$000
	Notes					
<b>Contributions by and distribution to members</b>						
Opening balance at 1 July 2019		81,373	(51,616)	494	3,578	33,829
Adjustment to Opening Retained Earnings (i)		-	(42)	-	-	(42)
<hr/>						
Total comprehensive income for the period:						
(Loss) for the year	16	-	(3,523)	-	-	(3,523)
Other comprehensive (loss)/income		-	-	-	-	-
<hr/>						
Total comprehensive loss for the period		-	(3,523)	-	-	(3,523)
<hr/>						
Transactions with owners, recorded directly in equity						
Share based payment transactions	15	-	68	-	(21)	47
Shares issued during the year	15	7,268	-	-	-	7,268
Transaction costs from issue of shares	15	(534)	-	-	-	(534)
<hr/>						
Total transactions with owners, recorded directly in equity		6,734	68	-	(21)	6,781
<hr/>						
<b>Closing balance at 30 June 2020</b>		<b>88,107</b>	<b>(55,113)</b>	<b>494</b>	<b>3,557</b>	<b>37,045</b>

(i) Reduction in opening retained profits as at 1 July 2019 on adoption of AASB 16.

The Consolidated Statement of Changes in Equity is to be read  
in conjunction with the accompanying Notes.

AUSTRALIAN MINES LIMITED

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

	Notes	2021 \$000	2020 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash payments to suppliers and employees		(1,823)	(1,869)
Interest received		2	5
Sundry income		55	63
<b>Net cash (used in) operating activities</b>	10	<b>(1,766)</b>	<b>(1,801)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for exploration and evaluation		(3,154)	(4,297)
Payments for exploration acquisitions	12	(5)	-
Payments to acquire shares in Investment Intangibles		-	(450)
Payments for property, plant and equipment		(8)	(70)
<b>Net cash (used in) investing activities</b>		<b>(3,173)</b>	<b>(4,817)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from share issue (net of costs)	15	5,562	6,734
Lease payments		(224)	(234)
<b>Net cash provided by financing activities</b>		<b>5,338</b>	<b>6,500</b>
<b>Net increase/(decrease) in cash held</b>		<b>399</b>	<b>(118)</b>
<b>Cash at the beginning of the financial year</b>		<b>3,242</b>	<b>3,360</b>
<b>Cash at the end of the financial year</b>	9	<b>3,641</b>	<b>3,242</b>

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying Notes.

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

## 1. REPORTING ENTITY

Australian Mines Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is Level 34, 1 Eagle Street, Brisbane, Queensland. The consolidated financial statements of the Company for the financial year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the 'Consolidated Group') and the Consolidated Group's interest in jointly controlled entities.

The Consolidated Group is a for-profit entity and is primarily involved in the exploration for nickel, cobalt and scandium in Australia.

The consolidated financial statements were authorised for issue by the Directors on 23 September 2021.

## 2. BASIS OF PREPARATION

### a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') (including interpretations) and the *Corporations Act 2001* (Cth). The consolidated financial statements comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

### b) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the Consolidated Group.

### c) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: non-derivative financial instruments measured at fair value through profit or loss.

Certain comparative amounts have been reclassified to conform to current year presentation.

### d) Use of judgements and estimates

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Consolidated Group.

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 and in any future period affected.

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

2. BASIS OF PREPARATION (cont.)

d) Use of judgements and estimates (cont.)

Judgements made by management that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 3(k).

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(iii) Investment in associates

Interests in associates are accounted for using the equity method. Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Groups share of the profit or loss of the associate.

All other accounting policies applied by the Group in this consolidated financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2021, except for those discussed in the Notes below.

b) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see Note 3(e)). The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Mining property and development assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable and subsequent costs to develop the mine to the production phase.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

b) Property, plant and equipment (cont.)

(ii) Subsequent costs

The Consolidated Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Consolidated Group and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income as an expense as incurred.

(iii) Depreciation

With the exception of freehold land and mining property and development assets, depreciation is charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the estimated life of the asset, using rates per annum as set out below:

	2021	2020
Buildings	33%	33%
Plant & equipment	33%	33%
Leased plant & equipment	25%	25%

Land is not depreciated, while buildings on mining tenements are given a short life. Exploration and development costs for reserves not yet in production are not amortised.

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

c) Exploration and evaluation assets

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 Consolidated Group has obtained the legal rights to explore an area are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- (i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- (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 facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment Note, accounting policy Note 3(e)). 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.

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

c) Exploration and evaluation assets (cont.)

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation assets to mining property and development assets within property, plant and equipment.

d) Financial instruments

(i) Recognition, initial measurement and derecognition

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

(ii) Classification and subsequent measurement

*Financial assets*

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

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

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

Classifications are determined by both:

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

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

d) Financial instruments (cont.)

(ii) Classification and subsequent measurement (cont.)

*Financial assets at amortised cost*

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

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

*Financial assets at fair value through other comprehensive income (Equity instruments)*

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

*Financial assets at fair value through profit or loss (FVPL)*

Financial assets, not measured at amortised cost or at fair value through other comprehensive income, are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

*Financial liabilities*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

d) Financial instruments (cont.)

*Impairment*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

*Comparative information*

The Company has applied AASB 9 Financial Instruments retrospectively but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

e) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Consolidated Group on terms that the Consolidated Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.



AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

e) Impairment (cont.)

(i) Non-derivative financial assets (cont.)

*Financial assets measured at amortised cost*

The Consolidated Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Consolidated Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

f) Employee benefits

(i) Long-term service benefits

The Consolidated Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates and is discounted using the rates attached to the Commonwealth Government bonds at the reporting date which have maturity dates approximating to the terms of the Consolidated Group's obligations.

(ii) Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

(iii) Share-based payment transactions

The Share Loan Plan allows Consolidated Group Directors and key management personnel to acquire shares of the Company. The fair value of shares granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and recorded over the period during which the employees become unconditionally entitled to the shares. The fair value of the shares granted is measured using a Black-Scholes model, taking into account the terms and conditions upon which the shares were granted.

(iv) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

g) Provisions

A provision is recognised in the Statement of Financial Position when the Consolidated Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

h) Finance income and expenses

Finance income comprises interest income on funds invested and fair value gains on financial assets at fair value through profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

i) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

i) Income tax (cont.)

**Nature of tax funding arrangements and tax sharing arrangements**

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable (payable) equal in amount to the tax liability (asset) assumed. The inter-entity receivable/(payable) is at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

j) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

k) Accounting estimates and judgments

Management discussed with the Board the development, selection and disclosure of the Consolidated Group's critical accounting policies and estimates and the application of these policies and estimates.

Note 17 contains detailed analysis of the interest rate and liquidity risk of the Consolidated Group.

The estimates and judgements 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.

The significant estimates and judgements are as follows:

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

k) Accounting estimates and judgments (cont.)

(i) 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 consolidated 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 consolidated 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 consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(ii) Fair Value of Share Based Payment Transactions

The fair value of the employee option plan and loan share plan are measured using a Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instrument, risk-free interest rate.

(iii) Impairment of exploration and evaluation assets

The ultimate recoupment of the value of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale, of the underlying mineral exploration properties. The Consolidated Group undertakes at least on an annual basis, a comprehensive review for indicators of impairment of those assets. Should an indicator of impairment exist, there is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key issues that are considered in this review include:

- Recent drilling results and reserves and resources estimates;
- Environmental issues that may impact the underlying tenements;
- The estimated market value of assets at the review date;
- Independent valuations of the underlying assets that may be available;
- Fundamental economic factors such as the nickel, cobalt and scandium price, exchange rates and current and anticipated operating costs in the industry; and

Information used in the review process is rigorously tested to externally available information as appropriate. In addition, an allocation of the costs of acquired mineral rights to individual projects was performed during the year. This allocation process required estimates and judgement as to the value of these projects acquired.

The fair value of exploration assets is based on fair value less costs to sell, using a multiples of exploration method. The impairment of mining tenements is assessed in accordance with accounting policy Note 3(d).

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

l) Segment reporting

An operating segment is a component of the Consolidated Group that engages in business activities of which it may earn revenue and incur expenses. Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

m) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

n) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

o) **New and amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

p) **New accounting standards and interpretations not yet adopted**

No standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application.

q) **Determination of fair values**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the Notes specific to that asset or liability.

