

**High
Grade Metals**

2020 Annual Report

**For the Year ended
31 December 2020**



CORPORATE INFORMATION

Board of Directors

Mr Anthony Hall –Executive Chairman
Mr Bradley Drabsch – Executive Director
Mr Adrien Wing – Non-Executive Director
Mr Steven Formica – Non-Executive Director
Mr Dennis Morton – Non-Executive Director

Company Secretary

Mr Adrien M Wing

Registered Office

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Company website

www.highgrademetals.com.au

Australian Securities Exchange Listing

Code: HGM (previously: QNL)

Auditors

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Level 7
420 King William Street
ADELAIDE SA 5000

Share Registry

Advanced Share Registry Ltd
110 Stirling Highway
NEDLANDS WA 6009
Phone: +61 8 9389 8033

Australian Solicitors

Baker McKenzie
Tower One – International Towers Sydney
Level 46, 100 Barangaroo Avenue
SYDNEY NSW 2000

Austrian Solicitors

Baker McKenzie
Diwok Hermann Petsche Rechtsanwälte
LLP & Co KG
Schottenring 25
1010 WIEN
AUSTRIA

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DIRECTORS' REPORT

Your Directors submit their report for High Grade Metals Limited (“the Company” or “HGM”) (previously Quest Minerals Limited) and its controlled entities (“the Group”) for period ended 31 December 2020 (prior year comparatives 31 December 2019).

DIRECTORS

The names of the Company’s directors in office during the financial period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Director	Position	Appointed	Last elected or re-elected	Resigned
Mr A Hall	Executive Chairman ⁽ⁱⁱⁱ⁾	11 February 2019	29 May 2019	-
Mr B Drabsch	Executive Director ^(iv)	3 April 2019	29 May 2019	-
Mr A Wing	Non-Executive Director ⁽ⁱ⁾	8 October 2018	30 November 2018	-
Mr S Formica	Non-Executive Director ⁽ⁱⁱ⁾	3 January 2017	30 July 2020	-
Mr Dennis Morton	Non-Executive Director ^(v)	7 July 2020 30 July 2020	-	30 July 2020

- (i) Appointed Company Secretary on 8 October 2018.
- (ii) Retired as Chairman on 8 October 2018.
- (iii) Appointed Executive Chairman on 11 February 2019.
- (iv) Appointed Executive Director on 3 April 2019
- (v) Appointed 7 July 2020. Retired as was not put up for election at the AGM on 30 July 2020. Re-appointed as Non-Executive Director post AGM on same day.

Company directors' details

The detail of the Company’s directors in office during the financial period and until the date of this report are as follows:

Mr Anthony Hall	Executive Chairman
Qualifications:	LLB (Hons), BBus, AGIA
Experience	Mr Hall was previously based in Europe as the CEO and Managing Director of an ASX listed Spanish potash developer. During his tenure the Company’s market capitalisation grew from A\$10m to over A\$800m fully diluted; over A\$140m was raised to progress the Company’s projects; and the projects were transitioned from exploration to completion of Definitive Feasibility Studies. Mr Hall is a qualified lawyer with over 20 years of commercial experience in venture capital, risk management, strategy and business development. He holds a Bachelor of Laws (Hons), Bachelor of Business, a Graduate Diploma of Applied Finance and Investment and is an Associate of the Governance Institute of Australia
Interest in shares & options	Indirect: JAWAF ENTERPRISESS PTY LTD <HALL FAMILY A/C> 16,041,667 fully paid ordinary shares

DIRECTORS' REPORT

	<p>9,133,333 Class A performance shares</p> <p>13,300,333 Class B performance shares</p> <p>10,000,000 Related Party Options</p>
Listed entity directorships	<p>Mr Hall is currently an Executive Director of ASX listed company: American Pacific Borates Limited (ASX:ABR)</p> <p>Former directorships in other listed entities in the past 3 years: Nil</p>

Mr Bradley Drabsch	Executive Director
Qualifications:	BSc (Hons), FSEG, MAIG
Experience	Mr Drabsch has over 20 years of industry experience focussed primarily on the exploration for gold and base metal deposits in Australia, Asia and Africa. He graduated with a BSc (hons) Economic Geology in 1998 and has worked as an Exploration Geologist, Project Geologist and Exploration Manager for companies such as St Barbara, Ivanhoe Mines, Independence Group, Doray Minerals and BHP Billiton.
Interest in shares & options	10,000,000 Related Party Options
Listed entity directorships	<p>Mr Drabsch is currently a Managing Director of ASX listed company: Syndicated Metals Limited (ASX:SMD)</p> <p>Former directorships in other listed entities in the past 3 years: ASX:TKM</p>

Mr Adrien Wing	Non-Executive Director and Company Secretary
Qualifications	BCom, CPA
Experience	Mr Wing is a certified practicing accountant. He has worked in audit and corporate advisory of a chartered accounting firm before moving to assist a number of public companies listed on the ASX as a corporate and accounting consultant and company secretary.
Interest in shares & options	<p>15,361,112 ordinary shares</p> <p>6,900,000 Class A Performance Shares</p> <p>6,900,000 Class B Performance Shares</p> <p>5,000,000 Related Party Options</p>
Listed entity directorships	<p>Mr Wing is currently a non-executive Director of ASX listed companies: Red Sky Energy Limited (ASX:ROG) and Mithril Resources Limited (ASK:MTH).</p> <p>Former directorships in other listed entities in the past 3 years: nil</p>

Mr Steven Formica	Non-Executive Director
Experience	Mr Formica brings to the Group practical management and business development experience. He has been a successful businessman and

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	<p>operations manager for over 30 years in a number of privately held business ventures including manufacturing, construction, landscape contracting, property development and integrated wholesale and retail industries.</p> <p>More recently he has been a successful investor and non-executive director in mineral resource companies.</p>
Interest in shares & options	<p>14,875,000 ordinary shares</p> <p>5,000,000 unlisted options exercisable at 3 cents on or before 30 June 2022</p>
Listed entity directorships	<p>Mr Formica is currently a non-executive chairman Ragnar Metals (ASX:RAG) and non-executive director Houston We Have Ltd (ASX: HWH)</p> <p>Former directorships in other listed entities in the past 3 years: Lindian Resources Limited (ASX:LIN), Bowen Coking Coal Limited (ASX: BCB) Orminex Limited (ASX: ONX)</p>

Mr Dennis Morton	Non-Executive Director
Experience	<p>Mr Morton has over 40 years' experience in the oil and gas industry, including seven years as Founding CEO and Managing Director of Eastern Star Gas Limited which was acquired by Santos in 2011 for around A\$1bn. Mr Morton is a geologist with extensive experience in the management of oil and gas companies. He is currently the Managing Director of ASX listed company Gas2Grid Limited (2008-2020) with current and past assets in Australian, NZ, Philippines and France.</p> <p>Immediately prior to becoming Managing Director of Gas2Grid, Mr Morton was a founder and CEO and Managing Director of ASX listed Eastern Star Gas Limited (2000-2007) listing with an initial \$10 million raising. The Company's assets included coal seam gas and conventional petroleum projects at Narrabri and elsewhere in NSW and also in Victoria. Eastern Star Gas was taken over by Santos Limited in late 2011 (valued the Company at around \$1 billion).</p>
Interest in shares & options	Nil
Listed entity directorships	<p>Mr Morton is currently the Managing Director of ASX listed company Gas2Grid Limited (GGX)</p> <p>Former directorships in other listed entities in the past 3 years: Nil</p>

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial period was mineral exploration including the exploration and evaluation of opportunities located domestically and internationally.

OPERATING RESULTS

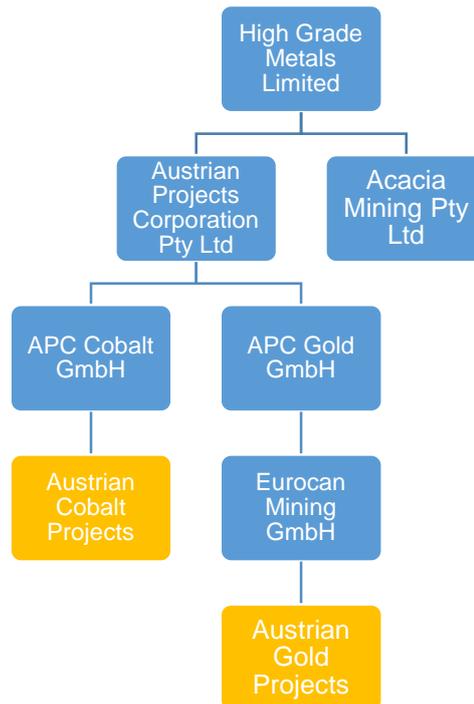
The Consolidated Entity's operating loss after tax for the period ended 31 December 2020 was \$679,837 (2019 \$5,640,918). This year loss includes has nil impairment (2019: \$4,689,565) in respect of the Group's Austrian assets.

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FINANCIAL POSITION

At the end of the financial period, the Consolidated Entity had a cash balance of \$82,637 (2019: \$230,142) and a net asset position of \$16,159 (2019: \$130,268).

GROUP STRUCTURE



The Group (through its wholly-owned subsidiary APC, and APC's wholly-owned Austrian subsidiaries) is the sole holder of a 100% legal and beneficial interest in the Projects.

REVIEW OF OPERATIONS

The Company is currently looking to transition from seeking to explore and develop gold and cobalt projects in Austria to seeking to become a coal seam gas producer in Mongolia (refer ASX dated 7 July 2020).

Mongolian Coal Seam Gas Projects

As announced on 7 July 2020, the Company is proposing to acquire 100% of the shares in Jade Gas Pty Ltd.

About Jade Gas Pty Ltd

Jade is an Australian company which has been established as the holding entity for various current and proposed coal seam gas projects in Mongolia.

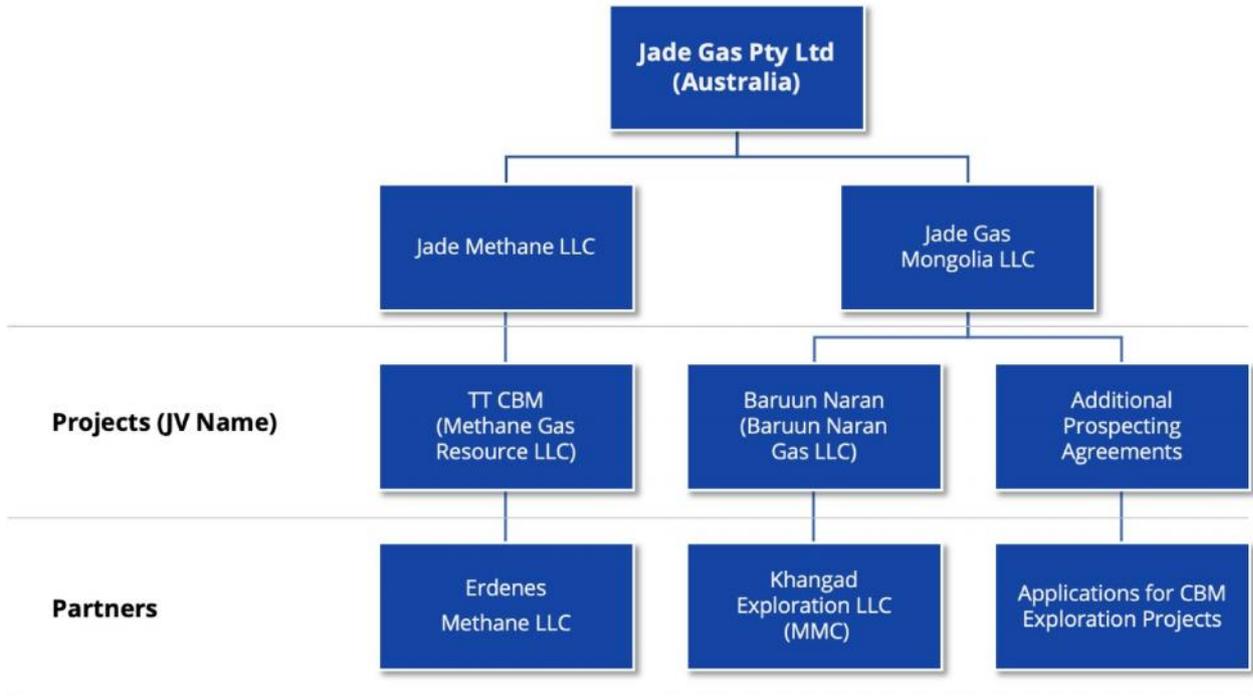


Figure 1: Jade Gas Corporate and Project Structure

Jade Gas Projects & Partners

Overview

Jade is focussed on the coal seam gas (CSG) potential of Mongolia. Mongolia is located between Russia to the north and Peoples Republic of China to the south. Jade’s current activities are located in the South Gobi region approximately 200 km from the border with China.



