# SensOre Ltd

**ABN 16 637 198 531**

## Consolidated General Purposes Financial Statements
## 30 June 2021

## FORWARD-LOOKING STATEMENTS

Certain information contained in this report, including any information on SensOre Ltd's (**SensOre** or the **Company**) plans or future financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking words, such as 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target' and other similar expressions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. Forward-looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance.

Forward-looking statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. SensOre cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of SensOre to be materially different from the Company's estimated future results, performance or achievements expressed or implied by those forward-looking statements. These factors include: the inherent risks involved in exploration and development of mineral properties, financing risk, changes in economic conditions, changes in the regulatory environment and other government actions, changes in other factors, such as business and operational risk management, many of which are beyond the control of SensOre. There can be no assurance that actual outcomes will not differ materially from these statements.

Past performance information given in this report is given for illustrative purposes only and is not necessarily a guide to future performance. No representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements, forecast financial information or other forecast. Nothing contained in this report is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or future performance of SensOre.

Except as required by applicable regulations or by law, SensOre does not undertake any obligation to publicly update, review or release any revisions to any forward-looking statements to reflect new information, future events or circumstances after the date of this report.

Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell SensOre securities.

# CONTENTS

# CHAIRMAN'S MESSAGE

My fellow shareholders,

SensOre has had a transformative first full year of operations. Many of the goals we established at the beginning of the year have been achieved. SensOre now has two business development and technology groups in Melbourne and Perth and a growing footprint, not only in terms of new states and geological domains, but also in new commodities.

SensOre has built upon its land package of prospective gold projects in Western Australia's goldfields. New projects such as Maynard's Dam in joint venture with ASX-listed companies Torque Metals and Jindalee Resources and Balagundi, near the famous Kalgoorlie Super Pit, have been highlights. The exploration results at Mt Magnet have been particularly encouraging with the discovery of an intrusion-related gold system and positive results from testing for higher grade potential at depth.

Our commodity focus has expanded. Work with clients has seen SensOre's Data Cube and Discriminant Predictive Targeting® (DPT®) applied to nickel, copper and rare earth elements. Our Moonera project, formerly a CRA project and now a joint venture with a prospector, is set to be drilled in the coming year. Recently completed infill geophysics has added to the project's prospectivity.

On the technology front, automation of SensOre's workflow in collaboration with CSIRO and IBM has continued at pace, allowing us to progress towards a continent wide Data Cube which will eventually host all of the available geoscience information that can be deployed to progress discovery. In addition to this, our dedicated research team in Perth has developed a series of novel tools that will enhance data applications for the SensOre Group, its partners and the clients we work with.

Our investment in technology and automation is paying off with the recent expansion of the Data Cube to South Australia; initially incorporating SensOre acquired geology, geophysics and extensive surface geochemistry data. Over time, this part of the Data Cube will deepen to match the work undertaken in Western Australia. Our teams are already looking at further deployment on the east coast for Victoria and Queensland.

On behalf of our directors and senior executives, I thank you for your support over the past year and look forward to further exciting developments in the year ahead.

Yours sincerely,

Robert Peck AM
**Chairman**

# DIRECTORS' REPORT

The directors of SensOre present their report, together with the consolidated financial statements of the Company and its controlled entities (the **Group**), for the year ended 30 June 2021 and the audit report thereon.

## DIRECTORS

The names of directors in office during the year and up to the date of this report are:

Robert Peck
Richard Taylor
Robert Rowe
Nicholas Limb
Adrian Manger
Anthony O'Sullivan

## INFORMATION ON DIRECTORS

The names and details of the directors in office during the period and as at the date of this report, unless indicated otherwise, are:

### Non-executive chairman

**Robert Peck AM BArch, MBA**

Robert is a founding Principal of peckvonhartel architects with 50 years' experience in the architectural, development and infrastructure sectors, and the building industry nationally and in South East Asia. He is former President of the Australian Assoc. of Consulting Architects, founding director of Japara Healthcare, former Chair of iVvy and director of the RVF Group.

### Executive director & chief executive officer

**Richard Taylor GAICD, MBA, LLM, BEc/LLB**

Richard has held senior executive roles in the resource sector for more than 15 years. Prior to SensOre, he was CEO of ASX-listed Terramin Australia Ltd and held senior roles with Mineral Deposits Limited, PanAust, MMG Ltd and Oxiana Ltd specialising in business development, strategy and governance. Richard is a qualified lawyer. He holds an MBA from the University of Cambridge and a Master degree in Law from ANU.

### Executive director & chief operating officer

**Robert Rowe BSc (Hons), MAusIMM, RPG in Mineral Exploration with AIG and MSEG**

Robbie has +30 years of experience in gold and copper exploration from greenfield to mining environment. He was former Chief Geologist and VP Exploration Australia Africa Asia Pacific region with Barrick Gold Corporation. He is an UNCOVER executive and from 2014-19 was an independent consultant to the mining industry, government and academia. Robbie is responsible for the acquisition of new data sources and for managing execution of field exploration programs for technology validation.

### Non-executive directors

**Nicholas Limb BSc (Hons), MAusIMM**

Nic has overseen various ASX listed mining and exploration companies as managing director, executive chairman and, more recently, non-executive chairman. Those companies were mainly in the gold and mineral sands industries, operating in Australia and internationally. From 2011 to 2021, Nic was non-executive chairman of an ASX listed oil and gas exploration and development company. He has also held various non-executive director roles with listed wine companies and was chairman of the board of an international joint venture mining and smelting company for a number of years. Nic is a professionally qualified geoscientist, has developed significant leadership, financial and negotiating skills, and has extensive risk oversight, governance and management expertise.

**Adrian Manger B.Bus, CPA, MBA**

Adrian is a senior business executive with 30 years' minerals industry experience, including 20 years in executive and leadership roles with BHP. He has founded and successfully commercialised private Australian and Chilean mineral exploration companies. Adrian recently closed a public listing on the Canadian Securities Exchange, with an associated capital raise, for an exploration portfolio in Chile.

**Anthony O'Sullivan BSc (Hons), MSc, FAusIMM, Fellow SEG**

Anthony is Chief Development Officer of DeepGreen Metals and has over 30 years' experience in mineral exploration, technology and project development. He is a former BHP Global Exploration Leadership team member and has been involved in multiple start-ups including QPX Exploration, focused on deploying artificial intelligence and machine learning to improving mineral exploration outcomes.

## INFORMATION ON OFFICERS

### Chief technology officer

**Alfred Eggo BSc (Hons)**

Alf has 40 years of leading roles in technical excellence, including 16 years with Rio Tinto and 24 years as an independent consultant. His core skills are in geochemistry and a focus on the application of machine learning to large, multi-disciplinary databases to support mineral exploration. Alf is responsible for the technical development and deployment of DPT including the data cube build and automation of the platform DPT modules.

### Chief financial officer

**Greg Bell BCom, CA**

Greg Bell joined SensOre in 2021 from roles with Taurus in the Democratic Republic of Congo and Chief Financial Officer of Mineral Deposits Limited where he was responsible for all financial aspects of the Company including finance strategy, funding, taxation and financial reporting. He has over 20 years of accounting and corporate finance experience. Greg has a Bachelor of Commerce from the University of Melbourne and is a member of the Chartered Accountants of Australia and New Zealand.

### Company secretary & general manager – corporate affairs

**Michaela Evans BA (Hons), PhD, AGIA**

Michaela comes to SensOre with extensive cross-sector secretarial and governance experience following senior appointments with ASX listed Mineral Deposits Limited and private fintech eNett International. Michaela has also worked with listed oil and gas explorer FAR Limited and been employed in various research capacities by Curtin University and the University of Western Australia. Michaela has a BA and PhD from UWA, a Graduate Diploma in Applied Corporate Governance and is an Associate Member of the Governance Institute of Australia.

## FORMER PARTNER OF THE AUDIT FIRM

No current or former audit partners are directors or officers of the Company.

## REVIEW OF OPERATIONS & PRINCIPAL ACTIVITIES

The principal activities of the Company during the period were the development of SensOre's Data Cube and DPT® technology and the testing of DPT targets by SensOre's exploration team. SensOre aims to become the top performing minerals targeting company in the world through the deployment of artificial intelligence and machine learning (ML) technologies. SensOre provides a potential solution to the problem of declining exploration success, reducing grade and smaller size of discovery, all of which have led to a poor pipeline of new mining projects for the sector.

SensOre's DPT technology has been made possible by advances in computing power, ML algorithms and Big Data processing techniques. DPT combines the best aspects of deep geological knowledge with computer technology to know what questions to ask, what data to acquire, how to clean and train the system, and understand the outcomes. The resulting Data Cube contains 2,500 data layers and over 24 billion data points (just for Western Australia) and growing.

DPT differs from other exploration approaches in that it utilises all available, underlying data to achieve predictive capabilities of +85% of the known resource endowment. Conventional industry exploration uses only 20-40% of data, in separate interpretive steps and is subject to human bias. DPT, on the other hand, is a software system that predicts location, size, footprint, grade and depth. SensOre's mission is to reduce discovery costs by up to 100 times. The current industry average of exploration expenditure for every ounce of gold discovered in Australia is A$82 per ounce. Using DPT, we aim to move directly from drill target to discovery; seeking to reduce cost to A$11 per ounce.

DPT uses ML algorithms specifically selected then applied to fundamental data and data derivatives. The system uses 25 individual ML algorithms from all ML classes; supervised, semi-supervised, un-supervised and reinforcement. DPT looks for specific correlations between training deposits and each cell. DPT works off a standard minimum cell size of 400 x 400m and applies 'feature engineering and data imputation' techniques to infill data.

SensOre has focused this period on incorporating the vast Western Australia industry legacy data set, including +6 million surface samples, +100 million elemental assays, +200 million drill hole samples and +650 million elemental assays. Our approach is commodity agnostic and, while it was developed first for gold exploration (due to the prevalence of training data sets and widespread assaying for gold), it is being applied to nickel and copper and can eventually be applied to any commodity (including water, for example). As all available geological and geoscience data is collected, the potential range of uses for SensOre's technology grows.

SensOre manages several subsidiaries that hold its exploration targets.

**Yilgarn Exploration Ventures (YEV)** (60% SensOre, 40% ASX-listed DGO Gold Limited) holds nine targets across 11 tenement packages directly and by joint venture:

100% YEV:

- Boodanoo
- Christmas Well
- Mt Magnet (South)
- Providence Bore
- Tea Well

YEV joint ventures:

- Desdemona North (farm-in to 75%)
- Meekatharra (Tea Well) (farm-in 85%)
- Mt Magnet (North) (farm-in 85%)
- North Darlot (farm-in 85%)
- Balagundi (farm-in 80%) and Central Balagundi (farm-in 80%)

Over the period, drilling (air core, RC and diamond), geophysical surveys, soil sampling and rock chip sampling was undertaken. Historical data was received from joint-venture partners and added to the Data Cube. Drilling data was reviewed using SensOre's proprietary AGLADS® technology.

**SensOre Yilgarn Ventures (SYV)** (100% SensOre) holds six targets in five tenement packages directly and by joint venture:

100% SYV:

- 8 Mile Well (application)
- Mogul Well (application)

SYV joint ventures:

- Moonera (farm-in 80%)
- Maynard's Dam (farm-in 70% subject to a potential 10% buyback in favour of Torque Metals)
- Auckland (option to purchase 100%)

SensOre has incorporated Pilbara Exploration Ventures (**PEV**) which holds no targets or tenement packages and SensOre Exploration Holdings (**SEH**) which holds one target in one tenement package in a joint venture:

- Sandstone Road (farm-in to 85%)

## CORPORATE

During the year ended 30 June 2021, the Company secured a $4.0 million investment from DGO Gold Limited (ASX: DGO) to acquire a 40% equity interest in subsidiary Yilgarn Exploration Ventures Pty Ltd (YEV). DGO's investment funded the testing of six tenement packages containing conventional and AI-Targets in 2020 and 2021. Further, SensOre recharged exploration related expenditure incurred by SensOre on behalf of YEV under the terms of the shareholders agreement entered into as part of DGO's strategic investment. For the year ended 30 June 2021, revenue charged by SensOre to YEV was $1,036,611 (30 June 2020: Nil).

Following the success of DGO's strategic investment, SensOre will continue to identify and create target portfolios ready for co-investment in order to generate further internal client revenue and maintain equity and royalty positions in attractive exploration packages.

During the year ended 30 June 2021, the Company entered into a joint targeting agreement (JTA) with BHP. The JTA envisaged a phased process training the DPT® technology on commodity specific deposit types and applying the knowledge gained to a pre-determined search space. The Company completed phases one and two of the JTA, with the final phase to be completed in the first quarter of the 2022 financial year.

During the year ended 30 June 2021, YEV was also successful in receiving Exploration Incentive Scheme (EIS) funding from the Western Australia Government. Four of the Group's tenement packages were granted co-funding for exploration drilling during the year ended 30 June 2021 for a total funding amount of $650,000. During the year ended 30 June 2021, YEV had claimed $203,107 of the total funding amount, with the balance to be claimed during the year ended 30 June 2022.

## FINANCIAL RESULTS

SensOre Ltd and its controlled entities recorded a net loss after tax of $4,169,977 (30 June 2020: restated net loss after tax of $1,632,074).

The Group recorded external revenue of $1,682,920 (including external exploration services revenue of $450,000, research and development tax incentive of $977,171 and government grants of $231,811), offset by exploration expenditure of $1,797,400, personnel costs of $2,217,688, consultants and contractor costs of $672,273, depreciation and amortisation of $553,702 (predominantly relating to amortisation of acquired technology and intellectual property of $500,000) and other administration, marketing, investor relations, maintenance and property expenses of $611,867.