*Share-based payment transactions*

The fair value of the employee share options and loan share plan are measured using a Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

r) **Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

s) **Government grants**

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$000	\$000
<b>4. PERSONNEL EXPENSES</b>		
Wages and salaries	917	1,257
Salary recharge	(517)	(769)
Non-Executive Directors' fees	340	338
Other associated personnel expenses	29	48
Contributions to superannuation funds	101	128
Increase in leave liability	80	50
	950	1,052
<b>Employee Share Based Payment</b>		
Employee share-based payment expenses (Note 14)	30	47
	30	47
<b>5. OTHER EXPENSES</b>		
<b>Depreciation and amortisation of:</b>		
Plant and equipment	235	244
	235	244
<b>Exploration expenditure not capitalised:</b>		
Exploration	349	5
	349	5
<b>Impairment of Norwest Minerals:</b>		
Impairment Loss (Note 13)	1,135	-
	1,135	-
<b>Share of loss of associate accounted for using the equity method:</b>		
Share of loss - associates (Note 13)	323	313
	323	313
<b>Corporate overheads and indirect expenses</b>		
Insurance	149	84
Travel and Accommodation	48	222
Legal Fees	10	151
Accounting, Tax and Audit Services	170	270
Share Registry Services	101	104
Conferences	1	157
Investor Relations Fees	244	325
Advisors and Consultants	176	81
Recruitment	62	16
Other Fees and Services	293	217
General Administration	282	320
	1,536	1,947



AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
<b>6. AUDITOR'S REMUNERATION</b>		
<b>Audit services</b>		
BDO Audit (WA) Pty Ltd - Audit and review of financial reports	47,225	48,616
<b>Non-Audit services</b>		
BDO Reward (WA) Pty Ltd - Remuneration Benchmarking review	13,121	1,000
Total for year	60,345	49,616
	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
<b>7. INCOME TAX EXPENSE</b>		
Current tax	(1,320)	(2,182)
Deferred tax - origination and reversal of temporary differences	(9)	866
Adjustment for prior periods	(232)	589
Current year losses for which no deferred tax asset was recognised	1,561	1,905
Total income tax in statement of profit or loss and other comprehensive income	-	-
<b>Numerical reconciliation between tax expense and pre-tax profit</b>		
Loss for the period	(4,493)	(3,523)
Income tax benefit using the domestic Corporate tax rate of 30% (2020: 30%)	(1,348)	(1,057)
Increase in income tax expense due to:		
Non-deductible expenses	19	(259)
Adjustment recognised for prior periods	(232)	(589)
Tax losses not brought to account	1,561	1,905
Income tax expense	-	-
<b>Unrecognised deferred tax assets</b>		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses	8,642	7,081

The deductible temporary differences and tax losses do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Consolidated Group can utilise the benefits from.

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$000	2020 \$000
<b>7. INCOME TAX EXPENSE (cont.)</b>		
Recognised deferred tax assets and liabilities		
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Exploration	(5,333)	(5,583)
Investments	-	248
Capital raising costs	343	448
Property Plant & Equipment	(82)	(153)
Provisions	42	69
Accruals	7	5
Liabilities	104	168
Tax losses	4,919	4,798
<b>Net deferred tax assets</b>	-	-

**Movements in temporary differences**

Exploration	(250)	782
Investments	248	(93)
Capital raising costs	105	26
Property Plant & Equipment	(71)	160
Provisions	27	(6)
Accruals	(2)	4
Liabilities	64	(168)
<b>Total movement in temporary differences</b>	121	705

**8. LOSS PER SHARE**

**Loss per share from total operations**

Loss after income tax attributable to the ordinary shareholders of the Company	(4,493)	(3,523)
Basic loss per share (cents)	(0.12)	(0.10)
Diluted loss per share (cents)	(0.12)	(0.10)

The calculation of basic loss per share at 30 June 2021 was based on the operating loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2021 of 3,906,357,541 (2020: 3,481,388,654), calculated as follows:

**Number of ordinary shares**

Issued ordinary shares at 1 July	3,625,992,479	3,083,406,567
Share Placement	335,461,371	542,585,912
Issued ordinary shares at 30 June	3,961,453,850	3,625,992,479
<b>Weighted average number of ordinary shares for year ending 30 June</b>	<b>3,906,357,541</b>	<b>3,481,388,654</b>

**Diluted Earnings per Share**

The calculation of diluted earnings per share at 30 June 2021 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2021 of 3,906,357,541 (2020: 3,481,388,654). There were no options that were considered dilutive.

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$000	\$000
<b>9. CASH AND CASH EQUIVALENTS</b>		
Bank balances	3,641	3,242
Cash and cash equivalents in the statement of cash flows	3,641	3,242
	3,641	3,242
Refer to Note 17 for Financial Risk Management		
<b>10. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash flows from operating activities:</b>		
Net (loss)	(4,493)	(3,523)
<b>Add/(less) items classified as investing/financing activities:</b>		
Depreciation and amortisation	235	244
Loss on sale of assets	-	(12)
Investment in Associate	323	313
Impairment Loss	1,135	-
Exploration expenditure not capitalised	-	-
Salary recharge	517	601
Share-based payment expense	30	47
Lease Interest	55	72
<b>Movement in operating assets and liabilities:</b>		
Decrease/(increase) in receivables	468	837
Increase/(decrease) in payables	55	(400)
Increase/(decrease) in employee leave provisions	(91)	20
<b>Net cash used in operating activities</b>	<b>(1,766)</b>	<b>(1,801)</b>
<b>11. NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Additions to the right-of-use assets	23	853
Modifications to the right-of-use assets	(69)	-
Shares issued under employee share plan	30	47
Return of capital	1,764	-
	1,748	900

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$000	\$000
<b>12. EXPLORATION AND EVALUATION ASSETS</b>		
<b>Exploration and Evaluation</b>		
Opening balance	30,640	28,033
Acquisition of tenements	5	-
Expenditure incurred for year	3,205	3,466
Expenditure expensed	(349)	(5)
R&D Refund	(410)	(854)
<b>Exploration costs carried forward</b>	<b>33,091</b>	<b>30,640</b>

Tenement purchase E04/2529 Lennard for \$5,000 was made during the 2021 year, while the capitalised costs of tenement EL8870 \$75,082 were written off.

The 2020 research and development tax offset of \$409,583 was received 28/01/2021.

The ultimate recoupment of costs carried forward for mineral properties in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

**13. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD**

Opening Balance	3,222	3,085
Purchase of shares in investment – Norwest Minerals Limited	-	450
Share of associate loss	(323)	(313)
Less Impairment loss on Norwest Minerals Limited shares	(1,135)	-
Less In-specie distribution of Norwest Minerals Limited shares	(1,764)	-
<b>Total Investments in Associates</b>	<b>-</b>	<b>3,222</b>

On 5 October 2020, Norwest Minerals Limited issued further shares diluting Australian Mines Limited's ownership to 20.04%. All Australian Mines Limited's ownership interests in Norwest Minerals Limited are ordinary shares, carrying dividend and capital entitlements, the right to vote and to attend meetings.

On 26 October 2020 Australian Mines Limited reclassified Norwest Minerals Limited shares as held for distribution to owners.

The 21,000,000 ordinary shares held in Norwest Minerals Limited were recognised at the fair value less costs to distribute on 31 March 2021, being \$1,764,015. As a result, an impairment loss of \$1,134,707 was recorded during the period.

On 23 March 2021, shareholders of Australian Mines Limited approved a reduction in share capital and in specie distribution of Norwest Minerals Limited shares. On the 31 March 2021 implementation date Australian Mines Limited shareholders received 1 Norwest Minerals Limited share for every 189 Australian Mines Limited shares held. Australian Mines Limited obtained a Class Ruling (CR 2021/34) from the Commissioner of Taxation in relation to the demerger of Norwest Minerals Limited.

The share of associate loss and associate entity disclosures is based on the associate's management accounts.

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$000	\$000
<b>13. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD (cont.)</b>		
<b>IN SPECIE DISTRIBUTION &amp; REDUCTION IN CAPITAL</b>		
In specie distribution of Norwest Minerals Limited shares	(1,764)	-
Impairment loss on Norwest Minerals Limited shares	(1,135)	-
	<b>(2,899)</b>	-

**14. SHARE BASED PAYMENTS**

During the 2021 financial year, the Company Secretary was invited to apply for plan shares under the Loan Share Plan. A limited recourse loan was provided to allow the Company Secretary to purchase the shares for \$0.025 per share. The Company Secretary's plan shares are divided into 4 tranches and subject to service period vesting conditions.

The terms of the Plan are as follows:

	Company Secretary
Grant Date	14 December 2020
Number of Shares	10,000,000
Exercise Price	\$0.025 The issue price was calculated as 1.56 times the 5-day volume weighted average price of the Company's shares up to the issue date.
Vesting Conditions	The Performance Shares are divided into 4 tranches and subject to the following vesting conditions: <b>(i)</b> 1/4 for service to the Company as an Eligible Person until 1 July 2021 <b>(ii)</b> 1/4 for service to the Company as an Eligible Person until 1 July 2022 <b>(iii)</b> 1/4 for service to the Company as an Eligible Person until 1 July 2023 <b>(iv)</b> 1/4 for service to the Company as an Eligible Person until 1 July 2024
Lapse of Performance Shares	Performance Shares will be forfeited in the following circumstances: <ul style="list-style-type: none"> <li>• Employment, office or contractual relationship with the Company ceases;</li> <li>• Relevant vesting conditions are not satisfied by the relevant time;</li> <li>• The Director acts fraudulently or dishonestly or in breach of their obligations to the Group; or</li> <li>• They become insolvent.</li> </ul> If the Performance Shares are forfeited and sold pursuant to the Plan Rules, the proceeds will first be applied against the respective loan and any surplus applied in accordance with the Plan Rules.
Loan Arrangements	Under the Loan Agreement, the Group will lend the Company Secretary the funds required to purchase the Performance Shares. No interest will be payable on the loan and it is a limited recourse loan.