Figure 2: Mongolia location map

Executives of Jade have been involved in Mongolian natural resource projects dating back to 2009. In 2018, the team commenced an investigation of the CSG potential in and around the abundant coal resources in the South Gobi region of Mongolia. In May 2019, Jade entered into an Investment

DIRECTORS' REPORT

Agreement with Erdenes Methane and in 2HCY19 undertook and successfully completed a detailed work program under a Prospecting Agreement held by EM over the licence area. The joint venture with Khangad Exploration LLC (KE) was established in August 2019.

Joint Venture with Erdenes Methane LLC (EM)

A joint venture company, Methane Gas Resource LLC (MGR), has been established to undertake the work in Mongolia. MGR is owned 60% by a 100% owned Jade subsidiary (Jade Methane LLC) and 40% by Erdenes Methane LLC, a 100% owned subsidiary of Erdenes Mongol LLC.

The Production Sharing Agreement (PSA) with the Mineral Resources and Petroleum Authority of Mongolia (MRPAM) provides the right to explore and exploit CSG over the area of the Tavan Tolgoi coal field covered by seven mining licenses MV-016881, MV-016882, MV-016883, MV-011953, MV-011954, MV-011955 and MV-011956 covering a total of 665km².

The PSA has been awarded to Erdenes Methane LLC. Under the joint venture agreement between Jade Methane LLC and Erdenes Methane LLC the PSA must be transferred to MGR. This process is in train and is subject to Government approval.

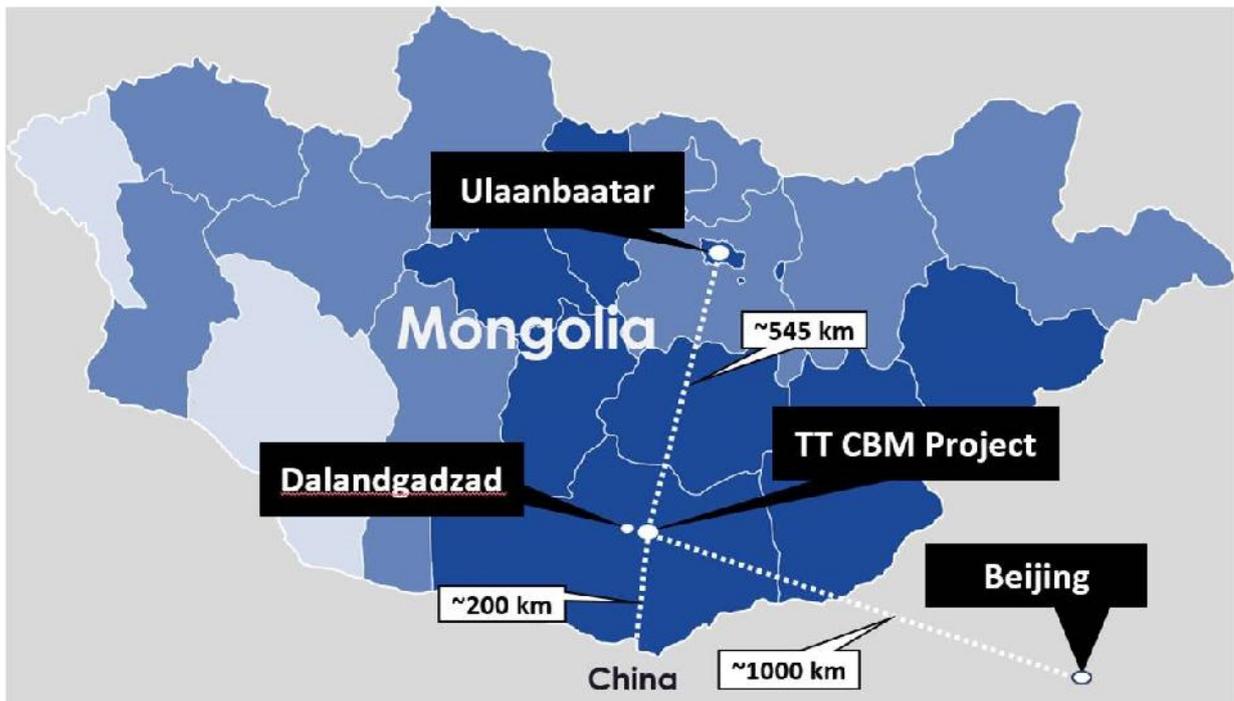


Figure 3: Map showing the location of the Projects within Mongolia

The PSA allows for up to 10 years of exploration and a further 30 years of CSG exploitation.

Under Jade's Investment Agreement with Erdenes Methane, Jade must sole fund the project to the completion of a Definitive Feasibility Study, at which time both parties must continue to fund the project on a pro rata basis, subject to certain conditions.

Joint Venture with Khangad Exploration LLC (KE)

An agreement with Khangad Exploration LLC (an indirectly wholly-owned subsidiary of MMC holding 34%) and Jade Gas Mongolia LLC (a 100% owned Jade subsidiary holding 66%), under which the Jade subsidiary must sole fund the project to the completion of a Definitive Feasibility Study. Subject to the

DIRECTORS' REPORT

outcome of Definitive Feasibility Study, the parties shall mutually agree involvement in further development of the project, including funding obligations of each party.

The project is also located in South Gobi approximately 10km further west from the license area worked by MGR. The project will be conducted within area covered by mining licenses MV-014493 and MV-017336 granted to Khangad Exploration LLC.

Limited work has been undertaken on the CSG potential of these coal licences.

Exploration Data and Studies

Jade is in possession of exploration data and some applicable studies with respect to the Projects. The due diligence to be conducted by the Company, including an assessment and review of this data is currently being completed and it is anticipated that this data will be the subject of a report in the prospectus to be issued by the Company to raise funds and re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Other Proposed Projects

The Company understands that Jade is pursuing additional corporate development opportunities which may take the form of additional joint ventures or applications for additional exploration licences in Mongolia.

The status and details of the proposed corporate development opportunities will form part of the Company's due diligence investigations and further details and updates will be provided in due course.

Austrian Gold and Cobalt Projects

The Company continues to retain a 100% interest in nine gold and cobalt projects located in Austria covering an area of around 200km² per Figure 4 below.



Figure 4: Location map of all projects that the Company has within Austria

On 26 July 2019 the Company announced it had completed a strategic review into the Austrian projects and concluded:

DIRECTORS' REPORT

1. The Projects remain prospective for gold and cobalt mineralisation with the Leogang Cobalt Project and Kreuzeck Gold Projects considered key to the suite of Projects whilst Schellgaden has been downgraded as a result of poor drilling results; and

2. The Board has determined that the best strategy for the advancement of the Projects is to introduce a partner. The current market conditions preclude HGM from raising sufficient funds to advance the Projects effectively.

Consistent with the above, the Company continues to seek a partner to progress the projects.

Corporate

Material Acquisition

On 7 July 2020 the Company announced it had signed a binding agreement to acquire 100% of the issued capital of Jade Gas Pty Ltd. Key highlights were noted as follows:

-) Binding agreement to acquire 100% of the issued capital of Jade Gas Pty Ltd (Jade);
-) Jade is focused on the emerging coal seam gas (CSG) sector in Mongolia;
-) The key asset of Jade is:
 - o A 60% interest in a joint venture with state-owned enterprise, Erdenes Methane LLC (EM), which holds a Production Sharing Agreement with the Mineral Resources and Petroleum Authority of Mongolia (MRPAM) to explore and exploit coal seam gas
-) HGM to consolidate existing shares, performance shares and options on issue on a 1 for 5 basis, and then issue a prospectus to raise up to A\$6 million at 3c per share;
-) HGM to issue the Jade shareholders, 826,166,667 fully paid ordinary shares and 68,000,000 options (refer Table 1 below);
-) Jade to appoint two additional directors to the Board of HGM; and
-) The Transaction is subject to conditions, including completion of satisfactory due diligence, shareholder approval, ASX approval and the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules. The Company's shares will remain voluntarily suspended until such time as the Transaction completes or is terminated.

Important Note:

- HGM must comply with ASX's admission and quotation requirements and therefore the Transaction may not proceed if those requirements are not met; and
- ASX has absolute discretion in deciding whether to re-admit HGM and to quote its securities.

Key acquisition terms are as follows:

Consideration	Subject to the satisfaction of the relevant conditions, and on the assumption that the Company conducts and completes a consolidation on 5:1 basis (i.e. that every five existing shares are consolidated to one share), the Company intends to acquire 100% of the issued capital in Jade in consideration of the issue of the following to the shareholders of Jade:
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DIRECTORS' REPORT

	<ul style="list-style-type: none"> - 826,166,667 fully paid Ordinary Shares at Completion; and - 68,000,000 Options with a term of four years from 30 June 2019 and a strike price of 4.5c.
<p>Conditions</p>	<p>The Transaction is subject to and conditional upon the satisfaction of certain conditions precedent including:</p> <ul style="list-style-type: none"> - Both parties obtaining all regulatory and shareholder approvals - Completion of the Capital Raising (described below) - Completion of detailed due diligence by the Company - Execution of definitive legal documentation - The Company obtaining confirmation from ASX that the Transaction and the post-completion structure and operations of the Company are suitable for listing and thereafter the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules - Various other conditions related to pre-completion actions of Jade including conditions relating to maximum net liabilities, the absence of material adverse events and the status and progression of the proposed projects discussed above. <p>The Terms Sheet provides that additional conditions may be included in the definitive documentation arising from the outcome of due diligence.</p>
<p>Proposed Board and Management</p>	<p>On completion of the Transaction, the Company proposes to appoint two Jade directors to the Board of HGM, being Mr Joseph Burke and Mr Daniel Eddington. Messrs Dennis Morton, Brad Drabsch and Anthony Hall will remain on the Board.</p> <p>Mr Burke has spent 30 years working in Asia and has lived in China, Korea, Japan and Thailand, and has been involved in Mongolian mining enterprises since 2009. He was instrumental in the 2011 US\$500m takeover by Thai energy focused conglomerate Banpu plc of ASX listed Hunnu Coal Limited (ASX:HUN). Mr Burke was a Director and founding partner of Starboard Global, CEO of ASX listed Voyager Resources Limited (ASX: VOR), and a Director of ASX listed Avenue Resources Limited (ASX:AVY) (now Harvest Minerals Limited). He has also undertaken advisory roles with other ASX listed entities including American Pacific Borates Ltd (ASX:ABR), and Black Rock Mining Limited (ASX:BKT).</p> <p>Mr Burke holds an MBA from the Australian Graduate School of Management (AGSM).</p> <p>Mr Eddington has over 20 years' experience in the financial markets with experience across multiple sectors including the resource, energy and industrial sectors. He specialises in equity capital markets and has been responsible for IPO's, placements, reverse takeovers, underwritings, corporate negotiations and corporate advisory for companies predominantly in the resource sector.</p> <p>Mr Eddington has a Bachelor of Commerce Degree from The University of South Australia and a Graduate Diploma in Applied Finance & Investment from the Securities Institute of Australia.</p>

DIRECTORS' REPORT

<p>Other Terms</p>	<p>The Terms Sheet otherwise contains terms which are typical for an agreement of a similar nature including warranties and representations, requirements on Jade to maintain (or procure the maintenance of) licences, pre-completion activities of the parties, confidentiality and dispute resolution.</p>
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Board changes

On 7 July 2020, Mr Denis Morton was appointed as a Non-Executive Director. By virtue of the Company's Constitution, Mr Dennis Morton retired as a director of the Company at the conclusion of the AGM held on 30 July 2020. Mr Dennis Morton was re-appointed as a director of the Company immediately after the AGM.