## FINANCIAL POSITION

As at 30 June 2021, the Group held a net asset position of $13,021,735 (30 June 2020: net assets of $11,656,828), comprising:

- Cash and cash equivalents of $1,603,835 (30 June 2020: $1,434,492)
- Trade and other receivables of $1,075,893 (30 June 2020: $504,409)
- Exploration and evaluation assets of $7,179,155 (30 June 2020: $4,966,111)
- Technology and intellectual property assets of $4,208,333 (30 June 2020: $4,708,333)
- Property, plant and equipment of $273,516 (30 June 2020: $195,955)
- Trade and other payables of $1,210,415 (30 June 2020: $206,316)
- Other assets and liabilities netting to a net liability of $109,082 (30 June 2020: net asset of $53,344)

## CASH FLOW

For the year ended 30 June 2021, the Group realised a net cash inflow of $169,343 (30 June 2020: net cash inflow of $1,434,492), comprising:

- Net proceeds from capital raising of $1,946,568 (30 June 2020: $3,266,550)
- Proceeds from DGO Gold Limited's investment in Yilgarn Exploration Ventures Pty Ltd of $3,500,000 (30 June 2020: Nil)
- Payments for capitalised ($2,138,044) and non-capitalised ($1,622,519) exploration expenditure of $3,760,563 (30 June 2020: $197,922)
- Receipts from external customers ($450,000), Australian Tax Office ($489,552) and Government Grants

($178,010) of $1,117,562 (30 June 2020: Nil)

- Payments to suppliers and employees of $2,580,687 (30 June 2020: $1,487,530)
- Other net cash outflows of $53,537 relating to payments for property, plant and equipment, interest, insurance premium funding and lease liabilities (30 June 2020: outflow of $146,606)

## SUBSEQUENT EVENTS

Subsequent to balance date, the COVID-19 pandemic continues to have an impact on the operations of the Group and more broadly in local and international economies. The longer-term impacts of COVID-19 on the operations of the Group remain uncertain and cannot be quantified at this time.

As outlined in note 19, Yilgarn Exploration Ventures Pty Ltd (**YEV**) received the final tranche of $500,000 from DGO Gold Limited (**DGO**) to complete the $4.0 million contribution in funding for the testing and exploration targets identified by the Group and held by YEV. This final contribution was received on 16 July 2021 and has resulted in DGO now holding 400 fully paid shares in YEV (equivalent to a 40% interest).

As outlined below and in note 25 to the financial statements, on 1 July 2021 the Company issued 125,000 options to Martin Place Securities as partial consideration for capital raising services completed in May 2021. The fair value of these options has been recognised in trade and other payables and as a share issue cost for the year ended 30 June 2021.

As outlined in notes 21 and note 26, YEV has the potential to earn up to an 85% interest in the North Darlot JV through meeting minimum expenditure commitments over four years. In order to successfully earn this 85% interest, YEV is required to pay the tenement holder $75,000. YEV paid this amount on 9 July 2021 and, as such, it has been included as a liability in the Group's statement of financial position at 30 June 2021.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## CHANGE IN STATE OF AFFAIRS

Other than as stated above, there was no significant change in the state of affairs of the Group during the financial year.

## ENVIRONMENTAL REGULATIONS

The Company's operations are predominantly in Western Australia and are regulated by the Mining Act 1978 and the Environmental Protection Act 1986 and corresponding Commonwealth legislation which contain the main environmental regulations concerning SensOre's exploration activities.

SensOre's activities in the period involved exploration activities, including geophysical survey work, soil and rock chip sampling, air core, reverse circulation and diamond drilling as well as rehabilitation activities. There were no reportable breaches of environmental conditions.

## SHORT-TERM OBJECTIVES

The Company's short-term objectives for the next two years are:

- complete the Australia-wide data cube
- revenue of $2.0 million per annum sustaining revenue
- acquire and test Run 5 gold targets
- 2-3 YEV style subsidiary financing deals
- hire for technology commercialisation
- prototype technology platform
- increase State and Federal funding
- continually improve safety, data security and HR systems

## LONG-TERM OBJECTIVES

The Company's long-term objectives are to:

- develop the Australia data cube further for new commodities and clients
- scale and go global

## STRATEGY FOR ACHIEVING SHORT- AND LONG-TERM OBJECTIVES

SensOre aims to organise all of Australia's geological information and then go global. Currently, SensOre has a strategic asset in its Western Australia data cube and has extended aspects of the data cube across the Australian continent. Deepening the penetration of the data cube is dependent on automation and commercialisation. SensOre's short-term objectives are driven by this goal.

SensOre is laying the groundwork for scaling of international operations including expansion into North America. Market entry may be achieved through alliances or acquisitions.

SensOre has upgraded its IT infrastructure and business processes (human resources, accounting and financial management and governance structures) to support a growth profile. The Company will need to develop partnerships and alliances with major mining and technology investment funds, top-tier mining companies and leading technology companies (IBM etc.) in order to leverage collaborations to achieve shareholder value uplift of tech sector multiples.

In the longer term, SensOre aims to be active in multiple terranes undertaking fee for service work. The Company intends to commercialise its automated 'data cleaning' processes that allow it to rapidly add data to the data cube. SensOre has developed processes where data in the cube is continually assessed for quality. The data cube also supports the implementation and further development of software such as AGLADS®, iFertile™, iDeposit™ and commodity specific deposit databases, used in targeting accordingly.

## FUTURE DEVELOPMENT, PROSPECTS AND BUSINESS STRATEGIES

SensOre is a high growth focused company operating in a high growth sector. Capturing the opportunity presented may result in large changes to the underlying business and financial circumstances.

SensOre is exposed to the financial impact of COVID-19 on world economies through derived exposure to commodity prices, particularly gold and base metals. The pace and nature of the global pandemic may affect SensOre's business plan, prospects and business strategies.

## DIVIDENDS

During the financial year, no dividends were paid. The directors have not recommended the payment of a dividend in relation to the year ended 30 June 2021 (2020: nil).

## PERFORMANCE RIGHTS

At the date of this report, the following performance rights were outstanding:

| Unlisted performance rights | Grant date | Vesting date | Expiry date | Exercise price A$ | No. of performance rights on issue 30 Jun 2021 |
|---|---|---|---|---|---|
| 2020AA | 1 Feb 2020 | 1 Feb 2023 | 1 Feb 2025 | 0.25 | 873,060 |
| 2020AB | 20 Feb 2020 | 20 Feb 2023 | 20 Feb 2025 | 0.25 | 33,000 |
| 2020AC | 1 Apr 2020 | 1 Apr 2023 | 1 Apr 2025 | 0.25 | 1,248,000 |
| 2020AD | 6 Apr 2020 | 6 Apr 2023 | 6 Apr 2025 | 0.25 | 160,000 |
| 2020AE | 13 Apr 2020 | 13 Apr 2023 | 13 Apr 2025 | 0.25 | 150,000 |
| 2020AF | 23 Apr 2020 | 23 Apr 2023 | 23 Apr 2025 | 0.25 | 72,000 |
| 2020AG | 1 May 2020 | 1 May 2023 | 1 May 2025 | 0.25 | 69,120 |
| 2021AA | 1 Feb 2021 | 1 Feb 2024 | 1 Feb 2026 | 0.79 | 418,841 |
| 2021AB | 20 Feb 2021 | 20 Feb 2024 | 20 Feb 2026 | 0.79 | 11,436 |
| 2021AC | 24 Mar 2021 | 1 Feb 2024 | 1 Feb 2026 | 0.79 | 29,419 |
| 2021AD | 1 Apr 2021 | 1 Apr 2024 | 1 Apr 2026 | 0.79 | 432,456 |
| 2021AE | 6 Apr 2021 | 6 Apr 2024 | 6 Apr 2026 | 0.79 | 55,444 |
| 2021AF | 10 Apr 2021 | 1 Feb 2024 | 1 Feb 2026 | 0.79 | 148,847 |
| 2021AG | 13 Apr 2021 | 13 Apr 2024 | 13 Apr 2026 | 0.79 | 38,984 |
| 2021AH | 23 Apr 2021 | 23 Apr 2024 | 23 Apr 2026 | 0.79 | 18,713 |
| | | | | | **3,759,320** |

During the period, no performance rights over ordinary shares were exercised. There were no share options over shares in existence.

On 1 July 2021, the Company issued 125,000 options to Martin Place Securities as partial consideration for capital raising services provided in May 2021. The details of those options are outlined below:

| Unlisted options | Grant date | Vesting date | Expiry date | Exercise price A$ |
|---|---|---|---|---|
| Broker options | 1 July 2021 | 1 July 2021 | 30 Dec 2023 | 1.00 |

Further details of performance rights are contained in note 25 to the financial statements.

No person entitled to performance rights had or has any rights by virtue of the performance right to participate in any share issue of the Company.

## INDEMNIFICATION OF OFFICERS AND AUDITOR

The Company's constitution requires the Company to indemnify each director and its officers against liabilities (to the extent permitted by law and subject to the Corporations Act 2001) for certain costs and expenses incurred by any of them in defending any legal proceedings arising out of their conduct while acting as an officer of the Company. The Company has paid premiums to insure each of its directors and officers against liabilities and has entered into deeds of indemnity with each of its directors.

## DIRECTORS' MEETINGS

Throughout the year ended 30 June 2021, there were 24 directors' meetings. Included in the directors' meetings figures are 14 circular resolutions voted on by eligible directors which are necessary to address company business where the directors are unable to be present for formal board meetings. Eligibility and attendances were as follows:

| Director | Eligible | Attended |
|---|---|---|
| R Peck | 20 | 20 |
| R Taylor | 23 | 23 |
| R Rowe | 19 | 19 |
| N Limb | 20 | 20 |
| A Manger | 24 | 24 |
| A O'Sullivan | 24 | 24 |

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

## AUDITOR

Grant Thornton Audit Pty Ltd continues in office in accordance with the Corporations Act 2001.

## NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 30 to the financial statements.

The directors are satisfied that the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 30 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence statement is included on page 20 of the financial report.

## REMUNERATION REPORT

This remuneration report outlines the remuneration arrangements for the Company's non-executive directors, executive directors and other senior executives who have the authority and responsibility for planning, directing and controlling the activities of SensOre (**key management personnel**, hereafter referred to as **KMP**) for the period ended 30 June 2021.

### 1. KMP details

The names and positions held by KMP in office at any time during or since the end of the financial year are:

**Non-executive directors**

| | |
|---|---|
| Robert Peck AM | Chairman |
| Nicholas Limb | |
| Adrian Manger | |
| Anthony O'Sullivan | |

**Executive directors**

| | |
|---|---|
| Richard Taylor | Chief executive officer (**CEO**) |
| Robert Rowe | Chief operating officer (**COO**) |

**Other KMP**

| | |
|---|---|
| Alfred Eggo | Chief technology officer (**CTO**) |
| Gregory Bell | Chief financial officer (**CFO**) |
| Michaela Evans | Company secretary (**CoSec**) |

### 2. Reporting in AUD

In this report, remuneration and benefits have been presented in AUD, unless otherwise stated. This approach is consistent with the consolidated financial statements of the Company. Remuneration is usually paid in Australian dollars (**AUD** or **A$**).

### 3. Remuneration synopsis

#### 3.1 2021 remuneration summary

The below table provides a high-level summary of 2021 remuneration practice, with further details available in section 5 of the remuneration report:

| Remuneration element | Details |
|---|---|
| Total fixed remuneration (**TFR**) | Employment contracts for KMP commenced in February and April 2020 with some KMP being converted from external consulting contracts to full-time employment contracts. |
| Short-term incentive (**STI**) | All KMP employment contracts include a cash STI component in accordance with the Company's remuneration policy. Further details are provided in section 4 of this report. |
| Long-term incentive (**LTI**) | 2021 cycle performance rights were granted to KMP on the terms approved by the Board and further outlined in sections 5 and 6 of this report. |

SensOre's remuneration framework is based on a calendar year rather than a financial year. As such, remuneration reviews, key performance indicators and any long-term incentive performance hurdles are estimated in January and assessed in December of each year.

Further, the performance rights issuance cycle, previously based on an employees' start date, will be reset to 1 February of each year from 2022 onwards with any vesting conditions for any performance rights issued on this date and in the future to be assessed on 21 January of each year.

## 4. Remuneration governance

### 4.1 Nomination and Remuneration Committee

The Board is responsible for oversight of the Company's remuneration governance. The Board has implemented a Nomination & Remuneration Committee (**N&RC**) to oversee the ongoing management of KMP remuneration. The nominated members of the committee are Nic Limb (committee chairman) and Adrian Manger.

With respect to Company remuneration, the broad responsibilities of the committee are to:

- determine and review the overall philosophy, strategy, plans, policies and practices for the recruitment, remuneration and retention of KMP;
- review and approve corporate goals and objectives relevant to KMP compensation, evaluate KMP performance in light of those corporate goals and objectives and make recommendations to the Board regarding the proposed remuneration package of KMP based on their evaluation;
- consider the adoption of appropriate incentive plans and review adopted plans on a regular basis to ensure they comply with legislation and regulatory requirements, reflect industry standards, are appropriately linked with value creation opportunities for shareholders and are effective in achieving Company objectives;
- approve the participants and total level of award under any employee STI and LTI plans; and
- identify circumstances wherein external remuneration advice should be sought and ensure conformance with respect to the appropriate appointment and reporting practices of remuneration consultants.

### 4.2 Remuneration consultants

During the reporting period, SensOre did not engage remuneration consultants to provide 'remuneration recommendations', as defined in the Corporations Act 2001. During the reporting period, the McDonalds Gold and General Mining Industries Remuneration Report was used to benchmark new KMP contracts against market.

MinterEllison was engaged in the 2020 financial year to provide independent advice on the structure and legal framework of the Company's LTI plan (performance rights). The same plan rules were applied to the 2021 performance rights cycle.

## 5. Remuneration policy and practice

The Board's remuneration policy is to set remuneration for KMP and other employees at a level that is market competitive in order to attract, retain and motivate key individuals and remunerate fairly and responsibly as well as to ensure that remuneration practices are aligned to the Company's strategic and business objectives, risk exposures, and with the creation of shareholder value. Notwithstanding unforeseen circumstances and business developments, to the maximum extent possible remuneration practice aligns with the Company's remuneration policy.

### 5.1 Non-executive directors (NEDs)

#### Policy

The remuneration of NEDs was a reserved matter under the Shareholders Agreement (**SHA**) and the Parties to the SHA agreed not to remunerate the NEDs in 2021.

The NEDs are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred whist engaged on Company business. In limited circumstances, the CEO may engage a NED in their professional capacity for expert advice and be reimbursed for these services.

The NEDs of the Company did not participate in Company incentive plans during the period and did not receive retirement benefits.