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

14. SHARE BASED PAYMENTS (cont.)

Shares issued pursuant to Loan Share Plan

Name	Issue Date	Shares Issued	Issue Price	Loan Balance
Michael Ramsden	24-Nov-17	8,600,000	\$0.116	\$997,600
Michael Elias	24-Nov-17	5,200,000	\$0.116	\$603,200
Dominic Marinelli	24-Nov-17	5,200,000	\$0.116	\$603,200
Benjamin Bell	24-Nov-17	40,600,000	\$0.116	\$4,709,600
Tim MacLean	24-Nov-17	9,950,000	\$0.116	\$1,154,200
Oliver Carton	14-Dec-20	10,000,000	\$0.016	\$160,000
		79,550,000		\$8,227,800

The fair value of the Loan Share Plan was calculated using the Black Scholes pricing model per the table below. The value of the shares has been expensed on a proportionate basis for each period from grant date to vesting date. The proportion of the value of the shares that has been expensed during the year to 30 June 2021 and accounted for in the share-based payment reserve is \$29,528.

Tranche	Grant Date	Number Issued	Value Per Right (\$)	Probability	Condition	Total Value (\$)	Vesting Period (Years)	Value Vested	Value Vested Current Period (\$)	Value Not Vested (\$)
<b>Directors Shares</b>										
1	24/11/2017	29,800,000	\$0.03055	100%	Service Period	910,423	0.5	910,423	-	-
2	24/11/2017	29,800,000	\$0.03055	100%	Service Period	910,423	1.5	910,423	-	-
		59,600,000				1,820,846		1,820,846	-	-
<b>Key Management Personnel Shares</b>										
1	24/11/2017	3,316,667	\$0.03061	100%	Service Period	101,533	0.5	101,533	-	-
2	24/11/2017	3,316,667	\$0.03061	100%	Service Period	101,533	1.5	101,533	-	-
3	24/11/2017	3,316,666	\$0.03895	100%	Service Period	129,191	2.5	129,191	-	-
		9,950,000				332,257		332,357	-	-
<b>Company Secretary Shares</b>										
1	14/12/2020	2,500,000	\$0.00559	100%	Service Period	13,984	1	13,914	13,914	70
2	14/12/2020	2,500,000	\$0.00768	100%	Service Period	19,198	2	6,740	6,740	12,458
3	14/12/2020	2,500,000	\$0.00921	100%	Service Period	23,021	3	4,907	4,907	18,115
4	14/12/2020	2,500,000	\$0.01038	100%	Service Period	25,956	4	3,969	3,969	21,987
		10,000,000				82,159		29,528	29,528	52,631

The above fair value calculation was based on the following inputs:

	KMP Tim Maclean	CS Oliver Carton
Share price at date granted	\$0.090	\$0.016
Risk free rate	1.90%	0.35%
Volatility factor	75%	100%
Exercise Price	\$0.116	\$0.025
Time to maturity	3 years	4 years
Expected dividend yield	0%	0%

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

	2021		2020	
	\$	No.	\$	No.
<b>15. CAPITAL AND RESERVES</b>				
<b>Issued and paid up capital</b>				
Ordinary shares, fully paid	91,904,488	3,961,453,850	88,106,976	3,625,992,479
<b>Reconciliation of contributed equity</b>				
Balance at beginning of 1 July	88,106,976	3,625,992,479	81,373,233	3,083,406,567
Shares issued during the year:				
Share placement @ \$0.00161	-	-	5,817,508	361,335,912
Share placement @ \$0.008	-	-	1,450,000	181,250,000
Costs of capital raising	-	-	(533,765)	-
Share placement @ \$0.015 (i)	679,688	45,312,500	-	-
Share placement @ \$0.018 (ii)	5,222,680	290,148,871	-	-
Costs of capital raising	(340,840)	-	-	-
Reduction in capital (iii)	(1,764,015)	-	-	-
Balance at end of year	91,904,488	3,961,453,850	88,106,976	3,625,992,479

The Company does not have authorised capital or par value in respect of its issued shares.

- i. Citigroup Pty Limited exercised their option to purchase shares at \$0.015 per share, with 45,312,500 shares issued on 3/8/2020.
- ii. On 2 September 2020 Australian Mines Limited raised \$5.2 million via a fully committed Share Placement of 290,148,871 shares at an issue price of \$0.018 per share.
- iii. On 23 March 2021 shareholders approved a reduction of Australian Mines Limited's share capital by way of an in-specie distribution of Norwest Minerals Limited shares. On the implementation date Australian Mines Limited shareholders received 1 Norwest Minerals Limited share for every 189 Australian Mines Limited shares held.

The 10m shares being held by Lennon Group Pty Ltd, as trustee for the Australian Mines Limited Loan Share Plan, were granted to Oliver Carton on 14/12/2020.

	2021	2020
	\$000	\$000
<b>Share Option Reserve</b>		
Balance at beginning of year	494	494
Options issued	-	-
Balance at end of year	494	494
<b>Share Based Payments Reserve</b>		
Balance at beginning of year	3,557	3,578
Adjustment to Opening	-	(68)
Share based payment employees/Director's transactions	30	47
Balance at end of year	3,587	3,557
<b>Total Reserves</b>	4,081	4,051

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

15. CAPITAL AND RESERVES (cont.)

The Share Option Reserve represents the cost of options issued to shareholders.

The Share Based Payment Reserve represents the fair value of share options granted. The estimate of fair value of the services received is based on the Black-Scholes model. The calculated fair value is based on parameters as set out in Note 14.

	2021	2020
	\$000	\$000
<b>16. ACCUMULATED LOSSES</b>		
Balance at beginning of year	(55,113)	(51,616)
Adjustment to opening retained earnings	-	(42)
Adjustment to share based payment	-	68
Net (loss) for the year	(4,493)	(3,523)
Accumulated losses at end of year	(59,606)	(55,113)

17. FINANCIAL RISK MANAGEMENT

**Overview**

The Consolidated Group has exposure to the following risks from its use of financial instruments:

- a) Interest rate risk
- b) Liquidity risk
- c) Credit risk

This Note presents information about the Consolidated Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk of the management framework. The Board is responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Consolidated Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Consolidated Group's activities.

The Consolidated Group does not enter into financial instruments for trade or speculative purposes. However, in the normal course of its business, it is exposed to interest rate and liquidity risks, credit risk and foreign currency risk.



AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

17. FINANCIAL RISK MANAGEMENT (cont.)

(a) Interest rate risk

	Weighted Average Interest Rate	6 Months or Less	6 – 12 Months	1 to 5 Years	Non- interest Bearing	Total
		\$000	\$000	\$000	\$000	\$000
<b>2021</b>						
<i>Financial assets</i>						
Trade and other receivables		-	-	-	32	32
Cash and cash equivalents	0.06%	3,641	-	-	-	3,641
	(variable)	3,641	-	-	-	3,673
<i>Financial liabilities</i>						
Trade and other payables		-	-	-	364	364
Lease Liability	10.00%	82	82	181	-	345
	(fixed)	82	82	181	364	709
<b>2020</b>						
<i>Financial assets</i>						
Trade and other receivables		-	-	-	92	92
Cash and cash equivalents	6.26%	3,242	-	-	-	3,242
	(variable)	3,242	-	-	92	3,334
<i>Financial liabilities</i>						
Trade and other payables		-	-	-	89	89
Lease Liability	10.00%	86	86	390	-	562
	(fixed)	86	86	390	89	651

**Sensitivity analysis for variable rate instruments**

A change in interest rates at the reporting date would have resulted in the following impact on profit or loss, assuming the amounts of variable rate instruments at 30 June were constant throughout the preceding year. A change in interest rates does not impact equity.

	2021 \$000	2020 \$000
Net financial assets subject to variable interest rates	3,641	3,242
Decrease in loss resulting from a 1% pa increase in variable interest rates	36	32
(Increase) in loss resulting from a 1% pa decrease in variable interest rates	(36)	(32)

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

17. FINANCIAL RISK MANAGEMENT (cont.)

(b) Liquidity risk

Liquidity risk is the risk that the Consolidated Group will encounter difficulty in meeting the obligations associated with its financial liabilities. The Consolidated Group manages its liquidity risk by monitoring cashflows using monthly cashflow forecasts and by paying creditors on 30-day terms.