Annual General Meeting

The Annual General Meeting was held on Thursday 30 July 2020 with all resolutions approved by shareholders.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for Directors and Key Management Personnel of High Grade Metals Limited.

The key management personnel of High Grade Metals Limited for the financial period consisted of the following directors:

- Anthony Hall was appointed as Executive Chairman on 11 February 2019;
- Brad Drabsch was appointed Executive Director on 3 April 2019;
- Adrien Wing was appointed as non-executive director and company secretary on 8 October 2018;
- Steven Formica was appointed non-executive director on 3 January 2017 (non-executive chairman from 18 January 2017 to 8 October 2018);
- Denis Morton was appointed as a Non-Executive Director. By virtue of the Company's Constitution, Mr Dennis Morton retired as a director of the Company at the conclusion of the AGM held on 30 July 2020. Mr Dennis Morton was re-appointed as a director of the Company immediately after the AGM

Shareholders AGM votes on Remuneration Report

The Company received 95% of 'yes' proxy votes and the Remuneration Report for the financial period ending 31 December 2020 was adopted unanimously on a show of hands. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Remuneration policy

The remuneration policy of High Grade Metals Limited has been designed to align Director Objectives with Shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The Board of High Grade Metals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Executives and Directors to run and manage the Group as well as create goal congruence between Directors and Shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members is as follows:

The remuneration policy, setting the terms and conditions for an Executive Director was developed by the Board. The Board reviews Executive packages annually by reference to the Group's performance, Executive performances and comparable information from industry sectors and other listed companies in similar industries.

DIRECTORS' REPORT

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by Shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Group.

The full Board reviews recommendations on Remuneration packages and other terms of employment for Executive Directors and other senior Executives. Remuneration packages are set at levels that reflect the nature of the Group's operations and resources. Remuneration for work outside that ordinarily performed by Non-Executive Directors from time to time is determined by the Board.

Executive Directors, are remunerated by way of Directors Fees (including any applicable superannuation), as set out below:

-)] Anthony Hall \$60,000 per annum from 1 August 2020, (previously \$150,000 per annum from date of appointment, 11 February 2019 to 31 July 2020)
-)] Bradley Drabsch \$60,000 per annum from 1 August 2020, (previously \$132,000 per annum from date of appointment, 3 April 2019 to 31 July 2020);

Non-executive Director and executive remuneration

The remuneration of non-executive directors may not exceed in aggregate in any financial period the amount fixed by the Company and approved by shareholders, currently being \$300,000 per annum. Currently, non-executive directors are remunerated by way of director fees (including any applicable superannuation), as set out below:

-)] Adrien Wing \$30,000 per annum from 1 August 2020, (previously \$60,000 per annum from 1 February 2019 to 31 July 2020 and \$36,000 per annum from date of appointment 26 October 2018 to 31 January 2019);
-)] Steven Formica \$60,000 per annum from 1 February 2019 (previously \$36,000 per annum from 8 October 2018 to 31 January 2019; and \$84,000 per annum from 28 February 2018 to 7 October 2018);
-)] Dennis Morton \$60,000 per annum from date of appointment; and

In addition, Mr Wing receives additional remuneration related to Company Secretarial fees \$60,000

The principal terms of all the non-executive directors are set out in a signed Non-Executive Letter of appointment.

DIRECTORS' REPORT

Remuneration of Directors and Key Management Personnel

	Short-term employee benefits Salary & fees ⁽¹⁾ \$	Post- employment benefits Superannuation \$	Share-based payment		Total \$	Proportion of remuneration	
			Equity-settled			Perform - ance related (%)	Value of options (%)
			Shares \$	Options \$			
<u>Consolidated and legal parent</u>							
12 month to 31 December 2020							
Anthony Hall	40,625	-	-	4,506	45,131	-	-
Bradley Drabsch	52,500	-	-	4,506	57,006	-	-
Adrien Wing ⁽³⁾	21,250	-	-	2,253	25,503	-	-
Steven Formica	60,000	-	-	2,253	62,253	-	-
Dennis Morton ⁽²⁾	34,000	-	-	-	34,000	-	-
Simon Francis ⁽⁴⁾	-	-	-	2,252	2,252	-	-
Foreign exchange difference	-	-	-	-	-	-	-
Total December 2020	208,375	-	-	15,770	224,145	-	-
<u>Consolidated and legal parent</u>							
12 month to 31 December 2019							
Anthony Hall	133,333	-	-	2,659	135,992	-	-
Bradley Drabsch	99,214	-	-	2,659	101,865	-	-
Adrien Wing ⁽³⁾	57,214	-	-	1,330	58,544	-	-
Steven Formica	58,000	-	-	1,330	59,330	-	-
Simon Francis ⁽⁴⁾	23,548	-	-	1,330	24,878	-	-
Torey Marshall ⁽⁴⁾	164,517	11,771	-	-	176,295	-	-
Hayden Locke ⁽⁴⁾	3,000	-	-	-	3,000	-	-
Foreign exchange difference	144	-	-	-	144	-	-
Total December 2019	538,970	11,771	-	9,308	560,048	-	-

- (1) The salary and fees are all paid in cash and there is no profit share or bonuses.
- (2) Mr Morton was appointed Director as a Non-Executive Director. By virtue of the Company's Constitution, Mr Dennis Morton retired as a director of the Company at the conclusion of the AGM held on 30 July 2020. Mr Dennis Morton was re-appointed as a director of the Company immediately after the AGM
- (3) Mr Wing remuneration includes \$40,000 (2019: \$58,000) in respect of his company secretarial services that are invoiced via Northern Star Pty Ltd, a related party of Adrien Wing.
- (4) Mr Francis, Mr Marshall and Mr Locke resigned as directors on 11 February 2019.

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Nomination and Remuneration Committee

The Board is responsible for establishing the Company's remuneration policies and practices and to ensure they match the group's objectives. The Company's Board proposed the Managing Director's total remuneration package and is responsible for reviewing the non-executive remuneration. The Board is of the opinion that given the size and circumstances of the Company, the functions of the Remuneration Committee are more readily attended to by the Board than a separate committee. The Board did not engage any remuneration consultants during the period.

KMP Options Holdings

The number of options over ordinary shares held by each KMP of the Group during the financial period is as follows:

Name	Balance at start of period	Commencing / (ceasing) Office	Granted as remuneration during the period	Acquired during the period	Expired during the period	Balance at end of period
S Francis ⁽¹⁾	5,000,000	-	-	-	-	5,000,000
A Wing ⁽²⁾	8,000,000	-	-	-	(3,000,000)	5,000,000
A Hall ⁽³⁾	10,000,000	-	-	-	-	10,000,000
B Drabsch ⁽⁴⁾	10,000,000	-	-	-	-	10,000,000
S Formica ⁽⁵⁾	5,000,000	-	-	-	-	5,000,000
D Morton ⁽⁶⁾	-	-	-	-	-	-
T Marshall ⁽⁷⁾	20,000,000	-	-	-	(20,000,000)	-
H Locke ⁽⁸⁾	2,000,000	-	-	-	(2,000,000)	-
Total	60,000,000	-	-	-	(25,000,000)	35,000,000

- (1) Mr Francis resigned as a director on 11 February 2019 at which time he held nil Options; 29 April 2019 shareholders approve to grant him 5,000,000 Related Party Options exercisable at 3 cents on or before 30 June 2022;
- (2) Mr Wing held 3,000,000 unlisted options exercisable at 3 cents on or before 30 September 2020, which expired on such date. The securities are held by Northern Star Pty Ltd, a related party of Adrien Wing. 29 April 2019 shareholders approve to grant him 5,000,000 Related Party Options exercisable at 3 cents on or before 30 June 2022;
- (3) Mr Hall was appointed as a Director on 11 February 2019 at which time he held nil Options. 29 April 2019 shareholders approve to grant him 10,000,000 Related Party Options exercisable at 3 cents on or before 30 June 2022;
- (4) Mr Drabsch was appointed as a Director on 3 April 2019 at which time he held nil Options. 29 April 2019 shareholders approve to grant him 10,000,000 Related Party Options exercisable at 3 cents on or before 30 June 2022;
- (5) Mr Formica held nil options and was granted 29 April 2019 shareholders approve to grant him 5,000,000 Related Party Options exercisable at 3 cents on or before 30 June 2022;
- (6) Mr Morton was appointed as a director on 7 July 2020 at which time he held nil Options.
- (7) Mr Marshall held 20,000,000 unlisted options exercisable at 3 cents on or before 30 September 2020, expired.
- (8) Mr Locke held 2,000,000 unlisted options exercisable at 3 cents on or before 30 September 2020, expired.

DIRECTORS' REPORT

There has been no change in KMP options holdings since the period end.

KMP Performance Shares Holdings

The number of Performance Shares held by each KMP of the Group during the financial period is as follows:

Name	Balance at start of period	Commencing/ (ceasing) Office	Granted as remuneration during the period	Acquired during the period	Expired during the period	Balance at end of period
A Hall ⁽²⁾	22,433,333	-	-	-	-	24,433,333
B Drabsch ⁽³⁾	-	-	-	-	-	-
A Wing ⁽¹⁾	13,800,000	-	-	-	-	13,800,000
S Formica	-	-	-	-	-	-
D Morton ⁽⁴⁾	-	-	-	-	-	-
H Locke ⁽⁶⁾	2,000,000	-	-	-	-	2,000,000
T Marshall ⁽⁵⁾	13,300,000	-	-	-	-	13,330,000-
Total	53,533,333	-	-	-	-	53,533,333

- (1) Mr Wing was appointed as a director on 8 October 2018 at which time he held 6,900,000 Class A Performance Shares and 6,900,000 Class B Performance Shares. Securities are held by Northern Start Pty Ltd, a related party of Adrien Wing. Mr Wing acquired the Performance Shares as part of the APC acquisition.
- (2) Mr Hall was appointed as a director on 11 February 2019 at which time he held 9,133,333 Class A Performance Shares and 13,300,00000 Class B Performance Shares. Securities are held by Jawaf Enterprise Pty Ltd, a related party of Anthony Hall. Mr Hall acquired the Performance Shares as part of the APC acquisition
- (3) Mr Drabsch was appointed as a director on 4 April 2019 at which time he held nil Performance Shares.
- (4) Mr Morton was appointed as a director on 7 July 2020 at which time he held nil Performance Shares.
- (5) 6,650,000 Class A Performance Shares and 6,650,000 Class B Performance Shares are held by Torey Marshall <Torey Marshall Family Trust>, an entity controlled by Mr Marshall. Mr Marshall acquired the Performance Shares as part of the APC acquisition.
- (6) 1,000,000 Class A Performance Shares and 6,650,000 Class B Performance Shares are held by Hayden Locke. Mr Locke acquired the Performance Shares as part of the APC acquisition.

The Performance Shares are not part of KMP remuneration packages, they were issued as part of the APC acquisition. There has been no change in KMP performance shares holdings since the period end.

Terms and conditions of Class A Performance Shares Terms

The Class A Performance Shares were issued on 26 February 2018.

Each Class A Performance Share will convert into an Ordinary Fully Paid Share on a one-for-one basis, upon the delineation of a JORC-compliant Mineral Resource estimate of at least Inferred category (as defined in the JORC Code) of a minimum of 500,000 ounces of gold or gold equivalent (in accordance with clause 50 of the JORC Code) at an average grade of at least 8 grams per tonne (Class A Milestone). The Class A Milestone must be determined to have been achieved, or not achieved, by no later than 5.00pm on the date that is one month after the Expiry Date, being 25 February 2023. The Class A Milestone has not been achieved as at 31 December 2020 or the date of this report.

DIRECTORS' REPORT

Terms and conditions of Class B Performance Shares

The Class B Performance Shares were issued on 26 February 2018.