### 5.2 Executives

**Policy**

The Board oversees the Company's executive remuneration policy which aims to:

- reward executives fairly and responsibly in accordance with market rates and practices to ensure that the Company provides competitive rewards that attract, retain and motivate executives of a high calibre;
- set high levels of performance which are clearly linked to an executive's remuneration;
- structure remuneration at a level that reflects the executive's duties and accountabilities;
- benchmark remuneration against appropriate comparator groups;
- align executive incentive rewards with the creation of value for shareholders;
- align remuneration with the Company's long-term strategic plans & business objectives and with risk exposures through the resources cycle; and
- comply with applicable legal requirements and appropriate governance standards.

**Pay mix and benchmarking:** Executive remuneration structure is designed to comprise 'fixed' and 'at risk' (performance based) remuneration, benchmarked annually against peer companies within the resources sector that are of a similar size, market capitalisation and revenue base. Benchmarking will be conducted by the N&RC with the assistance of an independent remuneration consultant (where required).

**Eligibility:** Eligibility to participate in the Company's STI and/or LTI plans is typically set out in an employee's service contract; however, the Company's policy is for the Board to determine participation annually based on N&RC recommendations.

**Gate:** Where appropriate, the Board will establish a minimum level of expected performance related to, for example, Company earnings, operational cash flow or health, safety and environmental objectives, which must be achieved for any STI award to become payable under the STI plan.

**Board discretion:** The Board has overriding discretion to amend STI and LTI outcomes to: properly reflect performance; adjust for anomalous outcomes; reflect the Company's risk exposures through the resources cycle; and ensure alignment of awards of 'at risk' remuneration with Company strategy and long-term shareholder value creation.

**Fixed remuneration policy structure**

| | |
|---|---|
| Remuneration vehicle | • TFR includes:<br>- Cash based salary<br>- Superannuation contributions |
| Purpose and guidance | • Retain and attract a talented, knowledgeable and experienced workforce<br>• Market competitive – guided by P50<br>• Reflective of role, responsibilities and experience |
| Link to performance | • Individual performance review having regard for overall Company performance<br>• No contractual guarantee of an annual increase |

**STI policy structure**

| | |
|---|---|
| Remuneration vehicle | • Cash bonus |
| Purpose and guidance | • 'At risk' remuneration<br>• Incentivise and provide competitive reward for achievement of Company-wide and individual performance targets linked to strategic objectives and management of risk |
| Link to performance | *Grant structure*<br>• STIs based on 'at target' opportunities that will be endorsed annually by the N&RC at the beginning of the calendar year, giving due consideration to the Company's remuneration principles.<br>• Opportunity percentages will be reviewed and established (or otherwise) annually relative to TFR. The N&RC, at its discretion, may determine a STI 'cap' relative to TFR.<br>• General guidance on opportunity percentages relative to TFR is provided below (percentages are subject to change annually pending N&RC consideration of Company objectives and changed circumstances amongst other factors): |

| Employee | 'At target' STI opportunity % of TFR | 'Stretch' STI opportunity % of TFR |
|---|---|---|
| CEO | 30 | 50 |
| COO | 30 | 50 |
| CTO | 30 | 50 |
| CFO | 30 | 50 |
| CoSec | 12 | 20 |
| Other employees | Board discretion | Board discretion |

*Overall performance weighting*

STI performance criteria to be weighted between 'financial performance' (~50%) and individual performance (~50%). Key Performance Indicators (**KPI**) within these two broad performance areas will also normally be weighted.

*Targets*

Following the establishment of KPI areas, targets will typically be set to establish target objectives. In general, no payment will be made until an above-threshold level of performance (60%) is achieved. Thereafter payments will generally be made on a sliding scale between threshold and target as appropriate to the specific KPI.

*Financial performance criteria*

Annual determination of financial performance criteria will be established by the N&RC at the beginning of each calendar year, with one or more to be considered and implemented for the relevant year. Financial measures will usually emphasise profit and cash flow drivers.

*Individual performance criteria*

Individual KPIs will be approved annually by the N&RC at the beginning of each calendar year. Targets are intended to set challenging but achievable goals and will be selected by the N&RC, giving due consideration to overall business objectives, SensOre culture and the individual executive's role accountabilities. KPIs will reflect the executive's experience and capacity to determine, control or influence KPI outcomes. General KPI areas will typically include: sustainability (including health, safety and behaviours), operational performance (including technology and business development targets and exploration performance), development/execution of strategic plans, management of JV relationships, risk management, leadership/talent management and governance.

*Assessment structure*

N&RC to review performance outcomes after calendar year-end performance is known; individual performance criteria to be reviewed during the year with overall performance assessed at calendar year-end.

*Payment timing*

Payments will be made in the first quarter following the relevant performance year (i.e. payment for 2021 performance – if achieved – would be made between January and March 2022).

*Leaver provisions*

Subject to Board discretion, no STI payment will occur should an eligible participant leave before the testing period.

**LTI policy structure**

The SensOre performance rights plan (**SensOre PRP**) in its terms and operation, and performance rights acquired by eligible participants under the Plan, are intended to satisfy the conditions so as to permit the application of subsection 83A-33(1) of the Tax Act to Participants who are resident in Australia (called ESS interests).

| | |
|---|---|
| Remuneration vehicle | • Performance rights.<br>• Performance rights granted under the Company's LTI plan will carry no dividend or voting rights. |
| Purpose and guidance | • 'At risk' remuneration.<br>• Incentivise and provide competitive reward for continued service and achievement of long-term strategic/growth objectives. |

**At risk summary table**

The table below shows the relative targeted mix of remuneration components based on the Company's remuneration policy as a percentage of total remuneration:

| | | At risk remuneration(i) | | |
|---|---|---|---|---|
| **Executive** | **Fixed remuneration**<br>**%** | **Maximum STI opportunity**<br>**%** | **Maximum LTI opportunity**<br>**%** | **Maximum total 'at risk' remuneration**<br>**%** |
| CEO | 50.0 | 50.0 | 50.0 | 100.0 |
| COO | 50.0 | 50.0 | 50.0 | 100.0 |
| CTO | 50.0 | 50.0 | 50.0 | 100.0 |
| CFO | 50.0 | 50.0 | 50.0 | 100.0 |
| CoSec | 71.4 | 14.3 | 14.3 | 28.6 |

(i) Maximum STI and LTI opportunity is subject to achievement of all STI objectives and LTI vesting hurdles at the testing date.

## 6. Contracts for executives

Non-executive directors are not remunerated under a contract of employment.

The Company has entered into employment contracts with each of its executives. The terms of these contracts for KMP during the reporting period are set out in the following table:

| **Executive** | **R Taylor** | **R Rowe** | **A Eggo** | **G Bell** | **M Evans** |
|---|---|---|---|---|---|
| **Position** | CEO | COO | CTO | CFO | CoSec |
| **Appointment date** | 1 February 2020 | 1 April 2020 | 1 April 2020 | 10 May 2021 | 1 December 2020 |
| **Contract date** | 1 February 2020 | 1 April 2020 | 1 April 2020 | 10 May 2021 | 28 September 2020 |
| **Contract cease date** | - | - | - | - | - |
| **TFR** | $438,000 | $341,640 | $341,640 | $290,000 | $225,000 |
| **STI/LTI eligibility** | Eligible, subject to ongoing N&RC approval | Eligible, subject to ongoing N&RC approval | Eligible, subject to ongoing N&RC approval | Eligible, subject to ongoing N&RC approval | Eligible, subject to ongoing N&RC approval |
| **Contract length** | Ongoing, no fixed term | Ongoing, no fixed term | Ongoing, no fixed term | Ongoing, no fixed term | Ongoing, no fixed term |
| **Notice for termination by the Company** | 13 weeks | 13 weeks | 13 weeks | Until completion of 12 months' service: 4 weeks<br>After completion of 12 months service: 13 weeks | Until completion of 12 months' service: 4 weeks<br>After completion of 12 months service: 8 weeks |

| Executive | R Taylor | R Rowe | A Eggo | G Bell | M Evans |
|---|---|---|---|---|---|
| **Termination for serious misconduct** | No notice required. No STI/LTI payment | No notice required. No STI/LTI payment | No notice required. No STI/LTI payment | No notice required. No STI/LTI payment | No notice required. No STI/LTI payment |
| **Notice for resignation by the employee** | 13 weeks | 13 weeks | 13 weeks | Until completion of 12 months' service: 4 weeks<br>After completion of 12 months service: 13 weeks | Until completion of 12 months' service: 4 weeks<br>After completion of 12 months service: 8 weeks |
| **Statutory entitlements** | All leave and benefits (annual leave, LSL, superannuation entitlements) in accordance with the law | All leave and benefits (annual leave, LSL, superannuation entitlements) in accordance with the law | All leave and benefits (annual leave, LSL, superannuation entitlements) in accordance with the law | All leave and benefits (annual leave, LSL, superannuation entitlements) in accordance with the law | All leave and benefits (annual leave, LSL, superannuation entitlements) in accordance with the law |
| **Post-employment restraints** | Six months | Six months | Six months | Six months | Three months |

### 6.1 KMP remuneration summary

The remuneration of KMP during the period ended 30 June 2021 was as follows:

| | Short term benefits | | | Post-employment benefits | Long-term employee benefits(i) | Equity-settled share-based payments(ii) | Total |
|---|---|---|---|---|---|---|---|
| | Salary(iii) | Non-cash benefits | Cash bonus | Super contribution | LSL(iv) | Performance rights(v) | |
| **30 June 2021** | | | | | | | |
| R Taylor | 429,637 | - | 134,216 | 21,694 | (1,310) | 36,570 | 620,807 |
| R Rowe | 344,709 | - | 86,862 | 21,694 | (302) | 28,524 | 481,487 |
| A Eggo | 332,404 | - | 62,548 | 21,694 | (302) | 28,524 | 444,868 |
| G Bell(vi) | 38,651 | - | - | 3,511 | - | 4,894 | 47,056 |
| M Evans(vii) | 129,083 | - | - | 11,387 | - | 2,124 | 142,594 |
| | | | | | | | |
| **30 June 2020** | | | | | | | |
| R Taylor | 179,487 | - | - | 15,833 | 2,793 | 6,864 | 204,977 |
| R Rowe | 84,000 | - | - | 7,410 | 1,307 | 5,354 | 98,071 |
| A Eggo | 84,000 | - | - | 7,410 | 1,307 | 5,354 | 98,071 |

(i) Long-term employee benefits represent long service leave (LSL) entitlements, measured on an accrual basis. The amount included above relates to movement in each executive's entitlements over the year.

(ii) The figures provided in 'Equity-settled share-based payments' were not provided in cash to the KMP during the financial period. These amounts are calculated in accordance with accounting standards and represent the amortisation of accounting fair values of performance rights that have been granted to KMP in this or prior financial years. The fair value of performance rights has been valued as at their date of grant and in accordance with the requirements of AASB 2 Share-Based Payments. The fair value of performance rights is measured using a generally accepted valuation model. The fair values are then amortised over the entire vesting period of the equity instruments. Total remuneration shown in 'Total' therefore includes a portion of the fair value of unvested equity compensation during the year. The amount included as remuneration is not related to or indicative of the benefit (if any) that individuals may ultimately realise should these equity instruments vest and be exercised.

(iii) Salary includes all fixed remuneration provided to KMP as part of their remuneration (excluding superannuation contributions) and any movement in annual leave entitlements accrued during the year.

(iv) Long service leave (LSL) includes movements in an employee's entitlement to long service leave. During the year, the Company implemented a probability scale to estimate its present obligation to LSL entitlements, resulting in a reduction in the value of the liability owed at balance date. In previous years, the liability had been measured at the full entitlement.

(v) Performance rights issued to KMP are unvested at balance date. These performance rights have vesting conditions as outlined in section 7.2 of this remuneration report.

(vi) Mr Bell was appointed as CFO of the Company on 10 May 2021. Mr Bell did not receive any payments as part of his consideration for agreeing to hold the position.

(vii) Ms Evans was appointed as Company Secretary of the Company on 1 December 2020. Ms Evans did not receive any payments as part of her consideration for agreeing to hold the position.

## 7. Director and executive equity holdings

The number of shares and performance rights held, directly, indirectly or beneficially, by directors and KMP are outlined below. The Company has no formal policy with respect to minimum shareholding requirements, however, share ownership is encouraged.

### 7.1 Shareholdings

Number of fully paid ordinary shares held directly, indirectly or beneficially by:

| 30 June 2021 | Balance as at 1 July 2020 | Performance rights exercised | Net change other | Balance as at 30 June 2021 |
|---|---|---|---|---|
| **Directors** | | | | |
| R Peck | 5,910,922 | - | 126,583 | 6,037,505 |
| N Limb | 850,222 | - | - | 850,222 |
| A Manger(i) | 2,120,000 | - | - | 2,120,000 |
| A O'Sullivan(i) | 2,000,000 | - | 25,316 | 2,025,316 |
| R Taylor | 440,000 | - | - | 440,000 |
| R Rowe | 324,596 | - | - | 324,596 |
| **Key executives** | | | | |
| A Eggo(i) | 2,160,000 | - | - | 2,160,000 |
| G Bell | - | - | - | - |
| M Evans | - | - | - | - |
| **Total** | **13,805,740** | **-** | **151,899** | **13,957,639** |

| 30 June 2020 | Balance on formation | Acquisition of Assets by SensOre | Performance rights exercised | Net change other | Balance as at 30 June 2020 |
|---|---|---|---|---|---|
| **Directors** | | | | | |
| R Peck | - | 5,262,462 | - | 648,460 | 5,910,922 |
| N Limb | - | 338,282 | - | 511,940 | 850,222 |
| A Manger(i) | - | 2,000,000 | - | 120,000 | 2,120,000 |
| A O'Sullivan(i) | - | 2,000,000 | - | - | 2,000,000 |
| R Taylor | - | - | - | 440,000 | 440,000 |
| R Rowe | - | 308,596 | - | 16,000 | 324,596 |
| **Key executives** | | | | | |
| A Eggo(i) | - | 2,000,000 | - | 160,000 | 2,160,000 |
| **Total** | **-** | **11,909,340** | **-** | **1,896,400** | **13,805,740** |

(i) Mr Manger, Mr O'Sullivan and Mr Eggo each individually own 20% of the issued capital of Sasak Minerals Pty Ltd, which in turn owns 10 million shares in SensOre Ltd. However, the interest of Sasak Minerals Pty Ltd is not included (on a proportionate basis or otherwise) in the holdings of Mr Manger, Mr O'Sullivan and Mr Eggo, stated above, as Mr Manger, Mr O'Sullivan and Mr Eggo do not control or jointly control Sasak Minerals Pty Ltd.