The following are the Consolidated Group's contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount \$000	Contractual cash flows \$000	6 months or less \$000	6 to 12 months \$000	1 to 5 years \$000
<b>2021</b>					
Trade and other payables	364	364	364	-	-
Lease Liability	345	345	82	82	181
	709	709	446	82	181
<b>2020</b>					
Trade and other payables	89	89	89	-	-
Lease Liability	562	562	86	86	390
	651	651	175	86	390

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and it arises principally from the Group's cash held at banks and trade receivables. The Consolidated Group lodges its cash deposits with international banks of good standing.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date was as follows:

	Carrying Amount 2021 \$000	Carrying Amount 2020 \$000
Cash at bank	3,641	3,242
Other Debtors	32	92
	3,673	3,334
	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Cash at Bank	3,641	3,242

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

17. FINANCIAL RISK MANAGEMENT (cont.)

(d) Capital management

The Consolidated Group monitors its capital performance and reviews its adequacy at regular intervals to ensure it is achieving a reasonable return on capital. There are no externally imposed capital requirements. The directors monitor the market capitalisation and net assets of the Consolidated Group to ensure performance is maintained for shareholders.

(e) Fair values

The fair values of significant financial assets and liabilities approximates the carrying amounts shown in the Statement of Financial Position.

18. CONTINGENT LIABILITIES

In accordance with the agreement with Jervois Mining Ltd for the Flemington project, a royalty of 1.5% of gross sales is payable on all proceeds from the sale of products. At this time, it is not possible to quantify the value of this royalty.

Upon commercial production from the Sconi Project, it is agreed that a final issue of \$2.5 million Australian Mines Limited shares (or cash at the option of Metallica Minerals Ltd) is payable to Metallica Minerals Ltd. Also, under the agreement royalty and payment obligations agreed are:

- a) a royalty of \$1.00 per tonne for the first 5 million tonnes of ore produced and \$2.00 per tonne for production in excess of 5 million tonnes on the Bell Creek tenements, payable to International Royalty Corporation ("IRC"); and
- b) a royalty of \$1.00 per tonne for the first 500,000 tonnes of ore produced and \$1.50 for production in excess of 500,000 tonnes of ore on the Minnamoolka tenement, that was payable to Auriongold Exploration Pty Limited (now deregistered).

These have not been recognised as a liability as both the \$2.5 million and royalty obligations are contingent upon commencement of full-scale commercial production which at this point in time, is only a possible obligation.

The Company's mining tenements are subject to native title applications. At this stage it is not possible to quantify the impact (if any) that native title may have on the operations of the Company.

There are no other contingent liabilities.

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

19. CONSOLIDATED ENTITIES

	Country of Incorporation	Ownership interest	
		2021	2020
<b>Parent entity</b>			
Australian Mines Limited	Australia		
<b>Subsidiaries</b>			
Flemington Mining Operations Pty Ltd	Australia	100%	100%
Sconi Mining Operations Pty Ltd	Australia	100%	100%
Auzrnd Pty Ltd	Australia	100%	100%
AML Advanced Materials Limited	UK	100%	100%

20. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 28 July 2021, the Company announced a share placement of 342,105,264 new shares at an issue price of \$0.019 to raise \$6.5 million (before costs).

The Company announced a binding offtake agreement was signed with LG Energy Solution on 16 August 2021. The agreement is for the supply of mixed nickel-cobalt hydroxide from the Sconi Project in Queensland. The agreement has only one Condition Precedent, which is that Australian Mines secures financing for construction of the Sconi Project, on or before 30 June 2022. This is a major milestone for Australian Mines with quantities expected to account for 100% of the projected future production.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, vaccinations, quarantine, travel restrictions and any economic stimulus that may be provided.

There is also uncertainty surrounding potential impacts associated with the current New South Wales Coronavirus (COVID-19) outbreak, with the potential to affect the other states in particular Queensland, Victoria and the Australian Capital Territory.

There have been no other events subsequent to reporting date.

AUSTRALIAN MINES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

21. SEGMENT INFORMATION

The Company operates in one reportable segment, being mining in Australia. The Board of Directors review internal management reports on a regular basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

Management has determined based on the reports reviewed by the Board of Directors and used to make strategic decisions, that the Group operates in one single reportable geographical segment being Australia. Such structural organisation is determined by nature of risks and returns associated with each business segment and define management structure as well as the internal reporting system. As a result, no additional segment information is provided.

22. PARENT ENTITY DISCLOSURES

	2021	2020
Australian Mines Limited	\$000	\$000
<b>STATEMENT OF FINANCIAL POSITION</b>		
Current Assets	3,661	3,312
Non-Current Assets	33,566	34,520
Total Assets	37,227	37,832
Current Liabilities	667	408
Non-Current Liabilities	181	379
Total Liabilities	848	787
<b>Net Assets</b>	<b>36,379</b>	<b>37,045</b>
<b>EQUITY</b>		
Contributed equity	91,904	88,107
Share option reserves	4,081	4,051
Accumulated losses	(59,606)	(55,113)
<b>TOTAL EQUITY</b>	<b>36,379</b>	<b>37,045</b>
<b>(Loss) attributable to equity holders of the Company</b>	<b>(4,493)</b>	<b>(5,696)</b>

AUSTRALIAN MINES LIMITED  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2021

23. RELATED PARTIES

The following were key management personnel of the group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

**Non-Executive Directors**

Mr M Ramsden – Chairman

Mr M Elias

Mr D Marinelli

Mr L Guthrie

**Executive Director**

Mr B Bell – Managing Director

**Key Management Personnel**

Mr T Maclean

The key management personnel compensation included in 'personnel expenses' (see Note 4) is as follows:

	2021	2020
	\$000	\$000
Short-term employee benefits	1,049	1,025
Post-employment benefits	71	160
Long term benefits	49	42
Share based payments	-	47
	1,169	1,274

**Individual directors and executives' compensation disclosures**

Information regarding individual directors and executives' compensation and some equity instruments disclosures are permitted by Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the Remuneration Report section of the Directors' Report.

**Other key management personnel transactions**

The terms and conditions of the transactions with key management personnel were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Apart from the details disclosed in the Remuneration Report, no director has entered into a contract with the Consolidated Group since the end of the previous financial year and there were no contracts involving directors' interests existing at year end.

AUSTRALIAN MINES LIMITED  
DIRECTORS' DECLARATION

- 1 In the opinion of the Directors of Australian Mines Limited ('the Company'):
- (a) the consolidated financial statements and Notes and the remuneration disclosures contained in the Remuneration report in the Directors' Report, as set out in section 12, are in accordance with the *Corporations Act 2001* (Cth), including:
    - (i) giving a true and fair view of the financial position of the Consolidated Group as at 30 June 2021 and its performance, for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards (including the Australian accounting interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements.
  - (b) the consolidated financial report also complies with International Reporting standards as disclosed in Note 2(a).
  - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 The directors have been given the declaration required by Section 295A of the *Corporations Act 2001* (Cth) from the Chief Executive Officer for the financial year ended 30 June 2021.

Dated at Perth the 23<sup>rd</sup> day of September 2021.

Signed in accordance with a resolution of the directors:

*Benjamin Bell*

Benjamin Bell  
Managing Director

## INDEPENDENT AUDITOR'S REPORT

To the members of Australian Mines Limited

### Report on the Audit of the Financial Report

#### Opinion

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

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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



## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Recoverability of Exploration and Evaluation Expenditure

Key audit matter	How the matter was addressed in our audit
<p>At 30 June 2021 the Group held a significant carrying value of capitalised exploration and evaluation expenditure as disclosed in Note 3(c) and 12.</p> <p>As the carrying value of these exploration and evaluation assets represent a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>Judgement is applied in determining the treatment of exploration expenditure in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources. In particular:</p> <ul style="list-style-type: none"> <li>• Whether the conditions for capitalisation are satisfied;</li> <li>• Which elements of exploration and evaluation expenditures qualify for recognition; and</li> <li>• Whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date;</li> <li>• Considering the status of the ongoing exploration programmes in respective areas of interest by holding discussions with management, and reviewing the Group’s exploration budgets, ASX announcements and director’s minutes;</li> <li>• Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves exist;</li> <li>• Verifying, on a sample basis, evaluation expenditure capitalised during the year for compliance with recognition and measurement criteria of AASB 6;</li> <li>• Considering whether any facts or circumstances existed to suggest impairment testing was required; and</li> <li>• Assessing the adequacy of the related disclosures in Note 3(c) and 12.</li> </ul>

## Other information

The directors are responsible for the other information. The other information comprises the information contained in the Directors' report and any information included beyond the Auditor's Independence Declaration for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Chairman's Letter, which is expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we 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 this regard.

When we read the Chairman's Letter, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

## Responsibilities of the directors for the Financial Report

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

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

## Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in paragraph 13 of the directors' report for the year ended 30 June 2021.