Each Class B Performance Share will convert into an Ordinary Fully Paid Share on a one-for-one basis, upon completion of a positive Scoping Study (as defined in the JORC Code) in relation to any one or more Austrian Cobalt Project by an independent third-party expert which evidences an internal rate of return greater than 20% (using publicly available industry assumptions including deliverable spot commodity/mineral prices which are independently verifiable), provided that the total cumulative EBITDA over the life of the relevant Austrian Cobalt Project is over \$US50,000,000, and provided that (while the Company remains listed on the ASX) the Scoping Study is released as an announcement on the ASX Announcements Platform and is not required by reason of regulatory intervention by ASX or ASIC to be retracted within a period of one month from the date of its release (Class B Milestone). The Class B Milestone must be determined to have been achieved or not achieved by no later than 5.00pm on the date that is one month after the Expiry Date, being 25 February 2023. The Class B Milestone has not been achieved as at 31 December 2020 or the date of this report.

KMP shareholdings

The number of ordinary shares in the Company held by each KMP of the Group during the financial period is as follows:

	Balance at start of period	Commencing/ (ceasing) Office	Issued during the period	Purchased/ (sold) during the period ⁽¹⁾	Balance at end of period
A Hall⁽¹⁾	12,833,333	-	-	3,208,334	16,041,667
B Drabsch	-	-	-	-	-
A Wing⁽²⁾	12,288,889	-	-	3,072,233	15,361,122
S Formica⁽³⁾	11,900,000	-	-	2,975,000	14,875,000
D Morton	-	-	-	-	-
Total	37,022,222	-	-	9,255,567	46,277,789

(1) 16,041,667 shares are held in total by Jawaf Enterprise <Hall Family A/C>, a related party of Mr Hall

(2) 15,361,122 shares are held in total by Northern Star Nominees Pty Ltd, a related party of Adrien Wing.

(3) 14,875,000 shares are held in total by Stevsand Holdings Pty Ltd <Formica Horticultural A/C> and Stevsand Investments Pty Ltd <Steven Formica Family A/C>, companies of which Mr Formica is a director.

There has been no change in KMP shareholdings since the period end.

END OF REMUNERATION REPORT (AUDITED)

DIRECTORS' REPORT

DIVIDENDS

The directors do not recommend the payment of a dividend for this financial period. No dividends have been paid or declared by the Company since the end of the previous financial year.

DIRECTORS' MEETINGS

The number of Directors' meetings held in the six months and the number of meetings attended by each Director during the period were as follows:

Name	Directors' Meetings	
	No. of meetings held while in office	Meetings attended
A Hall	8	6
B Drabsch	6	5
A Wing	8	8
S Formica	8	8
D Morton	1	1

It is noted that the Directors were able to attend to business of the Company during the period by circulated resolution and telephone meetings as permitted by the Company's Constitution in place of conducting meetings.

As at the date of this report, the Consolidated Entity did not have an audit committee, as the directors believe the size of the Consolidated Entity and the size of the Board do not currently warrant its existence.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of Directors there were no significant changes in the state of affairs of the group that occurred during the financial period under review not otherwise disclosed in this report or the consolidated financial statements.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

Other than as referred to in the Review of Operations, further information as to likely developments in the operations of the Consolidated Entity would, in the opinion of the Directors, be speculative and may hinder the Consolidated Entity in the achievement of its commercial objectives.

UNQUOTED OPTIONS

The Company had on issue 35,000,000 (December 2019 135,500,000) unquoted options at the end of the financial period and at the date of this report; the movements and terms and conditions are as follows:

DIRECTORS' REPORT

Exercise price	\$0.03	\$0.12	\$0.03	\$0.03	\$0.03
Expiry date	30 Jun 2022	30 Sept 2020	30 Sept 2020	30 Sept 2020	30 Sept 2020
Escrow restriction	-	-	7 Mar 2020⁽²⁾	7 Mar 2019⁽¹⁾	-
	No.	No.	No.	No.	No.
At the beginning of the reporting period	35,000,000	3,000,000	61,350,000	3,650,000	32,500,000
Options issued during the period:		-	-	-	-
Options expired during the period	-	(3,000,000)	(61,350,000)	(3,650,000)	(32,500,000)
At the end of the reporting period and at the date of this report	35,000,000	-	-	-	-

(1) Escrow period ended 7 March 2019

(2) Escrow period ended 7 March 2020

During, and since the end of, the financial period, no fully paid ordinary shares were issued by virtue of the exercise of options (December 2019: Nil). None of the options on issue entitle the holder to participate in any share issue of the Company or any other body corporate.

The options have been valued using the Black-Scholes option pricing model:

	31 Dec 2020	31 Dec 2019
	\$	\$
Opening balance	94,840	85,173
Issue of 35,000,000 options on 20 May 2019 ⁽¹⁾	15,770	9,307
Total	110,250	94,840

(1) On 20 May 2019 35,000,000 options were granted to Directors at a fair value of \$0.001 per option. The issue of options was approved by shareholder at the Company's Annual General Meeting held on 20 May 2019. The Company have calculated the fair value using the Black-Scholes option pricing model. The fair value at 31 December 2020 of the options granted is \$48,603.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's exploration operations are subject to environmental regulations under Commonwealth and State legislation where those operations are in Australia (asset disposed of after the end of the financial period). Where the Groups exploration operations are in Austria, it is subject to environmental regulations in that jurisdiction. The Directors believe that the Group has adequate systems in place for the management of the requirements under those regulations, and are not aware of any breach of such requirements as they apply to the Group.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has entered into deeds of indemnity with each director and the company secretary whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings.

DIRECTORS' REPORT

The Company has paid premiums to insure each of the directors and the company secretary against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The disclosure of the amount of the premium is prohibited by the insurance policy.

The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Company support and have adhered to the principles of Corporate Governance. Refer to the Company's Corporate Governance Statement at www.highgrademetals.com.au.

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 period.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001, is set out on the following page and forms part of the Directors' report.

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

The Board does not believe the COVID-19 pandemic will have any impact on the Group's ability to continue as a going concern nor in its current ability to work in Australia to continue pursuing new ventures.

The Company is currently working with the ASX to satisfy its requirements with respect to the material acquisition and subsequent release to the market.

NON-AUDIT SERVICES

During the year, BDO Australia, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and it is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

All non-audit services were subject to the corporate governance procedures adopted by the Company to ensure they do not impact upon the impartiality and objectivity of the auditor; and

The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

See Note 22 for amounts received or due and receivable by BDO Australia.



**High
Grade Metals**

DIRECTORS' REPORT

SIGNED in accordance with a resolution of the directors

Anthony Hall
Executive Chairman
Melbourne, 24 February 2021

**DECLARATION OF INDEPENDENCE
BY G K EDWARDS
TO THE DIRECTORS OF HIGH GRADE METALS LIMITED**

As lead auditor of High Grade Metals Limited for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of High Grade Metals Limited and the entities it controlled during the period.



G K Edwards
Director

BDO Audit (SA) Pty Ltd

Adelaide, 24 February 2021

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	31 Dec 2020 \$	31 Dec 2019 \$
Other income			
Financial income	3	651	6,128
Miscellaneous Income		-	4,317
Sale proceeds in relation to disposal of exploration asset		-	847,500
Costs associated with disposal of exploration asset	3	(1,108)	(310,146)
Investment SRN Gain/Loss	3	26,000	
Carrying value of exploration asset disposed		-	(155,911)
Total other income		<u>25,543</u>	<u>391,888</u>
Expenses			
Corporate expenses	4	(542,404)	(1,161,181)
Impairment – APC Austria Assets	12	-	(4,689,565)
Administrative expenses		(91,229)	(108,269)
Project Cost Expensed		(145,538)	-
Total Expenses		<u>(779,171)</u>	<u>(5,959,015)</u>
Loss before income tax expense		<u>(753,628)</u>	<u>(5,567,127)</u>
Income tax expense	5	73,791	(73,791)
Loss for the period		<u>(679,837)</u>	<u>(5,640,918)</u>
Item that will not be reclassified subsequently to profit or loss net of tax			
Other comprehensive income			
Foreign exchange on the translation of subsidiaries		<u>(6,215)</u>	<u>(9,780)</u>
Total other comprehensive loss, net of tax		<u>(6,215)</u>	<u>(9,780)</u>
Total comprehensive loss for the period		<u>(686,052)</u>	<u>(5,650,698)</u>
Basic and diluted loss per share			
Loss per share (cents per share)	6	(0.138)	(1.245)

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



High Grade Metals

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	31 Dec 2020	31 Dec 2019
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	8	82,637	230,142
Trade and other receivables	9	29,022	49,485
Other assets	10	95,167	137,169
Financial Assets at fair value through profit or loss	11	-	172,500
Total current assets		<u>206,826</u>	<u>589,296</u>
Non-current assets			
Exploration and evaluation expenditure	12	4,689,565	4,689,565
Accumulated Impairment Losses		<u>(4,689,565)</u>	<u>(4,689,565)</u>
Total non-current assets		<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>206,826</u>	<u>589,296</u>
LIABILITIES			
Current liabilities			
Trade and other payables	13	<u>190,667</u>	<u>459,028</u>
Total current liabilities		<u>190,667</u>	<u>459,028</u>
TOTAL LIABILITIES		<u>190,667</u>	<u>459,028</u>
NET ASSETS		<u>16,159</u>	<u>130,268</u>
EQUITY			
Contributed equity	14	10,740,921	10,184,747
Reserves	14	118,598	109,043
Accumulated losses		<u>(10,843,360)</u>	<u>(10,163,522)</u>
TOTAL EQUITY		<u>16,159</u>	<u>130,268</u>

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



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Contributed Equity	Accumulated Losses	Other Reserves	Total Equity/ (Deficiency)
	\$	\$	\$	\$
Balance at 1 January 2019	10,184,747	(4,522,605)	109,519	5,771,661
Loss after income tax expense for the period	-	(5,640,918)	-	(5,640,918)
Other comprehensive income for the period, net of tax	-	-	(9,782)	(9,782)
Total comprehensive loss for the period	-	(5,640,918)	(9,782)	(5,650,700)
Securities issued during the period	-	-	9,307	9,307
Share issue costs	-	-	-	-
Transactions with owners	-	-	9,307	9,307
Balance at 31 December 2019	10,184,747	(10,163,523)	109,043	130,268
Balance at 1 January 2020	10,184,747	(10,163,523)	109,043	130,268
Loss after income tax expense for the period	-	(679,837)	-	(679,837)
Other comprehensive income for the period, net of tax	-	-	(6,215)	(6,215)
Total comprehensive loss for the period	-	-	(6,215)	(686,052)
Securities issued during the period	566,174	-	15,770	581,945
Share issue costs	(10,000)	-	-	(10,000)
Transactions with owners	556,174	-	15,770	571,944
Balance at 31 December 2020	10,740,921	(10,843,360)	118,598	16,159

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



High Grade Metals

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	31 Dec 2020 \$	31 Dec 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		651	6,128
Payment to suppliers and employees		(903,796)	(874,679)
Net cash used in operating activities	19	(903,145)	(868,551)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash acquired via reverse takeover		-	-
Payment for Exploration assets		-	(902,524)
Sale of Exploration assets		198,500	200,000
Net cash provided by investing activities		198,500	(702,524)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares and options		566,175	-
Share issue expenses		(10,000)	-
Net cash provided by financing activities		556,175	-
Net increase(decrease) in cash held		(148,470)	(1,571,075)
Cash and cash equivalents at beginning of financial period		230,142	1,802,663
Effect of Exchange rate changes		965	(1,446)
Cash and cash equivalents at end of financial period	8	82,637	230,142

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



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of High Grade Metals Limited (“the Company”) and its Controlled Entities (“the Group”). High Grade Metals Limited is a listed public Company, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 24 February 2021 by the Directors of the Company.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under the Australian Accounting Standards. Monetary amounts are expressed in Australian dollars.

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. As outlined below under Impact of COVID-19 pandemic the pandemic has not impacted the Group’s operations in any significant way to date, and it is not expected to have a significant impact on the Group’s operations. The Board does not believe the pandemic will have any impact on the Group’s ability to continue as a going concern

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. The financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Principles of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries at 31 December 2020. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All Australian subsidiaries have changed their reporting date from 30 June to 31 December. The Austrian subsidiaries have a 31 December reporting date for tax and accounting purposes.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary’s profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive

income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

b. Income tax

The income tax expense/(income) for the period comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation legislation

High Grade Metal Ltd and its wholly-owned Australian entities have implemented the tax consolidation legislation as of 1 July 2018.