### 7.2 Performance rights and option holdings

There were no outstanding share options held by directors or executives of the Company or their director related entities at period-end.

NEDs did not participate in issues arising from Company incentive plans during the year.

The Company has granted unlisted performance rights as long-term incentives to nominated members of its KMP under the SensOre PRP in the years ended 30 June 2020 and 2021. Each performance right entitles the holder to one share upon vesting and exercise. The performance rights carry no voting or dividend rights.

At the date of the remuneration report, the unlisted performance rights granted by the Company are as follows:

| Unlisted performance rights | Grant date | Vesting date | Expiry date | Exercise price A$ | No. of performance rights on issue 30 Jun 2021 |
|---|---|---|---|---|---|
| 2020AA | 1 Feb 2020 | 1 Feb 2023 | 1 Feb 2025 | 0.25 | 873,060 |
| 2020AB | 20 Feb 2020 | 20 Feb 2023 | 20 Feb 2025 | 0.25 | 33,000 |
| 2020AC | 1 Apr 2020 | 1 Apr 2023 | 1 Apr 2025 | 0.25 | 1,248,000 |
| 2020AD | 6 Apr 2020 | 6 Apr 2023 | 6 Apr 2025 | 0.25 | 160,000 |
| 2020AE | 13 Apr 2020 | 13 Apr 2023 | 13 Apr 2025 | 0.25 | 150,000 |
| 2020AF | 23 Apr 2020 | 23 Apr 2023 | 23 Apr 2025 | 0.25 | 72,000 |
| 2020AG | 1 May 2020 | 1 May 2023 | 1 May 2025 | 0.25 | 69,120 |
| 2021AA | 1 Feb 2021 | 1 Feb 2024 | 1 Feb 2026 | 0.79 | 418,841 |
| 2021AB | 20 Feb 2021 | 20 Feb 2024 | 20 Feb 2026 | 0.79 | 11,436 |
| 2021AC | 24 Mar 2021 | 1 Feb 2024 | 1 Feb 2026 | 0.79 | 29,419 |
| 2021AD | 1 Apr 2021 | 1 Apr 2024 | 1 Apr 2026 | 0.79 | 432,456 |
| 2021AE | 6 Apr 2021 | 6 Apr 2024 | 6 Apr 2026 | 0.79 | 55,444 |
| 2021AF | 10 Apr 2021 | 1 Feb 2024 | 1 Feb 2026 | 0.79 | 148,847 |
| 2021AG | 13 Apr 2021 | 13 Apr 2024 | 13 Apr 2026 | 0.79 | 38,984 |
| 2021AH | 23 Apr 2021 | 23 Apr 2024 | 23 Apr 2026 | 0.79 | 18,713 |
| | | | | | **3,759,320** |

These rights are held by the Company's executive members as follows:

| | | Movement during the year | | | |
|---|---|---|---|---|---|
| | Balance as at 1 Jul 2020 | Granted | Exercised, lapsed, forfeited | Balance as at 30 Jun 2021 | Unvested balance 30 Jun 2021 |
| **Executive** | | | | | |
| R Taylor | 800,000 | 277,216 | - | 1,077,216 | 1,077,216 |
| R Rowe | 624,000 | 216,228 | - | 840,228 | 840,228 |
| A Eggo | 624,000 | 216,228 | - | 840,228 | 840,228 |
| G Bell | - | 148,847 | - | 148,847 | 148,847 |
| M Evans | - | 64,607 | - | 64,607 | 64,607 |
| | **2,048,000** | **923,126** | **-** | **2,971,126** | **2,971,126** |

| | | Movement during the year | | | |
|---|---|---|---|---|---|
| | Balance on formation | Granted | Exercised, lapsed, forfeited | Balance as at 30 Jun 2020 | Unvested balance 30 Jun 2020 |
| **Executive** | | | | | |
| R Taylor | - | 800,000 | - | 800,000 | 800,000 |
| R Rowe | - | 624,000 | - | 624,000 | 624,000 |
| A Eggo | - | 624,000 | - | 624,000 | 624,000 |
| | **-** | **2,048,000** | **-** | **2,048,000** | **2,048,000** |

No performance rights or share options were exercised by or forfeited by KMP during the period ended 30 June 2021.

### 8. Loans to KMP

No loans were made to KMP during the period, nor are any loans to KMP outstanding.

## 9. Director related transactions

### 9.1 Loans to related parties

No loans were made to director related parties during the year.

### 9.2 Transactions with director related entities

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

On behalf of the directors

**Robert Peck AM**
**Director**

**Richard Taylor**
**Director**

Melbourne, 6 August 2021

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# Auditor's Independence Declaration

## To the Directors of SensOre Ltd

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

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

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 06 August 2021

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

**For the financial year ended 30 June 2021**

| | Note | Consolidated<br>Year ended<br>30 Jun 2021<br>A$ | <br>Period ended<br>30 Jun 2020<br>A$<br>Restated[(i)] |
|---|---|---|---|
| Revenue and other income | 7 | 1,682,920 | 464,448 |
| Employee benefit expenses | 8 | (2,217,688) | (634,010) |
| Maintenance and property expenses | | (118,150) | (26,493) |
| Administration expenses | 8 | (433,505) | (167,640) |
| Depreciation and amortisation expenses | 8 | (553,702) | (310,818) |
| Exploration preparation expenses | 8 | (1,797,400) | (162,811) |
| Consultants and contractor expenses | 8 | (672,273) | (780,609) |
| Other expenses | | (60,212) | (14,141) |
| **Loss before tax** | | **(4,170,010)** | **(1,632,074)** |
| | | | |
| Income tax benefit | 9 | 33 | - |
| **Loss for the period** | | **(4,169,977)** | **(1,632,074)** |
| | | | |
| Other comprehensive income | | - | - |
| **Total comprehensive loss for the period** | | **(4,169,977)** | **(1,632,074)** |
| | | | |
| **Loss for the year attributable to:** | | | |
| - owners of the parent entity | | (3,435,113) | (1,632,074) |
| - non-controlling interests | 19 | (734,864) | - |
| | | **(4,169,977)** | **(1,632,074)** |
| | | | |
| **Total comprehensive loss for the year attributable to:** | | | |
| - owners of the parent entity | | (3,435,113) | (1,632,074) |
| - non-controlling interests | 19 | (734,864) | - |
| **Total comprehensive loss for the year** | | **(4,169,977)** | **(1,632,074)** |
| | | | |
| **Loss per share:** | | **Cents** | **Cents** |
| Basic and diluted loss per share (cents) | 20 | (6.74) | (3.56) |

(i) The comparative information shown above has been restated as a result of the reclassification of certain transactions and correction of oversights and misinterpretations as discussed in note 5.

Notes to the financial statements are included on pages 24 to 55

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## As at 30 June 2021

| | Note | Consolidated 30 Jun 2021 A$ | 30 Jun 2020 A$ Restated(i) |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 23 | 1,603,835 | 1,434,492 |
| Trade and other receivables | 10 | 1,075,893 | 504,409 |
| Other | 11 | 147,710 | 91,699 |
| **Total current assets** | | **2,827,438** | **2,030,600** |
| | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 12 | 273,516 | 195,955 |
| Exploration and evaluation assets | 13 | 7,179,155 | 4,966,111 |
| Technology and intellectual property assets | 14 | 4,208,833 | 4,708,833 |
| Other | 11 | 9,423 | 9,423 |
| **Total non-current assets** | | **11,670,927** | **9,880,322** |
| | | | |
| **Total assets** | | **14,498,365** | **11,910,922** |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 15 | 1,210,415 | 206,316 |
| Provisions – current | 16 | 142,264 | 39,233 |
| Lease liability – current | 17 | 25,805 | - |
| Borrowings – current | | 28,364 | - |
| **Total current liabilities** | | **1,406,848** | **245,549** |
| | | | |
| **Non-current liabilities** | | | |
| Lease liability – non-current | 17 | 64,218 | - |
| Provisions – current | 16 | 5,564 | 8,545 |
| **Total non-current liabilities** | | **69,782** | **8,545** |
| | | | |
| **Total liabilities** | | **1,476,630** | **254,094** |
| **Net assets** | | **13,021,735** | **11,656,828** |
| | | | |
| **Equity** | | | |
| Issued capital | 18 | 15,174,080 | 13,266,550 |
| Equity-settled employee benefits reserve | | 149,706 | 22,352 |
| Accumulated losses | | (5,067,187) | (1,632,074) |
| **Equity relating to the shareholders of the parent entity** | | **10,256,599** | **11,656,828** |
| Non-controlling interest | 19 | 2,765,136 | - |
| **Total equity** | | **13,021,735** | **11,656,828** |

(i) The comparative information shown above has been restated as a result of the reclassification of certain transactions and correction of oversights and misinterpretations as discussed in note 5.

Notes to the financial statements are included on pages 24 to 55

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**For the financial year ended 30 June 2021**

| | Share capital A$ | Equity-settled employee benefits reserve A$ | Accumulated losses A$ | Attributable to equity holders of the parent A$ | Attributable to non-controlling interest A$ | Total equity A$ |
|---|---|---|---|---|---|---|
| **Shareholders equity on formation** | **-** | **-** | **-** | **-** | **-** | **-** |
| Contribution by owners on incorporation | 10,000,000 | - | - | **10,000,000** | - | **10,000,000** |
| Issue of ordinary shares | 3,266,550 | - | - | **3,266,550** | - | **3,266,550** |
| Loss for the period ended 30 June 2020 | - | - | (1,632,074) | **(1,632,074)** | - | **(1,632,074)** |
| **Total comprehensive loss** | **-** | **-** | **(1,632,074)** | **(1,632,074)** | **-** | **(1,632,074)** |
| Recognition of equity settled employee benefits | - | 22,352 | - | **22,352** | - | **22,352** |
| **Balance at 30 June 2020** | **13,266,550** | **22,352** | **(1,632,074)** | **11,656,828** | **-** | **11,656,828** |
| Issue of ordinary shares | 1,965,751 | - | - | **1,965,751** | - | **1,965,751** |
| Share issue costs | (58,221) | - | - | **(58,221)** | - | **(58,221)** |
| Recognition of non-controlling interest investment | - | - | - | **-** | 3,500,000 | **3,500,000** |
| Loss for the period ended 30 June 2021 | - | - | (3,435,113) | **(3,435,113)** | (734,864) | **(4,169,977)** |
| **Total comprehensive loss** | **-** | **-** | **(3,435,113)** | **(3,425,113)** | **(734,864)** | **(4,169,977)** |
| Recognition of equity settled employee benefits | - | 127,354 | - | **127,354** | - | **127,354** |
| **Balance at 30 June 2021** | **15,174,080** | **149,706** | **(5,067,187)** | **10,256,599** | **2,765,136** | **13,021,735** |

Notes to the financial statements are included on pages 24 to 55

# CONSOLIDATED STATEMENT OF CASH FLOWS

**For the financial year ended 30 June 2021**

| | Note | Consolidated 30 Jun 2021 A$ | 30 Jun 2020 A$ |
|---|---|---|---|
| **Cash flows related to operating activities** | | | |
| Receipts from customers | | 450,000 | - |
| Receipts from Australian Tax Office – R&D Tax incentive | | 489,552 | - |
| Receipts from government grants | | 178,010 | - |
| Payments to suppliers and employees | | (2,580,687) | (1,487,530) |
| Payments for non-capitalised exploration expenditure | | (1,622,519) | (162,811) |
| Interest paid | | (1,291) | - |
| Income tax refund received | | 33 | - |
| **Net cash used in operating activities** | **23** | **(3,086,902)** | **(1,650,341)** |
| | | | |
| **Cash flows related to investing activities** | | | |
| Purchase of exploration and evaluation assets | | (2,138,044) | (35,111) |
| Purchase of patents and trademarks | | - | (500) |
| Purchase of property, plant and equipment | | (40,145) | (215,106) |
| **Net cash used in investing activities** | | **(2,178,189)** | **(250,717)** |
| | | | |
| **Cash flows related to financing activities** | | | |
| Proceeds from capital raisings | 18 | 1,965,751 | 3,266,550 |
| Payment of share issue costs | 18 | (19,183) | - |
| Payment of lease liabilities | | (1,095) | - |
| Repayment of borrowings | | (11,039) | - |
| Proceeds from investment in YEV by DGO Gold Limited | | 3,500,000 | - |
| Cash contribution by owners | | - | 69,000 |
| **Net cash provided by financing activities** | | **5,434,434** | **3,335,550** |
| | | | |
| Net increase/(decrease) in cash and cash equivalents held | | 169,343 | 1,434,492 |
| Cash and cash equivalents at beginning of financial period | | 1,434,492 | - |
| **Cash and cash equivalents at end of financial period** | **23** | **1,603,835** | **1,434,492** |

Notes to the financial statements are included on pages 24 to 55

## 1. GENERAL INFORMATION

SensOre Ltd (the **Company**) is an unlisted public company, limited by shares, incorporated and operating in Australia. The principal activities of the Company and its subsidiaries (the **Group**) are disclosed in the Directors' Report.

The Company's registered office and principal place of business at the date of this report is Level 3, 10 Queen Street, Melbourne, Victoria 3000, Australia.

## 2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

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

The Group has not elected to early adopt any new standards or amendments.

The directors note that the impact of the initial application of the Standards and Interpretations which have been issued but which are not yet effective is not yet known or is not reasonably estimable and is currently being assessed. At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below:

| Standard/Interpretation | Effective |
|---|---|
| AASB 2020-3 Amendments to AASs – Annual Improvements 2018-2020 and Other Amendments | 1 January 2022 |
| - Amendment to AASB1, subsidiary as a First-Time Adopter | |
| - Amendments to AASB3, Reference to the Conceptual Framework | |
| - Amendments to AASB9, Fees in the '10 per cent' Test for Derecognition of Financial Liabilities | |
| - Amendments to AASB116, Property, Plant and Equipment: Proceeds before Intended Use | |
| - Amendments to AASB137, Onerous Contracts – Cost of Fulfilling a Contract | |
| - Amendments to AASB141, Taxation in Fair Value Measurements | |
| AASB 2014-10 Amendments to AASs – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture | 1 January 2021 |
| AASB 2020-1 Amendments to AASs – Classification of Liabilities as Current or Non-current | 1 January 2023 |

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report comprises the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (**IFRS**).