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

### Responsibilities

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

BDO Audit (WA) Pty Ltd

BDO  


Phillip Murdoch

Director

Perth, 23 September 2021

## AUSTRALIAN MINES LIMITED CORPORATE GOVERNANCE STATEMENT 2020 – 2021

Australian Mines Limited (“The Company”) and its Board are committed to achieving and demonstrating high standards of corporate governance. This statement sets out the main corporate governance practices of the Company during the financial year, providing disclosure in accordance with the Corporate Governance Principles and Recommendations as published by the ASX Corporate Governance Council. All these practices, unless otherwise stated, were in place for the entire year. Disclosure is made at the end of this statement of areas of non-compliance with the recommendations.

Further details of the various charters, policies, codes and procedures that document the Company’s corporate governance practices are set out in the Company’s website at [www.australianmines.com.au](http://www.australianmines.com.au).

### **The Board of Directors and Management**

The Board has adopted a formal statement of its roles, functions and responsibilities, and a statement of values for the Company, being encapsulated in its intent to build an ethical, reliable and sustainable supply chain for battery materials.

The Board's primary role is the optimisation of Company performance and protection and enhancement of shareholder value. Its functions and responsibilities include:

- setting policy and strategic direction and adopting a corporate strategy;
- monitoring Company and management's performance against this strategy;
- overseeing control and accountability systems;
- identifying the principal risks and opportunities of the Company's business;
- ensuring appropriate risk management systems are established and reviewed;
- ensuring there are sufficient resources to meet objectives and strategies;
- approving and monitoring financial reporting, capital management and compliance;
- appointing senior management, monitoring senior management's conduct and performance and overseeing remuneration, development and succession;
- adopting procedures to ensure the business of the Company is conducted in an honest, open and ethical manner consistent with Company values;
- approving all significant business transactions;
- ensuring the Company meets its continuous disclosure obligations and that its shareholders have available all information reasonably required to make informed assessments of the Company's prospects;
- overseeing the Company's commitment to sustainable development, the environment, health and safety of employees, contractors, customers and the community;
- ensuring that the Board remains appropriately skilled to meet Company needs;
- implementing an induction and continuing education program for directors;
- reviewing and approving corporate governance systems; and
- delegating authority to management where appropriate.

This statement is included on the Company's website and is to be reviewed annually to ensure it remains appropriate to the needs of the Company given its size, complexity and ownership structure and the skills of directors and managers.

AUSTRALIAN MINES LIMITED  
CORPORATE GOVERNANCE STATEMENT 2020 – 2021

**The Board of Directors and Management (cont.)**

The Board is also governed by the Company's Constitution and its various policies, as described elsewhere in this Statement.

A strategic balance is maintained between the responsibilities of the Board and the Managing Director.

*Board Members*

The Company currently has five directors, Michael Ramsden, Michael Elias, Dominic Marinelli, Benjamin Bell and Lee Guthrie. Details of these directors, including their skills, experience and terms of office are set out in the Company's annual report.

The Company's Constitution provides for a minimum number of 3 directors and maximum number of 10 directors and sets out the manner in which the number of Directors of the Board is determined.

The Board has adopted a materiality threshold relating to a director's current or former association with a supplier, professional adviser or consultant to the Company. From the Company's viewpoint, material is more than 5% of the Company's total consolidated expenses for the relevant financial year. From the director's viewpoint when assessing an association, material is more than 5% of the total revenue of the supplier, adviser or consultant as the case may be.

Mr Ramsden, together with his personally-related entities, is not a substantial shareholder of the Company. He is the Managing Director of Terrain Capital Limited which provides corporate finance services to the Company however the supply is not considered to be material. Therefore, in accordance with guidelines adopted by the Board, he is considered an independent Non-Executive Director.

Mr Elias is not a substantial shareholder of the Company. Therefore, in accordance with guidelines adopted by the Board, he is considered an independent Non-Executive Director.

Mr Marinelli, together with his personally-related entities, is not a substantial shareholder of the Company. He is a director of Terrain Capital Limited which provides corporate finance services to the Company however the supply is not considered to be material. Therefore, in accordance with guidelines adopted by the Board, he is considered an independent Non-Executive Director.

Mr Bell was appointed Managing Director on 23 January 2012. Therefore, in accordance with guidelines adopted by the Board, he is not considered independent.

Mr Guthrie is not a substantial shareholder of the Company. Therefore, in accordance with guidelines adopted by the Board, he is considered an independent Non-Executive Director.

The Board considers the make-up of the Board is appropriate given the Company's size and operations. The effectiveness of the Board is achieved through knowledge and experience specific to the business and the industry in which it operates.

The Company does not have a Nomination Committee, However, nominations for directorship are overseen by the Board as a whole and appropriate checks are to be implemented before any person is put forward for election as a Director.

Details of the members of the Board, their skills, experience, qualifications, term of office and independence status are set out in the Directors' Report under the heading "information on directors".

AUSTRALIAN MINES LIMITED  
CORPORATE GOVERNANCE STATEMENT 2020 – 2021

## The Board of Directors and Management (cont.)

### *Directors' Independence*

The Board has also adopted procedures intended to ensure that independent decision making occurs. All directors are entitled to seek independent professional advice, at the Company's cost, in carrying out their duties, subject to the chairperson's prior approval of the expenditure, which will not be unreasonably withheld. Further, in accordance with the *Corporations Act 2001* (Cth) and policies adopted by the Company, each member of the Board is required to keep the Board advised on an ongoing basis of any potential conflict of interest which may exist with the Company. If a conflict does exist, the director concerned must absent themselves from any Board discussion in relation to the relevant item and not vote upon such an item. Non-executive directors are also encouraged to confer on a need basis without management in attendance.

The Chairman of the Company is an independent director and not the CEO.

### *Term of Office*

One-third of all directors, other than the Managing Director, rounded down to the nearest whole number, must retire at each AGM. Where eligible, retiring directors may stand for re-election.

### *Responsibilities of Management*

The Managing Director is accountable to the Board for management of the Company and its subsidiaries within authority levels reviewed and approved by the Board each year, has authority to approve capital expenditure within predetermined limits set out by the Board, and is subject to the supervision of the Board. Material strategic and policy decisions are made by the Board.

The Managing Director is responsible for maintaining financial control across the Company and its subsidiaries. This includes management reporting to the Board, statutory accounting, auditing, taxation and insurance. Financial performance is monitored against financial control guidelines.

The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board. The current Company Secretary is a long-standing professional Company Secretary and has direct contact with all Directors as and when required.

The Board adopted its formal statement and its various policies in June 2005. It adopted a revised Board Charter in June 2020.

### *Independent Professional Advice*

Directors and Board Committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

### *Indemnification and Insurance of Directors and Officers*

The Company, to the extent permitted by law, indemnifies each Director, alternate Director, or executive officer (and any person who has previously served in any such capacity) against any liability or cost incurred by the person as an officer of the Company, or a related body corporate of the Company, including but not limited to liability for costs incurred in defending proceedings in which judgment is given in favour of the person or in which the person is acquitted. The indemnity may be extended to other employees at the discretion of the Directors.

### *Performance Assessment*

No assessment of the Board's performance was conducted during the year given the size of the Board.

AUSTRALIAN MINES LIMITED  
CORPORATE GOVERNANCE STATEMENT 2020 – 2021

**The Board of Directors and Management (cont.)**

The annual performance of the Managing Director was carried out by the Remuneration Committee in determining remuneration issues relating to him.

The performance of senior executives is assessed by the Managing Director. The assessment involves an annual review of performance and development and the results of the review are formally documented.

**Remuneration Committee**

A Remuneration Committee was established by the Board prior to the 2004 – 2005 year. The Committee will have a minimum of 3 members with majority of the members of the Committee are required to be non-executive directors and the Committee is required to be chaired by the non-executive Chairman.

The names of the members of the Remuneration Committee are Michael Ramsden, Michael Elias and Dominic Marinelli. The Remuneration Committee met twice during the period.

During the 2020 – 2021 year the Committee was chaired by Michael Ramsden, the non-executive Chairman due to his experience and expertise in the areas in which the Company operates and his non-executive status, the Board considers that he is suitably skilled to perform the role of chair of the Remuneration Committee. The Committee consisted of a majority of independent directors.

Each member of the senior executive team signs an employment contract at the time of their appointment covering a range of matters, including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. This job description is reviewed by the Remuneration Committee on an annual basis and, where necessary, is revised in consultation with the relevant employee.

Further information on directors' and executives' remuneration is set out in the Remuneration Report.

Executive remuneration and other terms of employment are reviewed annually by the Committee having regard to personal and corporate performance, contribution to long term growth, relevant comparative information and independent expert advice. As well as a base salary and compulsory superannuation, remuneration packages may include retirement and termination entitlements, performance-related bonuses and fringe benefits. Non-executive directors and executives are eligible to participate in the Share Loan Plan which provides for a loan allowing the purchase of shares in the Company under a loan. Any allotment of shares to directors must be approved by shareholders at a general meeting.

Details of the qualifications of directors of the remuneration committee and their attendance at Committee meetings are set out in the Directors' Report.