The head entity, High Grade Metals Ltd, and the controlled entities in the tax consolidation Group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated Group.

In addition to its own current and deferred tax amounts, High Grade Metals Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and tax credits assumed from controlled entities in the tax consolidation Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details of the tax funding agreement are disclosed in Note 5.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

c. Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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

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

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one period of abandoning the site.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development. Where an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.



d. Financial Instruments

Classification and measurement

Except for certain trade receivables the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

Significant accounting estimates and judgments for share based payments values

The Group estimates the probability of award of performance rights issued to key management personnel and other consultants and advisors by reference to the likelihood that the performance measures will be met by the holders of those performance rights as at the date at which they are granted. The probability is considered binary (100% or 0%) for each class of performance rights and only where there is a high risk of failure to achieve the performance measures will 0% be used (e.g. stretch targets).

Impairment

From 1 January 2019 the group assesses on a forward-looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

e. Contributed equity

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

f. Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise, the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed of.

g. Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

Equity-settled compensation

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions)

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes pricing model which incorporates all market vesting conditions.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

The cost of equity-based transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If any equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

h. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

i. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

j. Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Interest revenue is recognised using the effective interest rate method.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

All revenue is stated net of the amount of goods and services tax.

k. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

l. Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST or VAT, except where the amount of GST/VAT incurred is not recoverable from the Australian Taxation Office or Austrian Taxation Office (Tax Office).

Receivables and payables are stated inclusive of the amount of GST or VAT receivable or payable. The net amount of GST and VAT recoverable from, or payable to, the Tax Office is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST and VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the Tax Office are presented as operating cash flows included in receipts from customers or payments to suppliers.

m. Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

n. Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Impact of COVID-19 pandemic - Judgment has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the operations of the Group and its financial position and results. At present it is not expected that the pandemic will have any significant impact on the Group's general operations .

Group personnel, key supply chains, and other important stakeholder relationships have remained largely unaffected by the pandemic. As at 31 December 2020 and the date of this report, there has been no significant impact upon the financial results and position of the Group reported on in these consolidated financial statements as a result of the COVID-19 pandemic. The Board and management will continue to monitor the impact of the pandemic on the Group's operations and state of affairs.

o. Key estimates

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by the Australian Taxation Office.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a valuation model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.



Exploration and Evaluation Expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in Note 1(c).

p. Earnings per Share

Basic earnings per share is calculated as net loss attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net loss attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends)
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

q. Share-based payments

Equity settled transactions:

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

r. Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The Group has incurred a loss after tax of \$686,052 and operations were funded by a net cash outflow of \$903,145.

In addition to the above, the World Health Organisation announced that the Coronavirus (COVID-19) had become a pandemic on 11 March 2020. The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst it has had no financial impact for the Group up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. The full impact of COVID-19 and timing of easing of restrictions continues to evolve. At the date of this report, it is uncertain what the effect will be on the group and potentially it will have a post balance date impact.

NOTES TO THE FINANCIAL STATEMENTS

The Group's ability to continue as going concern is contingent on raising additional capital and scaling back activity in the short term. These matters indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that may be necessary if the Group is unable to continue as a going concern.

s. Changes in accounting policies and disclosure

In the period ended 31 December 2020, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. No new or amended Australian Accounting Standards and Interpretations that are issued, but not yet effective, have been early adopted. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

t. New Accounting Standards and Interpretations adopted

There are no issued but not yet effective accounting standards or interpretations that are expected to significantly impact the Group in future financial years.

NOTE 2: PARENT INFORMATION

The following information has been extracted from the books and records of the legal parent, being High Grade Metals Limited, and has been prepared in accordance with Accounting Standards.

	31 Dec 2020	31 Dec 2019
	\$	\$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	60,362	93,377
Non- Current assets	93,149	329,379
TOTAL ASSETS	153,511	422,756
LIABILITIES		
Current liabilities	137,100	292,488
TOTAL LIABILITIES	137,100	292,488
EQUITY		
Issued capital	10,740,924	10,184,749
Share option reserve	1,833,315	1,817,545
Accumulated losses	(12,557,82)	(11,872,026)
TOTAL EQUITY	16,411	130,268

STATEMENT OF COMPREHENSIVE INCOME

	31 Dec 2020	31 Dec 2019
	\$	\$
Loss for the period	(619,975)	(130,270)
Other comprehensive income for the period	-	-
Total comprehensive loss for the period	<u>(619,975)</u>	<u>(130,270)</u>

Guarantees

The Company has not entered into any guarantees, in the current or previous financial period, in relation to the debts of its subsidiaries.

Contingent Assets and Liabilities

Details of contingent assets and liabilities are set out in Note 17.

Contractual commitments

Details of contractual commitments are set out in Note 16.

At 31 December 2020, the Company had not entered into any contractual commitments for the acquisition of property, plant and equipment (December 2019: Nil).

NOTE 3: OTHER INCOME

	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Interest income		651	6,128
Miscellaneous Income			4,317
Sale proceeds in relation to disposal of exploration asset			847,500
Cost associated with the disposal of exploration asset		(1,108)	(310,146)
Investment SRN Gain/Loss		26,000	
Carrying value of exploration asset disposed	11	-	(155,911)
Profit on sale of asset		<u>24,893</u>	<u>381,443</u>
Total other income		<u>25,543</u>	<u>391,888</u>

On 24 April 2019 the Group completed the sale of its non-core Victory Bore vanadium project asset which was recognised as an asset held-for-sale at 31 December 2018, to ASX listed Surefire Resource NL (“SRN”) for:

-)] \$500,000 in cash of which \$50,000 was received in the period ended 31 December 2018;
-)] 62,500,000 SRN shares (escrowed for six months) valued at \$312,500 on 29 April 2019;

Future sale consideration amounting to \$1,300,000 will be recognised when the following is achieved:

-)] \$650,000 in cash consideration within 60 days of SRN announcing a PFS for the project with an IR of over 20%; and
-)] \$650,000 in cash consideration within 60 days of SRN announcing a decision to mine.

At 31 December 2020 the 62,500,000 SRN have been sold for a total \$198,500.



NOTE 4: LOSS FOR THE PERIOD

Loss from ordinary activities before income tax expenses has been arrived at after charging the following items:

	31 Dec 2020	31 Dec 2019
Corporate expenses	\$	\$
ASX & ASIC	48,208	41,136
Accounting and company secretarial fees	37,216	27,767
Audit fees	33,950	49,471
Consulting fees	-	30,660
Director fees	224,145	525,087
Superannuation expense	-	11,771
Professional Fees	81,741	95,295
Legal fees	94,687	146,525
Marketing and travel expenses	-	107,834
Share registry fees	22,457	10,635
Loss in financial assets measured at fair value through profit or loss	3	115,000
	<u>542,404</u>	<u>1,161,118</u>

NOTE 5: INCOME TAX

A reconciliation between tax revenue and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:

	31 Dec 2020	31 Dec 2019
	\$	\$
Accounting loss before tax from continuing operations	(753,629)	(5,567,377)
At the parent entity's statutory income tax rate of 27.5% (2019: 27.5%)	(207,248)	(1,531,029)
) Non-deductible expenses	-	-
) Deductible equity raising costs	(2,750)	-
) Unused tax losses and temporary differences not recognised as deferred tax assets	283,789	1,604,820
) Reverse prior year income tax liability	(73,791)	-
Income tax attributable to entity	<u>0</u>	<u>73,791</u>

As at 31 December 2020, the Company recognised a current tax liability of \$0 (2019: \$73,791), consisting of Australian tax relating to the gain on sale of its non-core Victory Bore vanadium project on 24 April 2019.

Franking Credits

	31 Dec 2020	31 Dec 2019
	\$	\$
Franking credits available for subsequent financial years based on a tax rate of 27.5% (2019: 27.5%)	<u>-</u>	<u>73,791</u>

NOTES TO THE FINANCIAL STATEMENTS

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for: franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date

Deferred tax not brought to accounts, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(b) occur:

	31 Dec 2020	31 Dec 2019
	\$	\$
Losses available for offset against future tax liabilities (at 27.5%)	7,117,579	6,833,791
Deductible temporary differences	125,553	(177,924)
	<u>7,243,133</u>	<u>6,655,867</u>

The Group has based its workings on the current 27.5% tax rate, on the basis that the Group has future taxable profits it is likely that the Group will not be a Small Business Entity (SBE) and therefore the tax rate applicable will be 27.5%.

The Continuity of Ownership Test (COT), or failing that, the Same Business Test, has not been considered to determine whether tax losses can be carried forward as at 31 December 2020. The recovery of the losses is subject to satisfaction of the tax loss recoupment rules.

NOTE 6: EARNINGS PER SHARE

	31 Dec 2020	31 Dec 2019
	\$	\$
Earnings used in the calculation of EPS		
Loss for the period	<u>(679,837)</u>	<u>(5,640,918)</u>
Weighted average number of ordinary shares used as the denominator in calculating basic EPS	<u>Number</u> 492,337,311	<u>Number</u> 452,937,867

The Company's 35,000,000 options on issue (refer to Note 14 for further details) are not considered dilutive and accordingly basic loss per share is the same as diluted loss per share.

NOTE 7: KEY MANAGEMENT PERSONNEL (KMP) COMPENSATION

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 31 December 2020. The totals of remuneration attributable to KMP of the Group during the period are as follows:

	31 Dec 2020	31 Dec 2019
	\$	\$
Short-term employee benefits	208,375	527,693
Shore term employee benefits capitalised as exploration expenditure	-	23,047
Share-based payments	15,770	9,308
Total KMP compensation	<u>224,145</u>	<u>560,048</u>

NOTE 8: CASH AND CASH EQUIVALENTS

	31 Dec 2020	31 Dec 2019
	\$	\$
Cash at bank	82,637	230,142
	<u>82,637</u>	<u>230,142</u>

NOTE 9: TRADE AND OTHER RECEIVABLES

	31 Dec 2020	31 Dec 2019
	\$	\$
GST and VAT receivable	29,022	49,485
	<u>29,022</u>	<u>49,485</u>

As all amounts are short-term, the net carrying value is considered to be a reasonable approximation of fair value.

NOTE 10: OTHER ASSETS

	31-Dec-20	31-Dec-19
	\$	\$
Exploration deposits	92,885	125,932
Prepayments	2,282	11,237
	<u>95,167</u>	<u>137,169</u>

NOTE 11: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The Group had an investment in listed ordinary shares of 57,500,000 of Surf Fire Resources NL (ASX:SRN). These shares were received as part of the payment for the sale of Victory Bore vanadium project. At 31 December 2020 the 62,500,000 SRN have been sold for a total \$198,500

NOTE 12: EXPLORATION AND EVALUATION EXPENDITURE

	31 Dec 2020	31 Dec 2019
	\$	\$
Non-current assets: exploration assets		
Balance at beginning of the period	-	4,108,874
Foreign exchange	-	(12,543)
Exploration and evaluation expenditure incurred	-	593,234
Impairment of Austrian Assets	-	(4,689,565)
Balance at end of period	<u>-</u>	<u>-</u>

At 31 December 2019, the Group's focus shifted away from the existing Austrian asset package due to a number of factors, not least of which being an inability to raise sufficient funds in the current market to

NOTES TO THE FINANCIAL STATEMENTS

continue with exploration in Europe. This, combined with the assets having a limited field season of operability in the exploration phase necessitates augmentation with other project opportunities. The Group assessed the carrying amount of the exploration and evaluation expenditure in accordance with AASB 6 “Exploration for and Evaluation of Mineral Resources” and impaired \$4,689,565 at 31 December 2019 due to the uncertainty surrounding the recoupment of this expenditure through successful development and exploitation of the area, or by its sale. The impairment expense is shown as a separate line item on the Statement of Profit or Loss and Other Comprehensive Income.

NOTE 13: TRADE AND OTHER PAYABLES

	Note	31 Dec 2020 \$	31 Dec 2019 \$
Trade payables		40,798	124,484
KMP payables and accrued expenses	21	69,301	121,600
Income Tax Payable		-	73,791
Sundry payables and accrued expenses		80,568	139,153
		190,667	459,028

Trade payables are non-interest bearing and have normal trade terms of 30 days or less.