The financial statements were authorised for issue by the directors on 6 August 2021.

### Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost except, where applicable, for the revaluation of certain non-current assets and financial instruments.

Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries (referred to as 'the Group' in these financial statements). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect the returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

### Going concern

This annual financial report has been prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The Group incurred a net loss after tax of $4,169,977 (30 June 2020: Loss of $1,632,074) and had a net cash outflow from operating activities of $3,086,902 (30 June 2020: cash outflow of $1,650,341) during the year ended 30 June 2021. As at 30 June 2021, the Group's current assets exceeded current liabilities by $1,420,590 (30 June 2020: $1,785,051) and the Group had cash and cash equivalents of $1,603,835 (30 June 2020: $1,434,492).

Throughout the year ended 30 June 2021, COVID-19 adversely affected the Group's business and its ability to deliver work programs in the areas in which the Group operates, including Western Australia. COVID restrictions and delays impacted staff and contractor mobilisation and the availability of materials and equipment.

The Group will continue to manage its activities and intends to put in place all such arrangements to ensure that it has sufficient cash reserves to meet its existing budgeted expenditures for the next twelve months from the date of this report. For further details of future commitments refer to note 21 and 26. In the opinion of the directors, the Group will be in a position to continue to meet its liabilities and obligations for a period of at least twelve months from the date of signing this report, because the Group has the support of its shareholders and other financiers and hence will be able to secure and execute its remaining planned activities over the same period.

The opinion of the directors has been determined after consideration of the Group's cash position and forecast expenditures and the ability to scale its operations to any funding constraints. The group has a history of successful recent capital raising activities with $1.9 million raised during 2021 (2020: $3.3 million) along with the strategic investment by DGO Gold Limited in Group subsidiary Yilgarn Exploration Ventures Pty Ltd and believes the technology solution and mining portfolio are attractive assets for capital providers.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

### Significant accounting policies

The following is a summary of the material accounting policies adopted by the Group in the preparation of the consolidated financial statements. The accounting policies have been consistently applied, unless otherwise stated.

### (a) Impairment of non-financial assets

At each reporting date the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent of other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### Other significant accounting policies

Significant accounting policies are disclosed in the respective notes to the financial statements.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 above and within each associated note to the financial statements, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. 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 judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgements in applying the Group's accounting policies

Significant judgements, estimates and assumption made by management in the preparation of these financial statements are found in the following notes:

Note 13 – Technology and intellectual property assets
Note 12 – Exploration and evaluation assets
Note 17 – Lease liabilities
Note 25 – Share-based payments

## 5. CHANGES TO PRIOR YEAR COMPARATIVE INFORMATION

During the year ended 30 June 2021, the following adjustments were recognised in relation to accounting information previously disclosed in the financial statements for the year ended 30 June 2020:

- Confirmation of provisional accounting information – for the year ended 30 June 2020, the financial statements indicated provisional accounting for a business combination resulting from separate transactions with Sasak Minerals Pty Ltd and RVF Global Resources Unit Trust in December 2019. This provisional accounting classification resulted in goodwill of $9,894,351 being recognised in the balance sheet of the Group. During the year ended 30 June 2021, the Group reviewed the nature of the transactions and based on a final assessment of the facts and circumstances concluded that the acquisitions represented asset purchases due to the fact that the transactions entered into by the Group did not meet the definition of a business combination as outlined in *AASB 3 Business Combinations*;
- As a result of the reclassification of the above transaction as asset acquisitions, the Group implemented accounting policies in relation to the amortisation of technology and intellectual property assets resulting in amortisation being recognised for the years ended 30 June 2020 and 30 June 2021;
- Amendments to the income tax return for the year ended 30 June and, consequently, income generated by the research and development tax incentive resulting from amendments to the application of tax depreciation rules; and
- Amendments to correct oversight and misinterpretation of consolidation procedures for the year ended 30 June 2020.

The following tables summarise the impact of adjustments made to comparative information based on the details above:

| | Period ended 30 Jun 2020 A$ |
|---|---|
| Decrease in revenue and other income | (25,104) |
| Decrease in employee benefits expense | 10 |
| Decrease in Administration expenses | 12,360 |
| Increase in depreciation and amortisation expenses | (291,667) |
| Decrease in exploration and preparation expenses | 37,334 |
| Increase in consultants and contractor expenses | (11,017) |
| Increase in other expenses | (2,329) |
| **Increase in loss for the period ended 30 June 2020** | **(280,413)** |

| | 30 Jun 2020 A$ |
|---|---|
| Decrease in Trade and other receivables | (24,171) |
| Increase in exploration and evaluation assets | 4,931,000 |
| Increase in technology and intellectual property assets | 4,708,333 |
| Decrease in goodwill | (9,894,351) |
| Decrease in other non-current assets | (302) |
| Increase in trade and other payables | (932) |
| Decrease in non-current provisions | 10 |
| **Decrease in net assets as at 30 June 2020** | **(280,413)** |

## 6. SEGMENT INFORMATION

The Group's operating segments are identified on the basis of internal reports about components of the entity that are regularly reviewed by the CEO (chief operating decision maker) in order to allocate resources to the segments and to assess their performance. The Group undertook technology research and development and mineral exploration of gold, nickel and other base metals in Australia during the year.

### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable operating segment:

| | Consolidated | | | |
|---|---|---|---|---|
| | Assets | | Liabilities | |
| | 30 Jun 2021 A$ | 30 Jun 2020 A$ Restated | 30 Jun 2021 A$ | 30 Jun 2020 A$ Restated |
| Technology | 5,375,832 | 5,370,039 | 204,352 | 67,030 |
| Exploration | 7,642,667 | 4,971,206 | 784,469 | 103,648 |
| Corporate | 1,479,866 | 1,569,677 | 487,809 | 83,416 |
| **Total** | **14,498,365** | **11,910,922** | **1,476,630** | **254,094** |

### Segment revenue and results

The following is an analysis of the Group's revenue and results from operations:

| | Consolidated | | | |
|---|---|---|---|---|
| | Revenue and other income | | Segment loss | |
| | Year ended 30 Jun 2021 A$ | Period ended 30 Jun 2020 A$ Restated | Year ended 30 Jun 2021 A$ | Period ended 30 Jun 2020 A$ Restated |
| Technology | 1,427,171 | 464,448 | (749,005) | (440,963) |
| Exploration | 227,045 | - | (1,899,099) | (474,111) |
| Corporate | 28,704 | - | (1,521,906) | (717,000) |
| **Total** | **1,682,920** | **464,552** | **(4,170,010)** | **(1,632,074)** |
| Income tax benefit | | | 33 | - |
| **Loss after tax** | | | **(4,169,077)** | **(1,632,074)** |

The revenue reported above represents revenue generated from external sources. There were no intersegment sales during the year.

### Other segment information

| | Consolidated | | | |
|---|---|---|---|---|
| | Depreciation and amortisation | | Additions to non-current assets | |
| | Year ended 30 Jun 2021 A$ | Period ended 30 Jun 2020 A$ | Year ended 30 Jun 2021 A$ | Period ended 30 Jun 2020 A$ |
| Technology | 538,949 | 308,258 | 22,772 | 162,950 |
| Exploration | 1,859 | 168 | 11,661 | 1,671 |
| Corporate | 12,894 | 2,392 | 96,830 | 50,485 |
| **Total** | **553,702** | **310,818** | **131,263** | **215,106** |

## 7. REVENUE AND OTHER INCOME

| | Consolidated Period ended | |
|---|---|---|
| | 30 Jun 2021 A$ | 30 Jun 2020 A$ Restated |
| Exploration services(i)(ii) | 450,000 | - |
| Research and development tax incentive | 977,171 | 464,448 |
| Government grants | 231,811 | - |
| Other | 23,938 | - |
| **Total revenue and other income** | **1,682,920** | **464,448** |

(i) Exploration services is based on revenue earned at a point in time in accordance with contractual milestones.

(ii) Exploration services excludes revenue generated from recharge of exploration related expenditure incurred by SensOre on behalf of YEV. These recharges were funded exclusively by DGO Gold Limited (DGO) under the shareholders agreement entered into by SensOre and DGO in July 2020. For the year ended 30 June 2021, revenue charged by SensOre to YEV was $1,036,611 (30 June 2020: Nil).

### Revenue recognition

The Group recognises revenue as follows:

*Revenue from contracts with customers – Exploration services*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

*Revenue from contracts with customers – Milestone fees*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for completing the specific performance obligation agreed upon within each customer contract. The Group has entered into contracts with some customers for exploration services which include milestone payments if a discovery of mineral resources and/or reserves is made using the Group's exploration services. The Group recognises revenue from milestone fees when the parties to the contract agree that a discovery of mineral resources or reserves meets the criteria specified in each customer contract and the Group believes there is an enforceable right to demand payment for completion of the relevant performance obligation.

*Rendering of services – Exploration revenue*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

*Government grants*

Government grants were recognised in profit or loss as income in the period during which the government has accepted our application for grant funding and requested an invoice for same.

## 8. LOSS FOR THE YEAR

Loss for the year from continuing operations includes the following expenses:

| | Consolidated Period ended 30 Jun 2021 A$ | Consolidated Period ended 30 Jun 2020 A$ Restated |
|---|---|---|
| **Employee benefits expense** | | |
| Remuneration expense | 2,514,939 | 511,466 |
| Recharge of remuneration expense to exploration expense | (732,724) | - |
| Other employment costs | 75,201 | 3,825 |
| *Post-employment benefits* | | |
| Superannuation contributions | 176,719 | 48,589 |
| Recharge of superannuation contributions to exploration expense | (43,851) | - |
| Amortisation of equity-settled share-based payment | 127,354 | 22,352 |
| Provision for leave entitlements | 100,050 | 47,778 |
| | **2,217,688** | **634,010** |
| **Depreciation and amortisation** | | |
| Technology and intellectual property | 500,000 | 291,667 |
| Computer equipment | 51,422 | 19,061 |
| Furniture and equipment | 1,032 | 90 |
| Right-of-use asset | 1,248 | - |
| | **553,702** | **310,818** |
| **Administration expenses** | | |
| Computer software and network security | 234,627 | 58,666 |
| Marketing and investor relations | 89,625 | 37,556 |
| Insurance | 44,852 | 19,869 |
| Subscriptions | 21,618 | 20,639 |
| Travel | 11,482 | 18,708 |
| Communications | 9,211 | 4,927 |
| Employee amenities | 7,167 | 289 |
| Corporate and regulatory fees | 6,637 | 3,757 |
| Utilities | 5,200 | 1,235 |
| Other administration expenses | 3,086 | 1,994 |
| | **433,505** | **167,640** |
| **Exploration preparation expenditure** | | |
| Indirect drilling | - | 10,499 |
| Field logistics | 272,925 | 10,677 |
| Personnel | 776,574 | - |
| Technical studies | 474,871 | 140,899 |
| Landholding and management | 212,829 | 736 |
| Exploration services | 60,201 | - |
| | **1,797,400** | **162,811** |
| **Consultants and contractor expenses** | | |
| Exploration consultants | 142,370 | 148,842 |
| Corporate consultants | 218,475 | 464,920 |
| Geophysical consultants | 77,700 | 7,650 |
| Geological consultants | 10,500 | - |
| Land management consultants | 12,574 | - |
| Accounting and tax services | 124,669 | 57,009 |
| Land surveying services | 16,700 | - |
| Legal expenses | 69,285 | 102,188 |
| | **672,273** | **780,609** |

## 9. INCOME TAX

### (a) Income tax recognised in profit or loss

| | Consolidated Period ended 30 Jun 2021 A$ | 30 Jun 2020 A$ Restated |
|---|---|---|
| **Tax (income) comprises:** | | |
| Current tax income | (719,864) | (276,712) |
| Benefit arising from previously unrecognised tax losses, tax credits or temporary differences of a prior period that is used to reduce current tax expense | 4,843 | - |
| | (715,021) | (276,712) |
| Deferred tax expense relating to the origination and reversal of temporary differences | 147,044 | 87,265 |
| Benefit arising from previously recognised temporary differences of prior periods used to reduce deferred tax expense | (4,810) | - |
| Effect of unused tax losses not recognised as deferred tax assets | 572,820 | 189,447 |
| **Total tax expense/(income)** | 33 | - |

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

| | Consolidated Period ended 30 Jun 2021 A$ | 30 Jun 2020 A$ Restated |
|---|---|---|
| Loss from operations | (4,169,977) | (1,632,074) |
| Income tax (income) calculated at 26.0% (2020 – 27.5%) | (1,084,194) | (448,820) |
| Non-deductible expenses | 618,394 | 299,831 |
| Non-assessable gains | (254,064) | (127,723) |
| Recognition of previously unrecognised deductible temporary differences | 147,044 | 87,265 |
| Recognition of prior year R&D tax incentive | 33 | - |
| Unused tax losses and tax offsets not recognised as deferred tax assets | 572,820 | 189,447 |
| **Income tax expense recognised in loss** | 33 | - |

The tax rate used in the above reconciliation is the corporate tax rate of 26.0% (30 June 2020: 27.5%) payable by Australian Base Rate corporate entities on taxable profits under Australian tax law.

### (b) Income tax recognised directly in equity

There were no current and deferred amounts charged directly to equity during the period.

### (c) Deferred tax balances

There were no deferred tax balances recognised in the statement of financial position during the period.

The company has the following unrecognised deferred tax balances:

| | Consolidated | |
|---|---|---|
| | 30 Jun 2021<br>A$ | 30 Jun 2020<br>A$<br>Restated |
| The following deferred tax assets have not been brought to account as assets: | | |
| Tax losses - revenue | 981,482 | 276,712 |
| Temporary differences | (160,132) | (87,265) |
| | 821,350 | 189,447 |

## (d) Accounting policy

### Tax consolidation

*Relevance of tax consolidation to the Group*

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group with effect from 7 December 2019 and are therefore taxed as a single entity from this date. The Head Entity within the tax consolidated group is SensOre Ltd. The members of the tax consolidated group are identified at note 22.