AUSTRALIAN MINES LIMITED  
CORPORATE GOVERNANCE STATEMENT 2020 – 2021

### Audit and Risk Committee

The Company recognises the importance of an Audit Committee and has established an Audit and Risk Committee.

The role of the Audit and Risk Committee includes:

- to recommend engagement and monitor performance of the external auditor;
- to review the effectiveness of management information and internal control;
- to review all areas of significant financial risk and risk management;
- to review significant transactions not a normal part of the Company's business;
- to review financial information and ASX reporting statements; and
- to monitor the effectiveness of risk management, internal controls and accounting compliance.

The Audit Committee is required to meet at least twice per year, review annual and half-year accounts, and report to the Board of Directors. The Audit Committee also oversees the Company's risk management systems and procedures.

The names of the members of the Audit and Risk Committee are Dominic Marinelli, Lee Guthrie and Michael Ramsden. Dominic Marinelli is the Chairman of the Audit and Risk Committee. The Audit and Risk Committee met four times during the period.

### External Auditors Policy

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditors is reviewed annually by the Audit and Risk Committee and applications for tender of external services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. The *Corporations Act 2001* (Cth) requires the rotation of the audit engagement partner every five years.

Analysis of fees paid to external auditors, including a break-down of fees for non-audit services, is provided in the Annual Report at Note 6 to the financial statements. The external auditors are required to provide an annual declaration of their independence to the Board and to the Audit Committee. The external auditor is required to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

### Nomination Committee

The Company does not have a Nominations Committee however nominations for directorship are overseen by the Board as a whole and appropriate checks are to be implemented before any person is put forward for election as a director.

### Risk Assessment and Management

The Company has in place a risk assessment and management policy, which sets out the Company's systems for risk assessment and management. The key aspects of the policy are that:

- the Audit and Risk Committee oversees the establishment and implementation of risk management systems and control frameworks, and in the absence of a separate audit committee has the responsibility to establish, implement and maintain these systems and frameworks; and



AUSTRALIAN MINES LIMITED  
CORPORATE GOVERNANCE STATEMENT 2020 – 2021

**Risk Assessment and Management (cont.)**

- the Company's senior management is delegated the tasks of management of operational risk and the implementation of risk management strategies with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

The Audit and Risk Committee reviews the Company's risk management systems and control frameworks, and the effectiveness of their implementation, annually. The Board also considers the management of risk at its regular meetings. The Company's risk profile, which is assessed and determined on the basis of the Company's business in commercial mining and mineral exploration, is reviewed annually upon advice from management including, where appropriate, as a result of regular interaction with management and relevant staff from across the Company's business.

The Audit and Risk Committee or the Company's senior management may consult with the Company's external accountants on external risk matters as required.

The Company's risk management systems and control frameworks for identifying, assessing, monitoring and managing its material risks, as established by the Board in conjunction with management, include:

- the Audit and Risk Committee's ongoing monitoring of management and operational performance;
- a comprehensive system of budgeting, forecasting and reporting to the Board;
- approval procedures for significant capital expenditure above threshold levels;
- regular review of all areas of significant financial risk and all significant transactions not part of the Company's normal business activities;
- regular presentations to the Audit and Risk Committee by management on the management of risk;
- comprehensive written policies in relation to specific business activities;
- comprehensive written policies in relation to corporate governance issues;
- regular communication between directors on compliance and risk matters; and
- consultation and review processes between the Board and external accountants.

The Board requires each major proposal submitted to the Board for decision be accompanied by a comprehensive risk assessment and, where required, management's proposed mitigation strategies. The Company has in place an insurance program which is reviewed periodically by the Board. The Board receives regular reports on budgeting and financial performance. A system of delegated authority levels has been approved by the Board to ensure business transactions are properly authorised and executed.

AUSTRALIAN MINES LIMITED  
CORPORATE GOVERNANCE STATEMENT 2020 – 2021

### Environment, Health and Safety

The Company recognises the importance of environmental and occupational health and safety (OH&S) issues and is committed to the highest levels of performance. To help meet this objective the board facilitates the systematic identification of environment and OH&S issues and ensures they are managed in a structured manner. This system allows the Company to:

- monitor its compliance with all relevant legislation;
- continually assess and improve the impact of its operations on the environment;
- encourage employees to actively participate in the management of environment and OH&S issues;
- work with trade associations representing the entity's business to raise standards;
- use energy and resources efficiently; and
- encourage the adoption of similar standards by the entity's principal suppliers, contractors and distributors.

To manage OH&S issues, the Board has approved a number of procedure documents including a Safety Management Plan and an Emergency Response Plan. It is a condition of employment for all employees to follow these procedures. Reporting on OH&S issues is a standard agenda item at Board Meetings.

### Code of Conduct

The Company adopted, in 2002, the Australian Institute of Company Directors' Code of Conduct ("AICD Code") to set appropriate standards of ethical and professional behaviour for its directors. In June 2005, the Company adopted a "Code of Conduct for Directors and Key Executives", which affirmed the Company's adoption of the AICD Code as appropriately setting the standards of ethical behaviour for directors. The Board will review compliance with this Code of Conduct every 12 months.

The Company's Code of Conduct for Directors and Key Executives prescribes standards including acting honestly and in good faith, exercising powers for a proper purpose, using due care and diligence, exercising independent judgment and avoiding a conflict of interest.

The Company has also adopted a "General Corporate Code of Conduct" ("General Code") which details the Company's commitment to appropriate corporate practices to its legitimate stakeholders and sets the standards expected of officers and employees in carrying out their duties.

The Company has in place a trading policy concerning trading in Company securities, a copy of which is provided to all officers and employees of the Company.

AUSTRALIAN MINES LIMITED  
CORPORATE GOVERNANCE STATEMENT 2020 – 2021

**Code of Conduct (cont.)**

The trading policy imposes certain restrictions on the Company's officers and employees trading in the Company's securities to prevent breaches of the insider trading provisions of the *Corporations Act 2001* (Cth). The key aspects of the policy are that:

- trading in Company securities and other tradeable financial products is only permitted upon notification, in the case of employees, to the Company's Managing Director or, in the case of officers, to the Company's Chairman. If the Chairman wishes to trade, he must notify the Company's Managing Director. Trading is only permitted for 2 weeks following notification and confirmation of trading must be provided to the Managing Director or Chairman (as the case may be);
- no trading is permitted at any time where an officer or employee is in possession of information which, if it was generally available, a reasonable person would expect to have a material effect on the price or value of the security or product, or for a period of 2 days following a public announcement by the Company in relation to the matter the subject of that information; and
- active dealing, being trading in a manner which involves frequent and regular trading, in the Company's securities is not permitted.

The trading policy is provided to all the Company officers and employees and compliance with it is reviewed at least annually. The Company's current trading policy was adopted in June 2005 but reflects the position adopted under its previous trading policies.

The implementation of and compliance with the Company's trading policy is dealt with in the procedures and mechanisms set out in the Company's risk assessment and management policy.

On 25 July 2018 the Company adopted an Anti-Bribery and Anti-Corruption Policy, and a Whistleblower Protection Policy. As stated, all policies and Charters were reviewed on 22 June 2020.

**Continuous Disclosure and Shareholder Communication**

The Company has in place a continuous disclosure policy, a copy of which is provided to all Company officers and employees who may from time to time be in the possession of undisclosed information that may be material to the price or value of the Company's securities.

In addition, at each of its meetings, the Board discusses continuous disclosure issues as a standing item and a list of all recent Company announcements is presented.

AUSTRALIAN MINES LIMITED  
CORPORATE GOVERNANCE STATEMENT 2020 – 2021

**Continuous Disclosure and Shareholder Communication (cont.)**

The continuous disclosure policy aims to ensure compliance with the Company's continuous disclosure obligations under the *Corporations Act 2001* (Cth) and the ASX Listing Rules. The aim of the policy is to:

- assess information and co-ordinate the timely disclosure to the ASX or the seeking of advice on the information;
- provide an audit trail of decisions regarding disclosure; and
- ensure officers and employees of the Company understand the obligation to bring relevant information to the attention of the chairperson.

The procedure adopted by the Company is essentially that any information which may need to be disclosed must be brought to the attention of the Chairman, who in consultation with the Board (where practicable) and any other appropriate personnel will consider the information and whether disclosure is required and prepare an appropriate announcement.

At least once in every 12-month period, the Board will review the Company's compliance with this continuous disclosure policy and update it from time to time, if necessary. This continuous disclosure policy was adopted in June 2005 and reflects the position adopted under its previous continuous disclosure policies.

The Managing Director has been nominated as the person responsible for communication with Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing, in conjunction with the Directors, information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website on the same day it is released to the ASX. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.

On 25 July 2018 the Company adopted a revised Continuous Disclosure Policy, which included a requirement for training in continuous disclosure obligations across the organisation. This was reviewed on 22 June 2020.