NOTE 14: ISSUED CAPITAL

	31 Dec 2020 \$	31 Dec 2019 \$
Issued share capital		
566,172,490 fully paid ordinary shares (2019:452,937,867)	10,740,921	10,184,747
	10,740,921	10,184,747

a. Ordinary shares	31 Dec 2020 Number	31 Dec 2019 Number	31 Dec 2020 \$	31 Dec 2019 \$
At the beginning of the reporting period	452,937,867	452,937,867	10,184,747	10,184,747
At the end of the reporting period	566,172,490	452,937,867	10,740,921	10,184,747

Terms and conditions of contributed equity – ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid upon shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company. The shares do not have a par value.

b. Reserves

	31 Dec 2020 \$	31 Dec 2019 \$
Option reserve (Note c)	110,250	94,480
Performance Shares (Note c)	-	-
Foreign exchange reserve on the conversion of subsidiary undertakings	8,348	14,563
Total	118,598	109,043



c. Share Option reserve

	31 Dec 2020	31 Dec 2019
	\$	\$
Opening balance	94,480	85,173
Issue of 35,000,000 options on 20 May 2019 ⁽¹⁾	15,770	9,307
Total	110,250	94,480

At 31 December 2020 35,000,000 (31 Dec 2019: 135,500,000) options on issue.

(1) On 20 May 2019 35,000,000 options were granted to Directors at a fair value of \$0.001 per option. The issue of options was approved by shareholder at the Company's Annual General Meeting held on 20 May 2019. The Company have calculated the fair value using the Black-Scholes option pricing model. The fair value at 31 December 2019 of the options granted is \$48,603.

Options on issue:

	31 Dec 2020		31 Dec 2019	
	No.	Weighted average exercise Price \$	No.	Weighted average exercise Price \$
Outstanding at the beginning of the period	135,500,000	0.0072	100,500,000	0.0008
Granted during the period	-	-	35,000,000	0.0003
Forfeited during the period	(100,500,000)	-	-	-
Outstanding at the end of the period	35,000,000	0.0003	135,500,000	0.0072

At 31 December 2020, the Group has 35,000,000 (31 December 2019: 135,500,000 , 31 December 2018: 100,500,000, 30 June 2018:100,500,000; 30 June 2017: 32,500,000) options on issue, the terms and details are set out below:

Exercise price	\$0.03	\$0.12	\$0.03	\$0.03	\$0.03
Expiry date	30 Jun 2022	30 Sept 2020	30 Sept 2020	30 Sept 2020	30 Sept 2020
Escrow restriction	-	-	7 Mar 2020	26 Feb 2019	-
	No	No	No	No.	No.
At 1 January 2019	-	3,000,000	61,350,000	3,650,000	32,500,000
20 May 2019 ⁽¹⁾	35,000,000	-	-	-	-
At 31 December 2019	35,000,000	3,000,000	61,350,000	3,650,000	32,500,000
At 1 January 2020	35,000,000	3,000,000	61,350,000	3,650,000	32,500,000
Options issued during the period	-	-	-	-	-
Options forfeited ⁽¹⁾	-	(3,000,000)	(61,350,000)	(3,650,000)	(32,500,000)
31 December 2018	35,000,000	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

The options are convertible into fully paid ordinary shares. 100,500,000 options expired during the period ended 31 December 2020

(1) On 20 May 2019 35,000,000 options were granted to Directors. The issue of options was approved by shareholder at the Company's Annual General Meeting held on 20 May 2019.

Performance Shares

On 26 February 2018, as consideration for the acquisition of 100% of the issued APC securities, High Grade Metals Limited issued 240,000,000 performances shares in two classes, as set out below, subject to specified performance hurdles being met, expiring 5 years from the date of issue.

The number of Performance Shares issued during the financial period is as follows:

31 December 2020

	Balance at 1 Jan 2020	Issued 26 Feb 2019	Lapsed during the period	Expired during the period	Balance at 31 Dec 2020
Class A	120,000,000	-		-	120,000,000
Class B	120,000,000	-		-	120,000,000
	240,000,000	-		-	240,000,000

31 December 2019

	Balance at 1 Jan 2019	Issued 26 Feb 2018	Lapsed during the period	Expired during the period	Balance at 31 Dec 2019
Class A	120,000,000	-		-	120,000,000
Class B	120,000,000	-		-	120,000,000
	240,000,000	-		-	240,000,000

The following Performance Shares are escrowed:

- ⌋ 36,000,000 Class A escrowed until 26 February 2019 (released 27 February 2019):
- ⌋ 18,666,666 Class B escrowed until 26 February 2019 (released 27 February 2019):
- ⌋ 84,000,000 Class A escrowed until 7 March 2020: and
- ⌋ 101,333,334 Class B escrowed until 7 March 2020.

Terms and conditions of Class A Performance Shares

The Class A Performance Shares were issued on 26 February 2018.

Each Class A Performance Share will convert into an Ordinary Fully Paid Share on a one-for-one basis, upon the delineation of a JORC-compliant Mineral Resource estimate of at least Inferred category (as defined in the JORC Code) of a minimum of 500,000 ounces of gold or gold equivalent (in accordance with clause 50 of the JORC Code) at an average grade of at least 8 grams per tonne (Class A Milestone).

The Class A Milestone must be determined to have been achieved, or not achieved, by no later than 5.00pm on the date that is one month after the Expiry Date, being 25 February 2023. The Class A Milestone has not been achieved as at 31 December 2020 or at the date of this report.

Terms and conditions of Class B Performance Shares

The Class B Performance Shares were issued on 26 February 2018.

Each Class B Performance Share will convert into an Ordinary Fully Paid Share on a one-for-one basis, upon completion of a positive Scoping Study (as defined in the JORC Code) in relation to any one or more Austrian Cobalt project by an independent third-party expert which evidences an internal rate of return greater than 20% (using publicly available industry assumptions including deliverable spot commodity/mineral prices which are independently verifiable), provided that the total cumulative EBITDA over the life of the relevant Austrian Cobalt project is over \$US50,000,000, and provided that (while the Company remains listed on the ASX) the Scoping Study is released as an announcement on the ASX Announcements Platform and is not required by reason of regulatory intervention by ASX or ASIC to be retracted within a period of one month from the date of its release (Class B Milestone).

The Class B Milestone must be determined to have been achieved or not achieved by no later than 5.00pm on the date that is one month after the Expiry Date, being 25 February 2023. The Class B Milestone has not been achieved as at 31 December 2020 or the date of this report.

d. Capital management policy

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, so as to maintain a capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to fund its activities. The Group monitors capital on the basis of the gearing ratio.

There were no changes in the Group's approach to capital management during the period. Risk management policies and procedures are established with regular monitoring and reporting.

The Group is not subject to externally imposed capital requirements.

NOTE 15: CONTROLLED ENTITIES

Controlled entities consolidated	Country of incorporation	Principal Activity	Percentage owned (%)	
			31 Dec 2020	31 Dec 2019
Subsidiaries of High Grade Metals Limited				
Direct				
Acacia Mining Pty Ltd	Australia		100	100
Austrian Projects Corporation Pty Ltd ⁽¹⁾	Australia	Intermediate parent	100	100
APC Cobalt GmbH ⁽²⁾	Austria	Cobalt projects	100	100
APC Gold GmbH ⁽³⁾	Austria	Intermediate parent	100	100
Eurocan Mining GmbH ⁽⁴⁾	Austria	Gold projects	100	100

(1) Austrian Projects Corporation Pty Ltd ("APC") was incorporated on 24 October 2017 and acquired by High Grade Metals Limited on 26 February 2018.

(2) APC Cobalt GmbH is a 100% subsidiary of APC. It was incorporated on 24 October 2017 and acquired by High Grade Metals Limited on 26 February 2018 as part of the APC acquisition.

(3) APC Gold GmbH is a 100% subsidiary of APC. It was incorporated on 24 October 2017 and acquired by High Grade Metals Limited on 26 February 2018 as part of the APC acquisition.

(4) Eurocan Mining GmbH is a 100% subsidiary of APC Gold GmbH. It was acquired by APC Gold GmbH on 11 December 2017.

NOTE 16: CONTRACTUAL COMMITMENTS
Exploration expenditure commitments

The Austrian Exploration Permits have no minimum annual expenditure requirement (December 2019: \$Nil), the Group must submit annual reports on its exploration activities to the Austrian Mining Authority. Having performed the work in one Exploration Permit is sufficient for the extension of up to 100 Exploration Permits forming part of a contiguous exploration area made up of overlapping exploration permits. The Group has sold the Acacia Victory Bore licence in Western Australia.

NOTE 17: CONTINGENT ASSETS AND LIABILITIES

On 24 April 2019 the Group completed the sale of its non-core Victory Bore vanadium project asset, future sale consideration amounting to \$1,300,000 will be recognised when the following is achieved:

-) \$650,000 in cash consideration within 60 days of SRN announcing a PFS for the project with an IIR of over 20%; and
-) \$650,000 in cash or share consideration within 60 days of SRN announcing a decision to mine

The Directors are not aware of any contingent liabilities as at the date of the financial statements.

NOTE 18: CASH FLOW INFORMATION

	12 months ended 31 Dec 2020	12 months ended 31 Dec 2019
	\$	\$
a. Reconciliation of cash		
Cash at end of financial period as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	82,636	230,142
	31 Dec 2020	31 Dec 2019
	\$	\$
b. Reconciliation with operating loss		
Reconciliation of cash flows from operations with operating loss after income tax is set out as follows:		
Operating loss after income tax	(679,837)	(5,640,918)
Non-cash flows included in loss:		
) Sale of asset		(381,443)
) Impairment of APC Austria assets	-	4,689,565
) Share Base payments	(26,000)	9,307
Changes in assets and liabilities:	15,770	
) Decrease in receivables		103,957
) (Increase) in prepayments	53,510	6,949
) (Decrease)/Increase in creditors and accruals	8,955	344,032
Net cash used in operating activities	(268,360)	(868,551)

c. Non-cash operating activities

During the financial period ended 31 December 2020 there are no non-cash operating activities (2020: Nil).



d. Non-cash financing activities

During the financial period ended 31 December 2020 and 31 December 2019, there are no non-cash financing activities

NOTE 19: SHARE-BASED PAYMENTS

The following share based payments were in existence during the period:

	31 Dec 2020	31 Dec 2019
	\$	\$
35,000,000 Options issued to Directors ⁽¹⁾	15,770	9,307
Total	15,770	9,307

(1) The option value in the prior period was calculated using the Black-Scholes option pricing model applying the following inputs:

Options issued	35,000,000
Share price	\$0.005
Grant date	29 May 2019
Exercise price	\$0.03
Expected volatility	100%
Risk-free interest rate	1.21%
Annualised time to expiry	3.09

Annual expense as per Black-Sholes calculations as follows:

	31 December 2019	31 December 2020	31 December 2021	30 June 2022	Total
	\$	\$	\$	\$	\$
35,000,000 (20 May 2019)	9,307	15,770	15,727	7,791	48,603
Total Year	9,307	15,770	15,727	7,791	48,603
Cumulative	9,107	25,077	40,804	48,603	

NOTE 20: RELATED PARTY TRANSACTIONS

Key management personnel

Details relating to key management personnel are included in the Remuneration Report and Note 7. At period end the following remuneration was payable:



	Trade Payables	Accrued Expenses	Total KMP
	31 December 2020⁽¹⁾	31 December 2020⁽¹⁾	31 December 2020
Mr A Hall	5,500	5,000	10,500
Mr B Drabsch	16,500	-	16,500
Mr A Wing	8,250	7,500	15,750
Mr S Formica	11,051	-	11,051
Mr D Morton	5,500	10,000	15,500
Total	46,801	22,500	69,301

(1) Directors agree to hold Directors Fees payment until further notice

Transactions with related parties

Transactions between High Grade Metals Ltd and other entities in the wholly owned group during the period consisted of:

Loans advanced by High Grade Metals Ltd; and

Loans advanced to High Grade Metals Ltd.

Loans provided by the Company to wholly owned entities are made on an interest free basis and are repayable on demand.