### Income tax

*Current tax*

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

*Deferred tax*

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

*Tax consolidation*

The Company and all its wholly-owned Australian resident Entities are part of a tax consolidated group under Australian taxation law. SensOre Ltd is the Head Entity in the tax consolidated group. A tax funding arrangement has not been finalised between entities within the tax consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'stand-alone taxpayer' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax consolidated group are recognised by the Company (as Head Entity in the tax consolidated group).

## 10. TRADE AND OTHER RECEIVABLES

| | Consolidated | |
|---|---|---|
| | 30 Jun 2021 A$ | 30 Jun 2020 A$ Restated |
| Research and development tax incentive | 952,068 | 464,448 |
| Government grants receivable | 77,739 | - |
| GST receivable | 46,086 | 39,961 |
| **Total trade and other receivables** | **1,075,893** | **504,409** |

### Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method.

### Allowance for expected credit losses

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

## 11. OTHER ASSETS

| | Consolidated | |
|---|---|---|
| | 30 Jun 2021 A$ | 30 Jun 2020 A$ |
| **Current** | | |
| Prepayments | 147,710 | 91,699 |
| | **147,710** | **91,699** |
| **Non-current** | | |
| Bond – office(i) | 9,423 | 9,423 |
| | **9,423** | **9,423** |

(i) Security bond held over the Company's Perth office refundable on the termination of the lease contract.

## 12. PROPERTY, PLANT AND EQUIPMENT

| | Consolidated 30 Jun 2021 A$ | Consolidated 30 Jun 2020 A$ |
|---|---|---|
| **Computer equipment** | | |
| At cost | 245,721 | 207,972 |
| Less accumulated depreciation | (70,483) | (19,061) |
| **Total computer equipment** | **175,238** | **188,911** |
| **Furniture and equipment** | | |
| At cost | 9,530 | 7,134 |
| Less accumulated depreciation | (1,122) | (90) |
| **Total furniture and equipment** | **8,408** | **7,044** |
| **Right-of-use assets** | | |
| At cost | 91,118 | - |
| Less accumulated depreciation | (1,248) | - |
| **Total right-of-use assets** | **89,870** | **-** |
| **Total property, plant and equipment** | **273,516** | **195,955** |

### Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period.

| | Computer equipment A$ | Furniture & equipment A$ | Right-of-use assets A$ | Total A$ |
|---|---|---|---|---|
| **Opening balance at formation** | - | - | - | - |
| Additions | 207,972 | 7,134 | - | 215,106 |
| Depreciation | (19,061) | (90) | - | (19,151) |
| **Closing balance at 30 June 2020** | **188,911** | **7,044** | **-** | **195,955** |
| Additions | 37,749 | 2,396 | 91,118 | 131,263 |
| Depreciation | (51,422) | (1,032) | (1,248) | (53,702) |
| **Closing balance at 30 June 2021** | **175,238** | **8,408** | **89,870** | **273,516** |

### Recognition and measurement

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

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.

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

### Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value or straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use. The following table indicates the expected useful lives of non-current assets on which the depreciation charges are based.

| Class of fixed asset | Depreciation basis | Effective life (years) | Depreciation rate (%) |
|---|---|---|---|
| Computer equipment | Diminishing value | 2-5 | 20-50 |
| Furniture and equipment | Diminishing value | 10-20 | 5-10 |
| Right-of-use assets | Straight-line | 3 | 33.3 |

## 13. EXPLORATION AND EVALUATION ASSETS

| | Consolidated | |
|---|---|---|
| | 30 Jun 2021 A$ | 30 Jun 2020 A$ Restated |
| Exploration and evaluation assets – at cost | **7,179,155** | **4,966,111** |

| | Total A$ |
|---|---|
| **Opening balance at formation** | - |
| Acquisition of tenements from RVF Global Resources Unit Trust | 4,931,000 |
| Exploration expenditure capitalised during the period | 35,111 |
| **Closing balance at 30 June 2020** | **4,966,111** |
| Exploration expenditure capitalised during the year | 2,213,044 |
| **Closing balance at 30 June 2021** | **7,179,155** |

### Exploration and evaluation costs

Expenditure on exploration and evaluation is accounted for in accordance with the area of interest method. The Group's application of the accounting policy for the cost of exploring and of evaluating discoveries are accounted for under the successful efforts method.

Areas of interest are based on a geographical area. All exploration and evaluation expenditure, including general permit activity, geological and geophysical costs and new venture activity costs are expensed as incurred except for the following:

- direct drilling expenditure related to an area of interest where an assessment of the existence or otherwise of economically recoverable reserves is not yet complete at reporting date; or
- the costs of acquiring an interest in new exploration and evaluation areas of interest and tenement licences.

In the statement of cashflows, those cash flows associated with capitalised exploration and evaluation expenditure are classified as cash flows used in investing activities.

**Exploration commitments**

The Group has exploration expenditure obligations which are contracted for, but not provided for in the financial statements. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

**Critical judgements in applying the Company's accounting policies:**

*Area of interest*

An area of interest is defined by the Group as an individual geographical area whereby the presence of gold, nickel or other base metals is considered favourable or proved to exist.

*Impairment of exploration and evaluation assets*

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation or alternatively, sale of the respective area of interest. To successfully develop the exploration and evaluation assets, the Group is also required to meet its joint venture minimum expenditure obligations and other future funding obligations. Should the Group not succeed in securing appropriate funding to meet these obligations, the recoverability of capitalised exploration and evaluation assets could be impacted and may be required to be impaired.

Each potential or recognised area of interest is reviewed half-yearly to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support continued carry forward of capitalised costs. Where a potential impairment is indicated, assessment is performed using a fair value less costs to dispose method to determine the recoverable amount for each area of interest to which the exploration and evaluation expenditure is attributed.

This assessment requires management to make certain estimates and apply judgment in determining assumptions as to future events and circumstances, the assessment includes estimates in relation to forecast commodity price curves, future production and transportation costs, the volume of economically recoverable reserves, foreign exchange rates and discount rates. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, the Group concludes that it is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

## 14. TECHNOLOGY AND INTELLECTUAL PROPERTY ASSETS

| | Consolidated | |
|---|---|---|
| | **30 Jun 2021 A$** | **30 Jun 2020 A$ Restated** |
| Patents and trademarks | 500 | 500 |
| Technology and intellectual property assets – cost | 5,000,000 | 5,000,000 |
| Accumulated amortisation – technology and intellectual property assets | (791,667) | (291,667) |
| **Total technology and intellectual property** | **4,208,833** | **4,708,833** |

| | **Total A$** |
|---|---|
| **Opening balance at formation** | - |
| Acquisition of patents and trademarks | 500 |
| Acquisition of technology and intellectual property assets from Sasak Minerals Pty Ltd | 5,000,000 |
| Amortisation expense | (291,667) |
| **Closing balance at 30 June 2020** | **4,708,833** |
| Amortisation expense | (500,000) |
| **Closing balance at 30 June 2021** | **4,208,833** |

### Critical judgements in applying the Company's accounting policies:

*Amortisation period*

The Group amortises technology and intellectual property assets acquired from Sasak Minerals Pty Ltd over a period of 10 years. In assessing the useful life of these assets, the Group has taken into account:

- the stage of development of the technology and intellectual property;
- the current usage of the technology and intellectual property in its operations; and
- the likely pattern of usage of the technology and intellectual property in the future.

Based on the above, management has assumed that the technology and intellectual property will underpin the Group's growth objective in terms of establishing a commercial product and discovering economic mineral reserves and resources. Further, the technology will continue to be an integral building block for extension of the Group's current database through the rest of continental Australia and other parts of the world.

The useful life assessment requires management to make certain estimates and apply judgment in determining assumptions as to future events and circumstances. This assessment includes estimates in relation the usage of the technology, its ability to scale and the potential for new technology to impact on the acquired technology's usefulness to the Group. These estimates and assumptions may change as new information becomes available. If the Group concludes that this new information impacts on the underlying usefulness or its useful life, management will amend the useful life or write off any capitalised amounts to the profit and loss.

## 15. TRADE AND OTHER PAYABLES

| | Consolidated | |
|---|---|---|
| | 30 Jun 2021 A$ | 30 Jun 2020 A$ |
| Trade payables(i) | 347,472 | 66,762 |
| Sundry payables | 496,777 | 26,222 |
| Employee benefits payable | 366,166 | 113,332 |
| **Total trade and other payables** | **1,210,415** | **206,316** |

(i) The average credit period on purchases is approximately 30 days. No interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest may be levied on the outstanding balance at varying rates. The Group has financial risk management practices in place to ensure payables are paid within the credit timeframe.

### Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost. Amortised cost is the initial amount payable less any repayments.

## 16. PROVISIONS

| | Consolidated | |
|---|---|---|
| | 30 Jun 2021 A$ | 30 Jun 2020 A$ |
| **Movement in employee benefits provision:(i)** | | |
| Carrying amount at beginning of the period | 47,778 | - |
| Employee benefits expense | 100,050 | 47,778 |
| **Balance at 30 June** | **147,828** | **47,778** |
| **Net carrying value – represented by:** | | |
| Current | 142,264 | 39,233 |
| Non-current | 5,564 | 8,545 |
| **Balance at 30 June** | **147,828** | **47,778** |

(i) The above provisions for employee benefits represent annual leave and long service leave entitlements accrued by employees.

### Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, the future outflow of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received, and the amount of the receivable can be measured reliably.

### Employee benefits

*Short and long-term employee benefits*

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Amounts expected to settle within twelve months are recognised in current provisions in respect of employees' services up to the reporting date. Costs incurred in relation to sick leave are recognised when leave is taken and are measured at the rates paid or payable.

Liabilities recognised in respect of long-term employee benefits are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

### Termination benefits

Where contractual arrangements provide for a payment to a director or employee on termination of their employment, a provision for the payment of such amounts is recognised as the obligation arises.

## 17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has leases which predominately relate to the Company's head office premises and minor office equipment. Amounts recognised in the statement of financial position and the carrying amounts of the Group's right-of-use assets and lease liabilities and the movement during the year are as follows:

| | Consolidated | | |
|---|---|---|---|
| | Right-of-use assets | | |
| | Leased premises A$ | Total A$ | Lease liabilities A$ |
| **As at 1 July 2020** | | | |
| Additions during the year | 91,118 | 91,118 | 91,118 |
| Depreciation expense | (1,248) | (1,248) | - |
| Interest expense | - | - | - |
| Lease payments | - | - | (1,095) |
| **As at 30 June 2021** | 89,870 | 89,870 | 90,023 |

| **Net carrying value of right-of-use assets** | **A$** |
|---|---|
| As at 30 June 2020 | - |
| As at 30 June 2021 | 89,870 |

Lease liabilities are presented in the statement of financial position as:

| | Consolidated | |
|---|---|---|
| | 30 Jun 2021 | 30 Jun 2020 |
| | A$ | A$ |
| Current | 25,805 | - |
| Non-current | 64,218 | - |
| **Balance at 30 June** | **90,023** | |

### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

### Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for an additional term of two years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

The Group did not include the renewal option for the lease of its office premises as part of the lease term because the Group likes to maintain leasing flexibility across its office premises leases.

## 18. ISSUED CAPITAL

### Share capital

| | Consolidated | | | |
|---|---|---|---|---|
| | 30 Jun 2021 A$ | 30 Jun 2020 A$ | 30 Jun 2021 No. | 30 Jun 2020 No. |
| Fully paid ordinary shares | | | | |
| At beginning of the period | 13,266,550 | - | 50,506,480 | - |
| - shares issued on formation of the Company | - | 10,000,000 | - | 40,000,000 |
| - shares issued 31 January 2020 | - | 1,375,000 | - | 5,500,000 |
| - shares issued 31 March 2020 | - | 717,015 | - | 2,868,060 |
| - shares issued 2 April 2020 | - | 107,985 | - | 431,940 |
| - shares issued 29 June 2020 | - | 1,066,550 | - | 1,706,480 |
| - shares issued 14 April 2021 | 1,216,588 | - | 1,539,985 | - |
| - shares issued 22 April 2021 | 344,160 | - | 435,646 | - |
| - shares issued 17 June 2021 | 405,003 | - | 512,662 | - |
| Cash costs associated with share issues | (19,183) | | | |
| Non-cash costs associated with share issue | (39,038) | - | - | - |
| **Ordinary fully paid shares at the end of the period** | **15,174,080** | **13,266,550** | **52,994,773** | **50,506,480** |

Fully paid ordinary shares carry one vote per share and a right to dividends. Each ordinary shareholder present at a general meeting, whether in person, by proxy or by representative is entitled to one vote on a show of hands or, on a poll, one vote for each fully paid ordinary share held.

Issued capital is classified as equity and is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares is recognised directly in equity as a reduction of the share proceeds received.

### Performance rights

Refer note 25 share-based payments for details of share performance rights outstanding at 30 June 2021.

## 19. NON-CONTROLLING INTEREST

| | % of non-controlling interests | 30 Jun 2021 Profit/(loss) A$ | 30 Jun 2020 Net value A$ | Net value A$ |
|---|---|---|---|---|
| Yilgarn Exploration Ventures Pty Ltd | 40.0 | **(734,864)** | **2,765,136** | **-** |
| **Changes over the period** | | | | |
| At beginning of the period | | | - | - |
| Investment in Yilgarn Exploration Ventures Pty Ltd by DGO Gold Limited | | | 3,500,000 | - |
| Loss for the year | | | (734,864) | - |
| **At end of the period** | | | **2,765,136** | **-** |

During the period, the Group entered into an equity funding agreement with DGO Gold Limited (**DGO**) whereby DGO would contribute $4.0 million in funding for the testing and exploration of targets identified by the Group and held by Yilgarn Exploration Ventures Pty Ltd (**YEV**) in exchange for new equity issued which would ultimately result in DGO earning a 40% interest in YEV.