**Diversity Policy**

The Company believes that the promotion of diversity on boards, in senior management and within the organisation generally broadens the pool for recruitment of high-quality directors and employees; is likely to support employee retention; through the inclusion of different perspectives, is likely to encourage greater innovation; and is socially and economically responsible governance practice.

The Company is in compliance with the ASX Corporate Governance Council's Principles & Recommendations on Diversity. The Board of Directors is responsible for adopting and monitoring the Company's diversity policy. The policy sets out the beliefs and goals and strategies of the Company with respect to diversity within the Company. Diversity within the Company means all the things that make individuals different to one another including gender, ethnicity, religion, culture, language, sexual orientation, disability and age. It involves a commitment to equality and to the treating of one another with respect.

AUSTRALIAN MINES LIMITED  
CORPORATE GOVERNANCE STATEMENT 2020 – 2021

### Diversity Policy (cont.)

The Company is dedicated to promoting a corporate culture that embraces diversity. The Company believes that diversity begins with the recruitment and selection practices of its board and its staff. Hiring of new employees and promotion of current employees are made on the bases of performance, ability and attitude.

Currently, 36% of the Australian Mines' workforce are female, although there are presently no females on the Australian Mines' board. Given the present size of the Company, there are no plans to establish measurable objectives for achieving gender diversity at this time. The need for establishing and assessing measurable objectives for achieving gender diversity will be re-assessed as the size of the Company increases.

### Non-Compliance Statement

The Company has not followed all of the recommendations set out in Australian Securities Exchange Limited Listing Rule 4.10.3. The Recommendations that have not been followed and the explanation of any departure are as follows:

#### *Nomination Committee*

The Board has not established a nomination committee as, due to the Company's size and its operations, the Board considers a separately established committee is not warranted and its functions and responsibilities can be adequately and efficiently discharged by the Board as a whole. The Board assesses the experience, knowledge and expertise of potential directors before any appointment is made and adheres to the principle of establishing a board comprising directors with a blend of skills, experience and attributes appropriate to the Company and its business. The main criterion for the appointment of directors is an ability to add value to the Company and its business. All directors appointed by the Board are subject to election by shareholders at the following annual general meeting of the Company. Given the small size of the Board no skills matrix has been developed.

#### *Board Performance Report*

A formal board performance was not undertaken during the year. This was considered not necessary given the business environment and conditions during the year.

#### *Internal Audit Function*

The Company does not have an internal audit function. The Board manages internal control of risk as detailed above.

#### *Limiting Economic Risk*

The Company has an equity-based remuneration scheme but does not have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The scheme is based on providing a loan to acquire shares which must be repaid if the shares are disposed of, and which provides for vesting conditions. In these circumstances limiting the economic risk of participating in the scheme is considered unnecessary.

**AUSTRALIAN MINES LIMITED**  
**ADDITIONAL ASX INFORMATION**

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. Information regarding share and option holdings is current as at 15 September 2021.

**a) Substantial Shareholders**

There are no shareholders holding more than 5% of the total number of shares.

**b) Ordinary Shareholders**

Twenty largest holders of ordinary shares	Number of shares	% held
CITICORP NOMINEES PTY LIMITED	206,859,842	4.81
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	195,459,796	4.54
BNP PARIBAS NOMINEES PTY LTD	77,352,065	1.80
MR JEFFREY REED	75,000,000	1.74
MR MICHAEL RAMSDEN	71,894,670	1.67
MR BENJAMIN BELL	66,093,067	1.54
WHALE WATCH HOLDINGS LIMITED	60,000,000	1.39
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	50,733,083	1.18
MR DOMINIC MARINELLI	44,866,368	1.04
MR MALCOLM CLARK ANDERSON	40,957,443	0.95
VENUS AUSTRALASIA PTY LTD	34,300,000	0.80
MR MARK ANTHONY LEE	27,254,098	0.63
MR JUN ZHENG	26,070,000	0.61
PORT BARRACK PTY LTD	25,000,000	0.58
MR ROBERT QUOC KHAI LUONG	23,499,999	0.55
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	22,235,697	0.52
MR DOUGLAS MCDONALD BENNETT	20,025,000	0.47
MR GLENN WILLIAM HAROLD SHARP	20,000,000	0.46
PANGAEA TRADE (AUS) PTY LTD	19,618,202	0.46
INVERNESS GOLD SPV LIMITED	18,812,711	0.44

## AUSTRALIAN MINES LIMITED

### ADDITIONAL ASX INFORMATION

#### b) Ordinary Shareholders (cont.)

Each fully paid ordinary share entitles the holder to one vote at general meetings of shareholders, and is entitled to dividends when declared.

The total number of shares on issue is 4,303,559,114 and there is no current on-market buy back.

Distribution of ordinary shareholders at 15 September 2021:

Category of shareholding	Number of shareholders	Number of Securities	% of Securities
1 – 1,000	190	54,960	0.00
1,001 – 5,000	431	1,691,892	0.04
5,001 – 10,000	804	6,511,477	0.15
10,001 – 100,000	5,617	269,411,240	6.26
100,001 and over	4,469	4,025,889,545	93.55
<b>Total</b>	<b>11,511</b>	<b>4,303,559,114</b>	<b>100</b>

#### c) Quoted Securities

The Company has the following quoted securities on issue:

4,303,559,114

#### d) Unquoted Securities

No unquoted Securities as at 15 September 2021.

#### e) Unmarketable parcels holding

There are 2,525 holders of unmarketable parcels holding 26,273,228 shares.

AUSTRALIAN MINES LIMITED

TENEMENTS SCHEDULE

Location	Project	Tenement	Status	Interest
<b>AUSTRALIA</b>				
Queensland	Sconi	ML 10366	Granted	100%
Queensland	Sconi	ML 10342	Granted	100%
Queensland	Sconi	ML 10324	Granted	100%
Queensland	Sconi	ML 10332	Granted	100%
Queensland	Sconi	ML 20549	Granted	100%
Queensland	Sconi	MDL 515	Granted	100%
Queensland	Sconi	MDL 387	Granted	100%
Queensland	Sconi	EPM 25834	Granted	100%
Queensland	Sconi	EPM 25865	Granted	100%
Queensland	Sconi	EPM 25833	Granted	100%
Queensland	Sconi	EPM 26575	Granted	100%
Queensland	Sconi	EPM 26577	Granted	100%
Queensland	Sconi	EPM 26578	Granted	100%
Queensland	Sconi	EPM 26579	Granted	100%
Queensland	Sconi	EPM 26559	Granted	100%
Queensland	Sconi	EPM 26853	Granted	100%
Queensland	Sconi	EPM 26857	Granted	100%
Queensland	Sconi	EPM 26918	Granted	100%
Queensland	Sconi	EPM 27529	Granted	100%
New South Wales	Flemington	EL 7805	Granted	100%
New South Wales	Flemington	EL 8546	Granted	100%
New South Wales	Flemington	EL 8478	Granted	100%
New South Wales	Flemington	EL 8855	Granted	100%
New South Wales	Flemington	ELA 6321	Pending	0% <sup>1</sup>
New South Wales	Broken Hill	EL 8477	Granted	100%
New South Wales	Broken Hill	ELA 6320	Granted	100%
Western Australia	Lennard	E04/2529	Pending	0% <sup>2</sup>

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<sup>1</sup> 100% when granted

<sup>2</sup> 100% when granted



AUSTRALIAN MINES LIMITED  
MINERAL RESOURCE ESTIMATES

Sconi Project, Queensland, Australia  
(Effective 14 February 2019)<sup>3</sup>

Classification	Tonnes (million tonnes)	Nickel equivalent (%)	Nickel (%)	Cobalt (%)
Measured	5.05	1.06	0.83	0.07
Indicated	17.24	0.90	0.73	0.05
Inferred	10.34	0.63	0.54	0.04
<b>Total</b>	<b>32.63</b>	<b>0.84</b>	<b>0.69</b>	<b>0.05</b>

**Table 1:** Greenvale Mineral Resource  
(Lower cut-off grade: Nickel equivalent 0.40%)

Classification	Tonnes (million tonnes)	Nickel equivalent (%)	Nickel (%)	Cobalt (%)
Measured	1.60	0.91	0.53	0.11
Indicated	12.63	0.83	0.47	0.11
Inferred	0.38	0.66	0.55	0.03
<b>Total</b>	<b>14.62</b>	<b>0.83</b>	<b>0.48</b>	<b>0.11</b>

**Table 2:** Lucknow Mineral Resource  
(Lower cut-off grade: Nickel equivalent 0.55%)

Classification	Tonnes (million tonnes)	Nickel equivalent (%)	Nickel (%)	Cobalt (%)
Measured	1.62	1.17	0.73	0.15
Indicated	19.37	0.83	0.57	0.09
Inferred	7.48	0.70	0.53	0.07
<b>Total</b>	<b>28.47</b>	<b>0.81</b>	<b>0.57</b>	<b>0.09</b>

**Table 3:** Kokomo Mineral Resource  
(Lower cut-off grade: Nickel equivalent 0.45%)

<sup>3</sup> The Mineral Resource Estimates for the Greenvale, Lucknow and Kokomo deposits are reported under JORC 2012 Guidelines and were reported by Australian Mines on 14 February 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 14 February 2019 announcement by Australian Mines.