All inter-entity transactions and balances are eliminated in the consolidated financial statements.

Related party transactions

There are no related party transactions.

NOTE 21: EVENTS AFTER THE REPORTING PERIOD

The Board does not believe the COVID-19 pandemic will have any impact on the Group's ability to continue as a going concern nor to continue working in Australia.

The process to seek approval for the Jade Gas Acquisition is reaching completion. The Company expects to be in a position to distribute the Notice of Meeting for an EGM of shareholders to approve the acquisition in the first quarter of the year.

The Company continues in voluntary suspension of its ordinary shares until the earlier of termination of the Jade Transaction or completion of the Transaction and re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Except for the above, no matters or circumstances have arisen since the end of the financial year, that have 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.

NOTE 22: AUDITORS' REMUNERATION

	31 Dec 2020	31 Dec 2019
	\$	\$
Audit or review of accounts – BDO Audit (SA) Pty Ltd	33,950	49,471
Tax Services – BDO Administration (SA) Pty Ltd	16,535	
Other Services; Re: Independent Expert Report - BDO Corporate Finance (SA) Pty Ltd	42,538	28,712
	<u>93,023</u>	<u>78,183</u>

NOTE 23: FINANCIAL RISK MANAGEMENT

This note presents information about the Group's exposure to credit, liquidity and market risks, its objectives, policies and processes for measuring and managing risk and the management of capital.

The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company and the Group through regular reviews of the risks.

The totals for each category of financial instruments, measured in accordance with AASB 9, as detailed in the accounting policies to these financial statements, are as follows:

Categories of financial instruments	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Financial assets			
Cash and cash equivalents	8	82,637	230,142
Receivables	9	29,022	49,485
		<u>111,659</u>	<u>279,628</u>
Financial liabilities			
Payables	13	190,667	459,028
		<u>190,667</u>	<u>459,028</u>

a. General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The principal financial instruments from which financial instrument risk arises:

- trade and other receivables
- cash at bank
- trade and other payables
- borrowings

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for

designing and operating processes that ensure effective implementation of the objectives and policies to the Group's finance function.

The Group's risk management policies and objectives are therefore designed to minimise the potential impact of these risks on the results of the Group where such impacts may be material.

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

b. Credit risks

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of the contract obligations that could lead to a financial loss to the Group. There is no material amount of collateral held as security at 31 December 2020.

Cash and cash equivalents

The Group limits its exposure to credit risk by only depositing cash at banks or financial institutions that have an acceptable credit rating.

Trade and other receivables

As the Group operates primarily in investment and exploration activities, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

The Group, where necessary, establishes an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments. Management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk

The carrying amount of the group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at balance date is as follows:

	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Other receivables	9	29,022	49,485
		29,185	49,485

c. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual flows. The Group does not have any external borrowings.

The Group needs to raise additional capital in the next 12 months. The decision on how the Group will raise future capital will depend on market conditions existing at that time.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:



Financial liability and financial asset maturity analysis

At 31 December 2020	Within 1 year	1 to 5 years	Over 5 years	Total
	\$	\$	\$	\$
Financial liabilities due for payment				
Payables	190,667			190,667
Total expected outflows	190,667			190,667
Financial assets – cash flows realisable				
Cash and cash equivalents	82,637			82,637
Receivables	29,022			29,022
Total anticipated inflows	111,659			111,659
Net inflow/(outflow) on financial instruments	(79,008)			(79,008)
At 31 December 2019	Within 1 year	1 to 5 years	Over 5 years	Total
	\$	\$	\$	\$
Financial liabilities due for payment				
Payables	459,028	-	-	459,028
Total expected outflows	459,028	-	-	459,028
Financial assets – cash flows realisable				
Cash and cash equivalents	230,142	-	-	230,142
Receivables	49,235	-	-	49,235
Total anticipated inflows	279,278	-	-	279,278
Net inflow/(outflow) on financial instruments	(179,651)	-	-	(179,651)

d. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

i) Foreign exchange risk

At balance date, the following cash, amounts receivable and amounts payable in foreign currency.

	31 Dec 2020	31 Dec 2019
	\$	\$
<u>Euros</u>		
Cash held	15,171	104,876
Trade and other receivables	-	-
Trade and other payables	(4,821)	(62,912)
	9,350	41,964
<u>US Dollars</u>		
Cash held	233	233
	233	233

NOTES TO THE FINANCIAL STATEMENTS
ii) Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents on short term deposit at best available market interest rates.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Consolidated and Company carrying amount	
	31 Dec 2020	31 Dec 2019
	\$	\$
Variable rate instruments		
Financial assets – cash and cash equivalents	82,637	230,142

Fair value sensitivity analysis for variable rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss or through equity, therefore a change in interest rates at the reporting date would not affect profit or loss or equity.

Cash flow sensitivity analysis for variable rate instruments

The group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the prior period.

	Profit or loss		Equity	
	100bp Increase	100bp decrease	100bp increase	100bp decrease
	\$	\$	\$	\$
31 December 2020				
Variable rate instruments	826	(826)	826	(826)
31 December 2019				
Variable rate instruments	2,301	(2,301)	2,301	(2,301)

e. Fair values

Fair values of financial assets and liabilities are equivalent to carrying values due to their short term to maturity.

1. In the opinion of the Directors of High Grade Metals Limited (“the Company”):
 - (a) the financial statements and notes and the Remuneration disclosures that are contained in the Remuneration Report in the Director’s Report, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company’s financial position as at 31 December 2020 and of its performance, for the twelve-month financial period ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (iii) complying with International Financial Reporting Standards as disclosed in Note 1; and
 - (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Non-Executive Chairman and Chief Financial Officer for the financial period ended 31 December 2020.

Signed in accordance with a resolution of the Board of Directors:



Anthony Hall
Executive Chairman
Melbourne, 24 February 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGH GRADE METALS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of High Grade Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Material uncertainty related to going concern

We draw attention to Note 1 r in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.



Key audit matters

Except for the matter described in the 'Material Uncertainty Related to Going Concern' section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2020, but does not include the financial report and the auditor's report thereon.

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

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 18 of the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of High Grade Metals Limited, for the year ended 31 December 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

A handwritten signature in blue ink, appearing to read 'G K Edwards'.

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'G K Edwards'.

G K Edwards
Director

Adelaide, 24 February 2021

ASX INFORMATION

The following additional information is required by ASX Limited in respect of listed public companies and was applicable at 24 February 2021.

1. Shareholder and Option holder information
a. Number of Shareholders and Option Holders
Shares

As at 28 January 2021, there were 802 shareholders holding a total of 566,172,490 fully paid ordinary shares.

Options

As at 28 January 2021, there were 35,000,000 Unquoted Options exercisable at \$0.03 on or before 30 September 2022 held by 5 holders.

Performance Shares

At 28 January 2021, there were 120,000,000 Class A Performance Shares held by 18 holders and 120,000,000 Class B Performance Shares held by 24 holders.

b. Distribution of Equity Securities

Fully paid ordinary shares Category (size of holding)	Number (as at 23 March 2020)	
	Shareholders	Ordinary Shares
1 – 1,000	138	19,174
1,001 – 5,000	20	47,220
5,001 – 10,000	21	199,326
10,001 – 100,000	233	11,548,865
100,001 – and over	390	554,357,905
	802	566,172,490

The number of shareholdings held in less than marketable parcels is 336 shareholders amounting to 5,183,301 shares.

c. The names of substantial shareholders listed in the company's register as at 28 January 2021 are:

Nil

d. Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. 20 Largest Shareholders as at 28 January 2021— Ordinary Shares

Shareholder	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. E&E Hall Pty Ltd <E&E Hall P/L S/F A/C>	25,166,667	1.
2. Eurocan Mining Anstalt	25,000,000	2.
3. McNeil Nominees Pty Ltd	17,228,830	3.
4. Veronika Moravcikova	17,000,000	4.



ASX INFORMATION

5.	JAWAF Enterprises Pty Ltd <Hall Family A/C>	16,041,667	5.
6.	Northern Star Nominees Pty Ltd	15,361,112	6.
7.	Gravner Limited	15,000,000	7.
8.	Ivey Physiotherapy Pty Ltd <SEI family A/C>	12,000,000	8.
9.	First One Realty Pty Ltd	11,913,058	9.
10.	Mr Daniel Eddington & Mrs Julie Eddington <DJ Holdings A/C>	10,500,002	10.
11.	Vision Tech Nominees Pty Ltd <No.1 Account>	10,500,000	11.
12.	Torey Marshall <Torey Marshall Family A/C>	8,500,000	12.
13.	Vision Tech Nominees Pty Ltd <No. 2 Account>	8,500,000	13.
14.	A22 Pty Limited	8,173,060	14.
15.	Group #17787 Gernie Invts Pty Ltd <Gernie Invts A/C> and Mr Gregory John Bittar	7,733,646	15.
16.	Stevsand Investments Pty Ltd <Steven Formica Family A/C>	7,500,000	16.
17.	Serlett Pty Ltd <Diligent Inv Superfund A/C>	7,452,830	17.
18.	Mr Nicole Gallin & Mr Kyle Haynes <GN Super Fund A/c>	7,445,000	18.
19.	Stevsand Holdings Pty Ltd <Formica Horticultural A/C>	7,375,000	19.
20.	Bodie Investments Pty Ltd	7,347,223	20.
		245,738,095	

f. At 28 January 2021, no securities were restricted:

2. Company secretary

The name of the company secretary is Adrien Wing.

3. The address of the principal registered office in Australia

Level 2, 480 Collins Street, MELBOURNE VIC 3000

4. Registers of securities are held at the following address

Advanced Share Registry Ltd, 110 Stirling Highway NEDLANDS WA 6009

5. Securities Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the ASX Limited.



SCHEDULE OF EXPLORATION LICENCES

High Grade Metals Limited and its subsidiary undertakings hold 100% interest in the following licences:

Subsidiary: Acacia Pty Ltd	
Project name	Claim No.
Victory Bore	EL57/1036
Subsidiary: APC Cobalt GmbH	
Project name	Claim No.
Gratlspitz	01/17/T
Gratlspitz	02/17/T
Gratlspitz	03/17/T
Gratlspitz	04/17/T
Gratlspitz	05/17/T
Gratlspitz	06/17/T
Gratlspitz	07/17/T
Gratlspitz	08/17/T
Gratlspitz	09/17/T
Gratlspitz	10/17/T
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Gratlspitz	30/17/T
Gratlspitz	31/17/T
Gratlspitz	32/17/T
Gratlspitz	33/17/T
Gratlspitz	34/17/T
Gratlspitz	35/17/T
Gratlspitz	36/17/T
Gratlspitz	37/17/T

Subsidiary: APC Cobalt GmbH	
Project name	Claim No.
Leogang Schwarzleo	38/17/S
Leogang Schwarzleo	39/17/S
Leogang Schwarzleo	40/17/S
Leogang Schwarzleo	41/17/S
Leogang Schwarzleo	42/17/S
Leogang Schwarzleo	43/17/S
Leogang Schwarzleo	44/17/S
Leogang Schwarzleo	45/17/S
Leogang Schwarzleo	46/17/S
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Seekar	68/17/S
Seekar	69/17/S
Seekar	70/17/S
Seekar	71/17/S
Seekar	72/17/S
Seekar	73/17/S
Seekar	74/17/S
Seekar	75/17/S
Seekar	76/17/S
Zinkwand	77/17/S
Zinkwand	78/17/S



High Grade Metals

SCHEDULE OF EXPLORATION LICENCES

Subsidiary: Eurocan Mining GmbH	
Project name	Claim No.
Schellgadeen South/Carinthia	22/05/K
Schellgadeen South/Carinthia	23/05/K
Schellgadeen South/Carinthia	24/05/K
Schellgadeen South/Carinthia	25/05/K
Schellgadeen South/Carinthia	26/05/K
Schellgadeen South/Carinthia	27/05/K
Schellgadeen South/Carinthia	28/05/K
Schellgadeen South/Carinthia	29/05/K
Schellgadeen South/Carinthia	30/05/K
Schellgadeen South/Carinthia	31/05/K
Schellgadeen South/Carinthia	32/05/K
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Schellgadeen South/Carinthia	46/05/K
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Schellgadeen South/Carinthia	48/05/K
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Schellgadeen South/Carinthia	61/05/K
Schellgadeen South/Carinthia	62/05/K
Schellgadeen South/Carinthia	63/05/K