For the year ending 30 June 2021, DGO has contributed $3.5 million of funding to YEV and had received 300 fully paid shares and 100 partly paid shares. On 16 July 2021, YEV received the final contribution of $500,000 and converted the 100 partly paid shares to fully paid shares.

## 20. EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (**EPS**) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares for the dilutive effect, if any, of the outstanding share rights which have been issued to employees.

| | Consolidated | |
|---|---|---|
| | **30 Jun 2021 A$ cents** | **30 Jun 2020 A$ cents Restated** |
| Basic and diluted loss per share | (6.74) | (3.56) |

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

| | Period ended | |
|---|---|---|
| | **30 Jun 2021 A$** | **30 Jun 2020 A$** |
| Loss for the year attributable to members of SensOre Ltd | (3,435,113) | (1,632,074) |
| | **Number** | **Number** |
| Weighted average number of ordinary shares for the purposes of basic and diluted loss per share | 50,931,968 | 45,803,295 |

The following potential ordinary shares are not considered dilutive as the Company recognised a loss for the year ended, and are therefore excluded from the weighted average number of ordinary shares used in the calculation of diluted EPS:

| **Unlisted performance rights** | **30 Jun 2021 Number** | **30 Jun 2021 Number** |
|---|---|---|
| 2020AA | 873,060 | 873,060 |
| 2020AB | 33,000 | 33,000 |
| 2020AC | 1,248,000 | 1,248,000 |
| 2020AD | 160,000 | 160,000 |
| 2020AE | 150,000 | 150,000 |
| 2020AF | 72,000 | 72,000 |
| 2020AG | 69,120 | 69,120 |
| 2021AA | 418,841 | - |
| 2021AB | 11,436 | - |
| 2021AC | 29,419 | - |
| 2021AD | 432,456 | - |
| 2021AE | 55,444 | - |
| 2021AF | 148,847 | - |
| 2021AG | 38,984 | - |
| 2021AH | 18,713 | - |
| | **3,759,320** | **2,605,180** |

## 21. CONTINGENT LIABILITIES

The Group is party to a number of farm-in and option agreements which result in the following contingent liabilities at 30 June 2021:

- SensOre Yilgarn Ventures Pty Ltd (**SYV**), a subsidiary of SensOre Ltd, holds a 100% option to acquire the Auckland Project by paying $130,000 to the tenement holder or, should SYV elect not to exercise its option, it would be liable to pay the tenement holder $25,000.
- YEV, a subsidiary of SensOre Ltd, has the potential to earn up to an 80% interest in the Balagundi JV through meeting minimum expenditure commitments over four years. As part of the farm-in agreement, the Group has annual payment obligations on the anniversary of project entry unless the agreement is terminated.
- YEV has the potential to earn up to an 80% interest in the Central Balagundi JV through meeting minimum expenditure commitments over four years. As part of the farm-in agreement, the Group has annual payment obligations on the anniversary of project entry unless the agreement is terminated.
- YEV has the potential to earn up to an 85% interest in North Darlot JV through meeting minimum expenditure commitments over four years. In order to successfully earn this 85% interest, YEV is required to pay the tenement holder $75,000. YEV paid this amount on 9 July 2021 and, as such, it amount has been included as a liability in the Group's statement of financial position at 30 June 2021

## 22. SUBSIDIARIES

| | Country of incorporation | Percentage owned 30 Jun 2021 | Percentage owned 30 Jun 2020 |
|---|---|---|---|
| **Subsidiary entities consolidated** | | | |
| Company and head of tax consolidation group: | | | |
| - SensOre* | Australia | | |
| | | | |
| Subsidiaries of SensOre: | | | |
| - Pilbara Exploration Ventures Pty Ltd* | Australia | 100 | - |
| - RVF Investco Pty Ltd* | Australia | 100 | - |
| - SensOre Exploration Holdings Pty Ltd* | Australia | 100 | - |
| - SensOre Yilgarn Ventures Pty Ltd* | Australia | 100 | - |
| - SensOre_A Pty Ltd* | Australia | 100 | 100 |
| - SensOre_X Pty Ltd* | Australia | 100 | 100 |
| - SensOre_Y Pty Ltd* | Australia | 100 | 100 |
| - Yilgarn Exploration Ventures Pty Ltd | Australia | 60 | 100 |

* Members of tax consolidation group

## 23. CASH FLOW INFORMATION

### (a) Reconciliation of cash and cash equivalents

| | Consolidated 30 Jun 2021 A$ | Consolidated 30 Jun 2020 A$ |
|---|---|---|
| Cash at bank | 1,573,044 | 1,434,492 |
| Term deposits | 30,791 | - |
| **Total cash and cash equivalents** | **1,603,835** | **1,434,492** |

### (b) Financing facilities

The Group had no external financing facilities at 30 June 2021 (30 June 2020: nil). The Group has a small amount of borrowings resulting from an insurance premium funding agreement entered into during the year to fund various insurance policies held by the Company, including directors and officers insurance.

### (c) Restricted cash

The Company has $30,791 (30 June 2020: nil) in term deposits included in cash and cash equivalents that are not readily available for use by the Group. The term deposit is held as security over the Company' corporate head office lease in the form of a bank guarantee.

### (d) Reconciliation of loss for the period to net cash flows from operating activities

| | Consolidated | |
|---|---|---|
| | 30 Jun 2021<br>A$ | 30 Jun 2020<br>A$<br>Restated |
| Reconciliation of cash flow from operations with profit after income tax: | | |
| Profit/(loss) for the period | (4,169,977) | (1,632,074) |
| | | |
| *Non-cash flow items in profit/(loss):* | | |
| Amortisation of technology and intellectual property assets | 500,000 | 291,667 |
| Depreciation of property, plant and equipment | 53,702 | 19,151 |
| Equity settled share-based payments expense | 127,354 | 22,352 |
| | | |
| *Changes in assets and liabilities:* | | |
| Increase in trade and other receivables | (571,483) | (504,409) |
| Increase in prepayments and other assets | (16,608) | (101,122) |
| Increase in trade and other payables | 890,060 | 206,316 |
| Increase in employee entitlements | 100,050 | 47,778 |
| **Net cash used in operating activities** | **(3,086,902)** | **(1,650,341)** |

### Cash and cash equivalents

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

## 24. FINANCIAL AND RISK MANAGEMENT

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities.

The Group's principal financial instruments are cash and short-term deposits. The Group also has other non-derivative financial instruments such as trade receivables, trade payables and lease liabilities.

The Group had no finance facilities in place at 30 June 2021.

### Financial instruments

*(i) Recognition and initial measurement*

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (**FVTPL**), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

*(ii) Classification and subsequent measurement*

**Financial assets**

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) - debt instrument;
- FVOCI - equity instrument; or
- FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Financial assets - Business model assessment**

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Financial assets - Subsequent measurement and gains and losses**

| | |
|---|---|
| **Financial assets at FVTPL** | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |
| **Financial assets at amortised cost** | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |
| **Debt instruments at FVOCI** | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
| **Equity instruments at FVOCI** | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. |

**Financial liabilities – Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### *(iii) Derecognition*

**Financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

**Financial liabilities**

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### *(iv) Impairment*

**Financial assets**

*Financial instruments and contract assets*

The Group recognises loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortised cost;
- debt instruments measured at FVOCI; and
- contract assets.

The Group also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

*Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

*Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

### *(v) Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

### *(vi) Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### Financial assets and financial liabilities

The following table discloses the carrying value amounts of each category of financial assets and financial liabilities at year end:

| | Amortised cost A$ | Fair value through profit or loss A$ | Fair value through OCI A$ | Total A$ |
|---|---|---|---|---|
| **Year ended 30 June 2021** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | 1,603,835 | - | - | 1,603,835 |
| Trade and other receivables | 1,075,893 | | | 1,075,893 |
| **Total financial assets** | **2,679,728** | **-** | **-** | **2,679,728** |
| **Other financial liabilities** | | | | |
| Trade and other payables – current | 1,210,415 | - | - | 1,210,415 |
| Lease liabilities – current and non-current | 90,023 | - | - | 90,023 |
| Borrowings – current | 28,364 | - | - | 28,364 |
| **Total financial liabilities** | **1,328,802** | **-** | **-** | **1,328,802** |
| **Year ended 30 June 2020** | **Restated** | **Restated** | **Restated** | **Restated** |
| **Financial assets** | | | | |
| Cash and cash equivalents | 1,434,492 | - | - | 1,434,492 |
| Trade and other receivables | 504,409 | - | - | 504,409 |
| **Total financial assets** | **1,938,901** | | | **1,938,901** |
| **Other financial liabilities** | | | | |
| Trade and other payables | 206,316 | - | - | 206,316 |
| **Total financial liabilities** | **206,316** | **-** | **-** | **206,316** |

### Fair values

In estimating fair value of an asset or liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is in accordance with accounting standard

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The directors consider that the carrying amounts of the financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair value and are categorised as Level 2 measurements.

| | Carrying amount | | Fair value | |
|---|---|---|---|---|
| | 30 Jun 2021 A$ | 30 Jun 2020 A$ Restated | 30 Jun 2021 A$ | 30 Jun 2020 A$ Restated |
| **Financial assets** | | | | |
| Cash and cash equivalents | 1,603,835 | 1,434,492 | 1,603,835 | 1,434,492 |
| Trade and other receivables – current and non-current | 1,075,893 | 504,409 | 1,075,893 | 504,409 |
| **Total financial assets** | **2,679,728** | **1,938,901** | **2,679,728** | **1,938,901** |
| **Other financial liabilities** | | | | |
| Trade and other payables – current | 1,210,415 | 206,316 | 1,210,415 | 206,316 |
| Lease liabilities – current and non-current | 90,023 | - | 90,023 | - |
| Borrowings – current | 28,364 | - | 28,364 | - |
| **Total financial liabilities** | **1,328,802** | **206,316** | **1,328,802** | **206,316** |

### Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern and as at 30 June 2021 has minimal debt relating to insurance premium funding and no finance facilities in place. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and accumulated losses.

### Financial risk management objectives

The Group's management provides services to the business, co-ordinates access to domestic and international financial markets, and manages the financial risks relating to the operations of the Group.

The Group does not trade or enter into financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the Board of directors.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates, liquidity risk and commodity price risk. The Group does not presently enter into derivative financial instruments to manage its exposure to interest rate and foreign currency risk.

### Foreign currency risk

The Group does not hold any financial instruments which expose the Group to fluctuations in foreign exchange rates.

### Commodity price risk management

The Group does not currently have any projects in production and has no exposure to commodity price fluctuations.

### Interest rate risk management

The Group is exposed to interest rate risk as it earns interest at floating rates from a portion of its cash and cash equivalents. The Group places a portion of its funds into short-term fixed interest deposits which provide short-term certainty over the interest rate earned.

As at 30 June 2021, the Group had not entered any interest rate hedges or other financial instruments with the intention of mitigating any interest rate risk (30 June 2020: Nil)

*Interest rate sensitivity analysis*

If the average interest rate during the year had increased/(decreased) by 100 basis points the Group's net profit after tax would increase/(decrease) by $14,457 (30 June 2020: $14,345).

### Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

*Liquidity and interest risk tables*

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been prepared based on the undiscounted cash flows expected to be received/paid by the Group.

| | Maturity | | | | |
|---|---|---|---|---|---|
| | **Less than 1 month A$** | **1-3 months A$** | **3 months to 1 year A$** | **1-5 years A$** | **Total A$** |
| **30 June 2021** | | | | | |
| **Financial assets:** | | | | | |
| Non-interest bearing | 123,825 | 952,068 | - | - | 1,075,893 |
| Variable interest rate | 1,573,044 | - | - | - | 1,573,044 |
| Fixed interest rate | - | - | 30,791 | - | 30,791 |
| | **1,696,869** | **952,068** | **30,791** | **-** | **2,679,728** |
| **Financial liabilities:** | | | | | |
| Non-interest bearing | 430,012 | 780,403 | - | - | 1,210,415 |
| Interest bearing – lease liabilities | 6,094 | 12,240 | 35,835 | 64,218 | 118,387 |
| | **436,106** | **792,643** | **35,835** | **64,218** | **1,328,802** |
| **30 June 2021** | | | | | |
| **Financial assets:** | **Restated** | **Restated** | **Restated** | **Restated** | **Restated** |
| Non-interest bearing | 39,961 | 464,448 | - | - | 504,409 |
| Variable interest rate | 1,434,492 | - | - | - | 1,434,492 |
| | **1,474,453** | **464,448** | **-** | **-** | **1,938,901** |
| **Financial liabilities:** | | | | | |
| Non-interest bearing | 206,316 | - | - | - | 206,316 |
| | 206,316 | - | - | - | 206,316 |

There are no financial liabilities that are longer than five years.

## 25. SHARE-BASED PAYMENTS

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted and measured at the date the entity obtains the goods or the counterparty renders the service.

### Employee performance rights plan

The directors of the Company approved the Performance Rights Plan (PRP) at the board meeting held on 26 May 2020. In accordance with the provisions of the approved plan, the Board at its discretion may grant performance rights to any full-time or permanent part-time employee or officer, or director of the Company. The directors have formed the view that the grant of performance rights to directors and executives constitutes an appropriate and reasonable component of their remuneration, made on an arm's length basis. As such, the financial benefit represented by the grant falls within the 'reasonable remuneration' exception outlined in s211 of the Corporations Act 2001. Further, the shareholders approved the Remuneration Report for the year ended 30 June 2020 at the Annual General Meeting of shareholders held on 29 October 2020. Each performance right converts to one ordinary share on exercise.