Nickel equivalent (NiEq) calculations are described in detail on page 76 of this report.

AUSTRALIAN MINES LIMITED  
MINERAL RESOURCE ESTIMATES

Sconi Project, Queensland, Australia (cont.)

Classification	Tonnes (million tonnes)	Nickel equivalent (%)	Nickel (%)	Cobalt (%)
Measured	11.4	1.02	0.84	0.05
Indicated	12.7	0.74	0.64	0.03
Inferred	1.7	0.66	0.55	0.03
<b>Total</b>	<b>25.8</b>	<b>0.86</b>	<b>0.72</b>	<b>0.04</b>

**Table 4:** Bell Creek Mineral Resource<sup>4</sup>

(Lower cut-off grade: Nickel equivalent 0.45%).

Classification	Tonnes (million tonnes)	Nickel (%)	Cobalt (%)
Indicated	11.9	0.67	0.03
Inferred	2.4	0.60	0.02
<b>Total</b>	<b>14.3</b>	<b>0.66</b>	<b>0.03</b>

**Table 5:** Minnamoolka Mineral Resource<sup>5</sup>

(Lower cut-off grade: Nickel 0.45%)

Flemington Project, New South Wales, Australia

(Effective 31 October 2017)<sup>6</sup>

Classification	Tonnes (million tonnes)	Cobalt (%)	Scandium (ppm)
Measured	2.5	0.103	403
Indicated	0.2	0.076	408
<b>Total</b>	<b>2.7</b>	<b>0.101</b>	<b>403</b>

**Table 6:** Flemington Mineral Resource

(Lower cut-off grade: Cobalt 0.03%)

<sup>4</sup> The Mineral Resource Estimate for the Bell Creek deposit is reported under JORC 2012 Guidelines and was reported by Australian Mines on 29 April 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 29 April 2019 announcement by Australian Mines.

<sup>5</sup> The Mineral Resource Estimate for the Minnamoolka deposit is reported under JORC 2012 Guidelines and was reported by Australian Mines on 21 October 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 21 October 2019 announcement by Australian Mines.

**Nickel equivalent (NiEq) calculations are described in detail on page 76 of this report.**

<sup>6</sup> The Mineral Resource Estimates for the Flemington deposit is reported under JORC 2012 Guidelines and were reported by Australian Mines on 31 October 2017. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 October 2017 announcement by Australian Mines.

AUSTRALIAN MINES LIMITED  
ORE RESERVE ESTIMATES

Sconi Project Ore Reserve Estimates

Classification	Pit	Ore (Million tonnes)	Nickel (%)	Cobalt (%)	Scandium (ppm)
Proved	Greenvale	4.49	0.83	0.07	36
	Kokomo	1.52	0.72	0.15	58
	Lucknow	2.07	0.47	0.09	51
	<b>Sub-total</b>	<b>8.08</b>	<b>0.72</b>	<b>0.09</b>	<b>44</b>
Probable	Greenvale	13.08	0.73	0.05	29
	Kokomo	17.43	0.57	0.09	31
	Lucknow	18.71	0.42	0.08	38
	<b>Sub-total</b>	<b>49.22</b>	<b>0.55</b>	<b>0.08</b>	<b>33</b>
Total	Greenvale	17.57	0.76	0.06	31
	Kokomo	18.96	0.58	0.10	33
	Lucknow	20.77	0.42	0.08	39
	<b>TOTAL</b>	<b>57.30</b>	<b>0.58</b>	<b>0.08</b>	<b>35</b>

**Table 7:** Sconi Project Ore Reserve summary based on variable nickel equivalent cut-off between 0.40% and 0.45%.

Ore Reserve as per Australian Mines' announcement released via the ASX platform on 13 June 2019. Prepared by specialist mine planning consultants, Orelogy, in accordance with the current 2012 JORC Code.

There has been no Material Change or Re-estimation of the Ore Reserve since this 13 June 2019 announcement by Australian Mines.

The Mineral Resource figures in Tables 1 to 3 are inclusive of the Ore Reserve figures above. Approximately 14% of the Ore Reserves (outlined in the table above) are classified as Proved and 86% are classified as Probable. It should be noted that the Proved and Probable Reserves are inclusive of allowance for mining dilution and ore loss.

AUSTRALIAN MINES LIMITED  
NICKEL EQUIVALENT CALCULATIONS – SCONI PROJECT

NiEq grades reference in this report were calculated according to the following formula:

$$NEq = [(nickel\ grade \times nickel\ price \times nickel\ recovery) + (cobalt\ grade \times cobalt\ price \times cobalt\ recovery)] / (nickel\ price \times nickel\ recovery)$$

The formula was derived using the following commodity prices and recoveries:

Forex US\$:A\$ = 0.71,

Nickel – A\$27,946/t and 94.8% recovery,

Cobalt – A\$93,153/t and 95.7% recovery.

Prices and recoveries effective as at 10th February 2019.

Metal recovery data was determined by variability test work of nickel and cobalt solvent extraction during the in-house pilot plant test work program. Results typically achieved between 90% and 99% from samples with nickel and cobalt grades aligned with expected mine grades as reported from the Mineral Resource model. Lower recoveries of between 85% and 90% were achieved from some lower-grade samples to determine economic cut off grades.

It is the opinion of Australian Mines that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.

The Competent Person and Australian Mines believe there are reasonable prospects for eventual economic extraction of the Mineral Resources. Consideration was given to the relatively shallow depth of the mineralisation, existing infrastructure near to the project including sealed road access, power, labour and water, and positive results from the 2018 Feasibility Study.

AUSTRALIAN MINES LIMITED  
COMPETENT PERSONS' STATEMENTS

**Sconi Project, Queensland, Australia**

The Mineral Resource for the Sconi Project contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource for the Greenvale, Lucknow and Kokomo deposits within the Sconi Project were first reported by Australian Mines on 14 February 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 14 February 2019 announcement by Australian Mines.

The information in this report that relates to Sconi Project's Greenvale, Lucknow and Kokomo Mineral Resources is based on, and fairly reflects, information compiled by Mr David Williams, a Competent Person, who is an employee of CSA Global Pty Ltd and a Member of the Australian Institute of Geoscientists (#4176). Mr Williams has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves" (JORC Code). Mr Williams consents to the disclosure of information in this report in the form and context in which it appears.

The Ore Reserve for the Sconi Project contained within this document is reported under JORC 2012 Guidelines. This Ore Reserve was first reported by Australian Mines on 13 June 2019. There has been no Material Change or Re-estimation of the Ore Reserve since this 13 June 2019 announcement by Australian Mines.

The information in this report that relates to Ore Reserves is based on, and fairly reflects, information compiled by Mr Jake Fitzsimons, a Competent Person, who is an employee of Orelogy Consulting Pty Ltd and a Member of the Australian Institute of Mining and Metallurgy (MAusIMM #110318). Mr Fitzsimons has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves" (JORC Code). Mr Fitzsimons consents to the disclosure of information in this report in the form and context in which it appears.

The Mineral Resource for the Bell Creek deposit, located within the Sconi Project, contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines on 29 April 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 29 April 2019 announcement by Australian Mines.

The information in this report that relates to the Sconi Project's Bell Creek Mineral Resource is based on, and fairly reflects, information compiled by Mr David Williams, a Competent Person, who is an employee of CSA Global Pty Ltd and a Member of the Australian Institute of Geoscientists (#4176). Mr Williams has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves" (JORC Code). Mr Williams consents to the disclosure of information in this report in the form and context in which it appears.

The Mineral Resource for the Minnamoolka deposit, located within the Sconi Project, contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines on 21 October 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 21 October 2019 announcement by Australian Mines.

AUSTRALIAN MINES LIMITED  
COMPETENT PERSONS' STATEMENTS

**Sconi Project, Queensland, Australia (cont.)**

The information in this report that relates to the Sconi Project's Minnamoolka Mineral Resources is based on, and fairly reflects, information compiled by Mr David Williams, a Competent Person, who is an employee of CSA Global Pty Ltd and a Member of the Australian Institute of Geoscientists (#4176). Mr Williams has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves" (JORC Code). Mr Williams consents to the disclosure of information in this report in the form and context in which it appears.

**Flemington Project, New South Wales, Australia**

The Mineral Resource for the Flemington Project contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines on 31 October 2017. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 October 2017 announcement by Australian Mines.

Information in this report that relates to Flemington Project's Exploration Results is based on information compiled by Mr Mick Elias, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Elias is a director of Australian Mines. Mr Elias has sufficient experience relevant to this style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Elias consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.