Subsidiary: Eurocan Mining GmbH	
Project name	Claim No.
Schellgadeen South/Carinthia	64/05/K
Schellgadeen South/Carinthia	65/05/K
Schellgadeen South/Carinthia	66/05/K
Schellgadeen South/Carinthia	67/05/K
Schellgadeen South/Carinthia	68/05/K
Schellgadeen South/Carinthia	69/05/K
Schellgadeen South/Carinthia	70/05/K
Schellgadeen South/Carinthia	71/05/K
Schellgadeen South/Carinthia	72/05/K
Schellgadeen South/Carinthia	73/05/K
Schellgadeen South/Carinthia	74/05/K
Schellgadeen South/Carinthia	75/05/K
Schellgadeen South/Carinthia	76/05/K
Schellgadeen South/Carinthia	77/05/K
Schellgadeen South/Carinthia	78/05/K
Schellgadeen South/Carinthia	79/05/K
Schellgadeen South/Carinthia	80/05/K
Schellgadeen South/Carinthia	81/05/K
Schellgadeen South/Carinthia	82/05/K
Schellgadeen South/Carinthia	83/05/K
Schellgadeen South/Carinthia	84/05/K
Schellgadeen South/Carinthia	85/05/K
Schellgadeen South/Carinthia	86/05/K
Schellgadeen South/Carinthia	87/05/K
Schellgadeen South/Carinthia	88/05/K
Schellgadeen South/Carinthia	89/05/K
Schellgadeen South/Carinthia	90/05/K
Schellgadeen South/Carinthia	91/05/K
Schellgadeen South/Carinthia	93/05/K
Schellgadeen South/Carinthia	94/05/K
Schellgadeen South/Carinthia	95/05/K
Schellgadeen South/Carinthia	96/05/K
Schellgadeen South/Carinthia	97/05/K
Schellgadeen South/Carinthia	98/05/K
Schellgadeen South/Carinthia	99/05/K
Schellgadeen South/Carinthia	100/05/K
Schellgadeen South/Carinthia	101/05/K
Schellgadeen South/Carinthia	102/05/K
Schellgadeen South/Carinthia	103/05/K
Schellgadeen South/Carinthia	104/05/K
Schellgadeen South/Carinthia	105/05/K
Schellgadeen South/Carinthia	106/05/K



SCHEDULE OF EXPLORATION LICENCES

Subsidiary: Eurocan Mining GmbH	
Project name	Claim No.
Schellgadeen South/Carinthia	107/05/K
Schellgadeen South/Carinthia	108/05/K
Schellgadeen South/Carinthia	109/05/K
Schellgadeen South/Carinthia	110/05/K
Schellgadeen South/Carinthia	111/05/K
Schellgadeen South/Carinthia	112/05/K
Schellgadeen South/Carinthia	113/05/K
Schellgadeen South/Carinthia	114/05/K
Schellgadeen South/Carinthia	115/05/K
Schellgadeen South/Carinthia	116/05/K
Schellgadeen South/Carinthia	117/05/K
Schellgadeen South/Carinthia	118/05/K
Schellgadeen South/Carinthia	119/05/K
Schellgadeen South/Carinthia	120/05/K
Schellgadeen South/Carinthia	121/05/K
Schellgadeen South/Carinthia	122/05/K
Schellgadeen South/Carinthia	123/05/K
Schellgadeen South/Carinthia	124/05/K
Schellgadeen South/Carinthia	125/05/K
Schellgadeen South/Carinthia	126/05/K
Schellgadeen South/Carinthia	127/05/K
Schellgadeen South/Carinthia	128/05/K
Schellgadeen South/Carinthia	129/05/K
Schellgadeen South/Carinthia	130/05/K
Schellgadeen South/Carinthia	131/05/K
Schellgadeen South/Carinthia	132/05/K
Schellgadeen South/Carinthia	133/05/K
Schellgadeen South/Carinthia	134/05/K
Schellgadeen South/Carinthia	135/05/K
Kreuzeck West/Carinthia	136/05/K
Kreuzeck West/Carinthia	137/05/K
Kreuzeck West/Carinthia	138/05/K
Kreuzeck West/Carinthia	139/05/K
Kreuzeck West/Carinthia	140/05/K
Kreuzeck West/Carinthia	141/05/K
Kreuzeck West/Carinthia	142/05/K
Kreuzeck West/Carinthia	143/05/K
Kreuzeck West/Carinthia	144/05/K
Kreuzeck West/Carinthia	145/05/K
Kreuzeck West/Carinthia	146/05/K
Kreuzeck West/Carinthia	147/05/K
Kreuzeck West/Carinthia	148/05/K
Kreuzeck West/Carinthia	149/05/K
Kreuzeck West/Carinthia	150/05/K

Subsidiary: Eurocan Mining GmbH	
Project name	Claim No.
Kreuzeck West/Carinthia	151/05/K
Kreuzeck West/Carinthia	152/05/K
Kreuzeck West/Carinthia	153/05/K
Kreuzeck West/Carinthia	154/05/K
Kreuzeck West/Carinthia	155/05/K
Kreuzeck West/Carinthia	156/05/K
Kreuzeck West/Carinthia	157/05/K
Kreuzeck West/Carinthia	158/05/K
Kreuzeck West/Carinthia	159/05/K
Kreuzeck West/Carinthia	160/05/K
Kreuzeck West/Carinthia	161/05/K
Kreuzeck West/Carinthia	162/05/K
Kreuzeck West/Carinthia	163/05/K
Kreuzeck West/Carinthia	164/05/K
Kreuzeck West/Carinthia	165/05/K
Kreuzeck West/Carinthia	166/05/K
Kreuzeck West/Carinthia	167/05/K
Kreuzeck West/Carinthia	168/05/K
Kreuzeck West/Carinthia	169/05/K
Kreuzeck West/Carinthia	170/05/K
Kreuzeck West/Carinthia	171/05/K
Kreuzeck West/Carinthia	172/05/K
Kreuzeck West/Carinthia	173/05/K
Kreuzeck West/Carinthia	174/05/K
Kreuzeck West/Carinthia	175/05/K
Kreuzeck West/Carinthia	176/05/K
Kreuzeck West/Carinthia	177/05/K
Kreuzeck West/Carinthia	178/05/K
Kreuzeck West/Carinthia	179/05/K
Kreuzeck East/Carinthia	180/05/K
Kreuzeck East/Carinthia	181/05/K
Kreuzeck East/Carinthia	182/05/K
Kreuzeck East/Carinthia	183/05/K
Kreuzeck East/Carinthia	184/05/K
Kreuzeck East/Carinthia	185/05/K
Kreuzeck East/Carinthia	186/05/K
Kreuzeck East/Carinthia	187/05/K
Kreuzeck East/Carinthia	188/05/K
Kreuzeck East/Carinthia	189/05/K
Kreuzeck East/Carinthia	190/05/K
Kreuzeck East/Carinthia	191/05/K
Kreuzeck East/Carinthia	192/05/K
Kreuzeck East/Carinthia	193/05/K
Kreuzeck East/Carinthia	194/05/K



SCHEDULE OF EXPLORATION LICENCES

Subsidiary: Eurocan Mining GmbH	
Project name	Claim No.
Kreuzeck East/Carinthia	195/05/K
Kreuzeck East/Carinthia	196/05/K
Kreuzeck East/Carinthia	197/05/K
Kreuzeck East/Carinthia	198/05/K
Kreuzeck East/Carinthia	199/05/K
Kreuzeck East/Carinthia	200/05/K
Kreuzeck East/Carinthia	201/05/K
Kreuzeck East/Carinthia	202/05/K
Kreuzeck East/Carinthia	203/05/K
Kreuzeck East/Carinthia	204/05/K
Kreuzeck East/Carinthia	205/05/K
Kreuzeck East/Carinthia	206/05/K
Kreuzeck East/Carinthia	207/05/K
Kreuzeck East/Carinthia	208/05/K
Kreuzeck East/Carinthia	209/05/K
Kreuzeck East/Carinthia	210/05/K
Kreuzeck East/Carinthia	211/05/K
Kreuzeck East/Carinthia	212/05/K
Kreuzeck East/Carinthia	213/05/K
Kreuzeck East/Carinthia	214/05/K
Kreuzeck East/Carinthia	215/05/K
Kreuzeck East/Carinthia	216/05/K
Kreuzeck East/Carinthia	217/05/K
Kreuzeck East/Carinthia	218/05/K
Kreuzeck East/Carinthia	219/05/K
Kreuzeck East/Carinthia	220/05/K
Kreuzeck East/Carinthia	221/05/K
Goldeck Sifflitz/Carinthia	222/05/K
Goldeck Sifflitz/Carinthia	223/05/K
Goldeck Sifflitz/Carinthia	224/05/K
Goldeck Sifflitz/Carinthia	225/05/K
Goldeck Sifflitz/Carinthia	226/05/K
Goldeck Sifflitz/Carinthia	227/05/K
Goldeck Sifflitz/Carinthia	228/05/K
Goldeck Sifflitz/Carinthia	229/05/K
Goldeck Sifflitz/Carinthia	230/05/K
Goldeck Sifflitz/Carinthia	231/05/K
Goldeck Sifflitz/Carinthia	232/05/K
Goldeck Sifflitz/Carinthia	233/05/K
Goldeck Sifflitz/Carinthia	234/05/K
Goldeck Sifflitz/Carinthia	235/05/K
Goldeck Sifflitz/Carinthia	236/05/K

Subsidiary: Eurocan Mining GmbH	
Project name	Claim No.
Goldeck Sifflitz/Carinthia	237/05/K
Goldeck Sifflitz/Carinthia	238/05/K
Goldeck Sifflitz/Carinthia	239/05/K
Goldeck Sifflitz/Carinthia	240/05/K
Goldeck Sifflitz/Carinthia	241/05/K
Goldeck Sifflitz/Carinthia	242/05/K
Goldeck Sifflitz/Carinthia	243/05/K
Goldeck Sifflitz/Carinthia	244/05/K
Goldeck Sifflitz/Carinthia	245/05/K
Goldeck Sifflitz/Carinthia	246/05/K
Goldeck Sifflitz/Carinthia	247/05/K
Goldeck Sifflitz/Carinthia	248/05/K
Goldeck Sifflitz/Carinthia	249/05/K
Goldeck Sifflitz/Carinthia	250/05/K
Goldeck Sifflitz/Carinthia	251/05/K
Goldeck Sifflitz/Carinthia	252/05/K
Goldeck Sifflitz/Carinthia	253/05/K
Goldeck Sifflitz/Carinthia	254/05/K
Goldeck Sifflitz/Carinthia	255/05/K
Goldeck Sifflitz/Carinthia	256/05/K
Goldeck Sifflitz/Carinthia	257/05/K
Goldeck Sifflitz/Carinthia	258/05/K
Goldeck Sifflitz/Carinthia	259/05/K
Goldeck Sifflitz/Carinthia	260/05/K
Goldeck Sifflitz/Carinthia	261/05/K
Goldeck Sifflitz/Carinthia	262/05/K
Goldeck Sifflitz/Carinthia	263/05/K
Goldeck Sifflitz/Carinthia	264/05/K
Goldeck Sifflitz/Carinthia	265/05/K
Goldeck Sifflitz/Carinthia	266/05/K
Goldeck Sifflitz/Carinthia	267/05/K
Goldeck Sifflitz/Carinthia	268/05/K
Goldeck Sifflitz/Carinthia	269/05/K
Goldeck Sifflitz/Carinthia	270/05/K
Goldeck Sifflitz/Carinthia	271/05/K
Goldeck Sifflitz/Carinthia	272/05/K
Goldeck Sifflitz/Carinthia	273/05/K
Goldeck Sifflitz/Carinthia	274/05/K
Goldeck Sifflitz/Carinthia	275/05/K
Goldeck Sifflitz/Carinthia	276/05/K
Goldeck Sifflitz/Carinthia	277/05/K
Goldeck Sifflitz/Carinthia	278/25/K