The following share-based payment arrangements were in existence during the current and prior reporting periods:

| Unlisted performance rights | Grant date | Vesting date | Expiry date | Exercise price A$ | No. of performance rights on issue 30 Jun 2021 | No. of performance rights on issue 30 Jun 2020 |
|---|---|---|---|---|---|---|
| 2020AA | 1 Feb 2020 | 1 Feb 2023 | 1 Feb 2025 | 0.25 | 873,060 | 873,060 |
| 2020AB | 20 Feb 2020 | 20 Feb 2023 | 20 Feb 2025 | 0.25 | 33,000 | 33,000 |
| 2020AC | 1 Apr 2020 | 1 Apr 2023 | 1 Apr 2025 | 0.25 | 1,248,000 | 1,248,000 |
| 2020AD | 6 Apr 2020 | 6 Apr 2023 | 6 Apr 2025 | 0.25 | 160,000 | 160,000 |
| 2020AE | 13 Apr 2020 | 13 Apr 2023 | 13 Apr 2025 | 0.25 | 150,000 | 150,000 |
| 2020AF | 23 Apr 2020 | 23 Apr 2023 | 23 Apr 2025 | 0.25 | 72,000 | 72,000 |
| 2020AG | 1 May 2020 | 1 May 2023 | 1 May 2025 | 0.25 | 69,120 | 69,120 |
| 2021AA | 1 Feb 2021 | 1 Feb 2024 | 1 Feb 2026 | 0.79 | 418,841 | - |
| 2021AB | 20 Feb 2021 | 20 Feb 2024 | 20 Feb 2026 | 0.79 | 11,436 | - |
| 2021AC | 24 Mar 2021 | 1 Feb 2024 | 1 Feb 2026 | 0.79 | 29,419 | - |
| 2021AD | 1 Apr 2021 | 1 Apr 2024 | 1 Apr 2026 | 0.79 | 432,456 | - |
| 2021AE | 6 Apr 2021 | 6 Apr 2024 | 6 Apr 2026 | 0.79 | 55,444 | - |
| 2021AF | 10 Apr 2021 | 1 Feb 2024 | 1 Feb 2026 | 0.79 | 148,847 | - |
| 2021AG | 13 Apr 2021 | 13 Apr 2024 | 13 Apr 2026 | 0.79 | 38,984 | - |
| 2021AH | 23 Apr 2021 | 23 Apr 2024 | 23 Apr 2026 | 0.79 | 18,713 | - |
| | | | | | **3,759,320** | **2,605,180** |

The performance rights are subject to the following vesting conditions:

- continuous employment with SensOre Ltd; and
- satisfactory performance.

### Valuation of performance rights

Performance rights issued are measured at fair value at the date of grant and are expensed where there are no vesting conditions and in cases where a vesting restriction exists, recognised over the vesting period. In accordance with Australian Accounting Standards, fair value is determined using a generally accepted valuation model.

### Fair value of performance rights granted under the Performance Rights Plan

The performance rights were priced using the Black Scholes pricing model with the following inputs:

| | 2020(i) | 2021(ii) |
|---|---|---|
| Grant date | Various | Various |
| Share price at grant date | 25 cents | 79 cents |
| Fair value | 10.3 cents | 39.5 cents |
| Performance period start date | Various | Various |
| Performance period end date | Various | Various |
| Expiry date | Various | Various |
| Exercise price | 25 cents | 79 cents |
| Volatility | 60% | 75% |
| Dividend yield | - | - |
| Risk free interest rate | 1.98% | 1.98% |
| Total life of performance rights | 3 years | 3 years |

(i) The calculation of the fair value of performance rights issued in 2020 includes issues 2020AA to 2020AG listed in the previous table. Issue dates, vesting dates and expiry dates of these rights are included therein.

(ii) The calculation of the fair value of performance rights issued in 2021 includes issues 2021AA to 2021AH listed in the previous table. Issue dates, vesting dates and expiry dates of these rights are included therein.

The fair value of the performance rights as at the date of grant are summarised as follows:

| Performance rights | 2020 | 2021 |
|---|---|---|
| No. of performance rights | 2,605,180 | 1,154,140 |
| Price per performance right | A$0.103 | A$0.395 |
| **Fair value at grant date** | **$268,222** | **$455,363** |

### Movement in the number of performance rights issued under the Performance Rights Plan

The following reconciles the outstanding performance rights on issue at the end of the financial year:

| | Total Number |
|---|---|
| Balance at formation | - |
| Performance rights issued during the period ended 30 June 2020 | 2,605,180 |
| **Balance at 30 June 2020** | **2,605,180** |
| Performance rights issued during the year ended 30 June 2021 | 1,154,140 |
| **Balance at 30 June 2021** | **1,154,140** |

**Share-based payment expense**

Share-based payments expenses are included under employee benefits expense in the statement of profit or loss and other comprehensive income and relate to the performance rights component of equity-settled share-based payments transactions issued to a director, executive and other participants over the vesting period.

| | 30 Jun 2021 A$ | 30 Jun 2020 A$ |
|---|---|---|
| **Unlisted performance rights** | | |
| 2020 | 89,407 | 22,352 |
| 2021 | 37,947 | - |
| **Employee benefits – amortisation of performance rights** | **127,354** | **22,352** |

### Options issued subsequent to balance date

On 1 July 2021, the Company issued 125,000 options to Martin Place Securities as partial consideration for capital raising services provided in May 2021. The details of these options are outlined below:

| Unlisted performance rights | Grant date | Vesting date | Expiry date | Exercise price A$ |
|---|---|---|---|---|
| Broker options | 1 July 2021 | 1 July 2021 | 30 Dec 2023 | $1.00 |

## 26. COMMITMENTS

| | 30 Jun 2021 A$ | 30 Jun 2020 A$ |
|---|---|---|
| Farm-in agreements contracted for but not complete | | |
| - not later than 12 months | 908,300 | 327,643 |
| - between 12 months and five years | 15,330,425 | 12,038,238 |
| | **16,238,725** | **12,365,881** |

The Company has entered into the following farm-in and option agreements which have resulted in potential commitments for expenditure:

- YEV has the potential to earn up to an 85% interest in Mount Magnet North JV through meeting farm-in expenditure commitments over three years.
- YEV has the potential to earn up to a 75% interest in Desdemona North JV through meeting farm-in expenditure commitments over three years.
- YEV has the potential to earn up to an 85% interest in North Darlot JV through meeting farm-in expenditure commitments over four years.
- YEV has the potential to earn up to an 85% interest in the Tea Well JV through meeting farm-in expenditure commitments over three years.
- YEV has the potential to earn up to an 80% interest in the Balagundi JV through meeting farm-in expenditure commitments over four years.
- YEV has the potential to earn up to an 80% interest in the Central Balagundi JV through meeting farm-in expenditure commitments over four years.
- SYV has the potential to earn up to a 70% interest (51% by expending $3 million within three years, exclusive of permitting and land access, and meeting annual minimum expenditure requirements, and 19% by delivering a preliminary feasibility study (**PFS**)) of the Maynard's Dam project. Further, Torque has a one-time option, open for 60 days from completion of the PFS, to reduce the transfer of interest from 19% to 9% by paying SYV $0.5 million.
- Following satisfaction of option period activities, SYV may earn an 80% interest in the Moonera Prospect through meeting farm-in expenditure commitments over three years from 31 December 2021.
- Following satisfaction of option period activities, SYV may earn a 100% interest in the Auckland project through completion of 1,000m of reverse circulation or diamond drilling on the Auckland lease. Following completion of these option period activities, SYV may elect to exercise its option for a payment of $130,000. If it does not exercise its option, it is liable for a payment of $25,000 to the tenement holder.

The minimum expenditure commitments outlined above relating to the Group's potential joint venture interests are at the discretion of the Group and are dependent on exploration results that may or may not indicate an economic reserve or resource. Should exploration results not indicate satisfactory potential for further investment, the Group is not obliged to meet the minimum expenditure requirements for any project and will only be liable for termination or other fees outlined above.

## 27. KEY MANAGEMENT PERSONNEL

| | 30 Jun 2021<br>A$ | 30 Jun 2020<br>A$<br>Restated |
|---|---|---|
| Salary | 1,496,640 | 322,667 |
| Superannuation contributions | 79,980 | 30,653 |
| Leave entitlements | 59,556 | 30,227 |
| Long-term incentive plan rights | 100,637 | 17,571 |
| **Total remuneration paid to key management personnel** | **1,736,813** | **401,118** |

## 28. RELATED PARTY TRANSACTIONS

### Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 22 to the financial statements.

### Other related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

## 29. PARENT ENTITY DISCLOSURES

### (a) Financial position

| | 30 Jun 2021<br>A$ | 30 Jun 2020<br>A$<br>Restated |
|---|---|---|
| **Assets** | | |
| Current assets | 2,540,358 | 2,030,600 |
| Non-current assets | 12,485,846 | 10,173,426 |
| **Total assets** | **15,026,204** | **12,204,026** |
| | | |
| **Liabilities** | | |
| Current liabilities | 676,351 | 245,751 |
| Non-current liabilities | 69,781 | 8,545 |
| **Total liabilities** | **746,132** | **254,296** |
| | | |
| **Equity** | | |
| Issued capital | 15,174,080 | 13,266,550 |
| Reserves | 149,706 | 22,352 |
| Accumulated losses | (1,043,714) | (1,339,172) |
| **Total equity** | **14,280,072** | **11,949,730** |

### (b) Financial performance

| | Period ended<br>30 Jun 2021<br>A$ | <br>30 Jun 2020<br>A$<br>Restated |
|---|---|---|
| Loss for the year | 274,599 | (1,339,172) |
| Other comprehensive loss | - | - |
| **Total comprehensive income/(loss)** | **274,599** | **(1,339,172)** |

### (c) Commitments for capital expenditure and contingent liabilities of the parent entity

The parent entity does not have any commitments for capital expenditure or contingent liabilities at 30 June 2021

## 30. REMUNERATION OF AUDITORS

| | Period ended 30 Jun 2021 A$ | 30 Jun 2020 A$ |
|---|---|---|
| **Audit services – Grant Thornton** | | |
| Audit or review of the financial statements | 23,000 | 12,000 |
| | | |
| **Other services – Grant Thornton** | | |
| Preparation of income tax return | 7,000 | - |
| Preparation of research and development tax incentive claim | 18,000 | 28,019 |
| Other services | 1,500 | 5,000 |
| **Total auditors' remuneration** | **49,500** | **45,019** |

## 31. EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

Subsequent to balance date, the COVID-19 pandemic continues to have an impact on the operations of the Group and more broadly in local and international economies. The longer-term impacts of COVID-19 on the operations of the Group remain uncertain and cannot be quantified at this time.

As outlined in note 19, YEV received the final tranche of $500,000 from DGO to complete the $4.0 million contribution in funding for the testing and exploration targets identified by the Group and held by YEV. This final contribution was received on 16 July 2021 and has resulted in DGO now holding 400 fully paid shares in YEV (equivalent to a 40% interest).

As outlined below and in note 25 to the financial statements, on 1 July 2021 the Company issued 125,000 options to Martin Place Securities as consideration for capital raising services completed in May 2021. The fair value of these options has been recognised in trade and other payables and as a share issue cost for the year ended 30 June 2021.

As outlined in note 21 and note 26, YEV has the potential to earn up to an 85% interest in North Darlot JV through expenditure of $4 million over four years. In order to successfully earn this 85% interest, YEV is required to pay the tenement holder $75,000. YEV paid the election payment on 9 July 2021 and, as such, this amount has been included as a liability on the Group's statement of financial position at 30 June 2021.

Other than the above, here has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## 32. DIVIDENDS

The directors recommend that no dividend be paid for the year ended 30 June 2021 nor have any been paid or declared during the year (30 June 2020: Nil).

## 33. GROUP DETAILS

The registered office and principal place of business of the Company is:

Level 3
10 Queen Street
Melbourne VIC 3000
Australia

## 34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board and authorised for issue on 6 August 2021.

# DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 3 to the financial statements; and

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group.

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

On behalf of the directors

| | |
|---|---|
| **Robert Peck AM**<br>**Director** | **Richard Taylor**<br>**Director** |

Melbourne, 6 August 2021

Grant Thornton

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# Independent Auditor's Report

## To the Members of SensOre Ltd

### Report on the audit of the financial report

### Opinion

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

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

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

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

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We draw attention to Note 3 in the financial statements, which indicates that the Group incurred a net loss after tax of $4,169,977 and had a net cash outflow from operating activities of $3,086,902 during the year ended 30 June 2021. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

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

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

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

### Responsibilities of the Directors for the financial report

The Directors of the Group 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*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.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 in the Directors' report for the period ended 30 June 2021.

In our opinion, the Remuneration Report of SensOre Ltd for the period ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 06 August 2021

# GLOSSARY OF ABBREVIATIONS & DEFINED TERMS

| TERM | |
|---|---|
| $ or A$ or AUD | Australian dollars |
| AASB | Australian Accounting Standards Board |
| ABN | Australian Business Number |
| ASX | Australian Securities Exchange |
| Board | The board of directors of the Company |
| CEO | Chief executive officer |
| CFO | Chief financial officer |
| Company | SensOre Ltd ABN 16 637 198 531 |
| COO | Chief operating officer |
| CoSec | Company secretary & general manager – corporate affairs |
| director | A member of the Board |
| DGO | DGO Gold Limited |
| DPT | Discriminant Predictive Targeting |
| EPS | Earnings per share |
| FVOCI | Fair Value through Other Comprehensive Income |
| FVTPL | Fair Value through Profit or Loss |
| Group | The Company and its controlled entities |
| GST | Goods and services tax |
| IFRS | International Financial Reporting Standards |
| KMP | Key management personnel |
| KPI | Key performance indicator(s) |
| LSL | Long service leave |
| LTI | Long-term incentive |
| SensOre | SensOre Ltd ABN 16 637 198 531 |
| N&RC | Nomination & remuneration committee of the Company |
| NED | Non-executive director |
| OCI | Other Comprehensive Income |
| P50 | Market fiftieth percentile |
| PRP | The performance rights plan of the Company |
| STI | Short-term incentive |
| SYV | SensOre Yilgarn Ventures Pty Ltd ABN 77 643 262 800 |
| TFR | Total fixed remuneration |
| YEV | Yilgarn Exploration Ventures Pty Ltd ABN 86 631 309 281 |

# CORPORATE DIRECTORY

## DIRECTORS

Robert Peck AM (non-executive chairman)
Richard Taylor (executive director and CEO)
Robbie Rowe (executive director and COO)
Nic Limb (non-executive)
Adrian Manger (non-executive)
Anthony O'Sullivan (non-executive)

## EXECUTIVE

Alf Eggo (chief technology officer)
Greg Bell (chief financial officer)
Michaela Evans (company secretary)

## REGISTERED OFFICE

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## TAX AGENTS AND ADVISERS

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Australia

## SOLICITORS

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Melbourne VIC 3000
Australia

## BANKERS

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Melbourne VIC 3000
Australia