



**ANGLO AUSTRALIAN RESOURCES NL  
AND ITS CONTROLLED ENTITIES**

ABN 24 651 541 976

Interim Financial Report  
For the half-year ended 31 December 2020



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## Directors' Report

Your Directors present their half-yearly report on the consolidated entity consisting of Anglo Australian Resources NL ("AAR" or "the Company") and the entities it controlled at the end of, or during, the period 1 July 2020 to 31 December 2020 ("the Group").

### Directors

The persons who were Directors of the Company during the interim reporting period and up to the date of this report are:

Mr Leigh Warnick	Non-Executive Chairman (appointed on 23 December 2019)
Mr Marc Ducler	Managing Director (appointed on 23 December 2019)
Mr John Jones	Non-Executive Director (appointed on 9 February 1990)
Mr Peter Stern	Non-Executive Director (appointed on 28 November 2011)
Mr David Varcoe	Non-Executive Director (appointed on 27 November 2019)

### Review of Operations

The Company's principal activity during the half year was progressing exploration and development activities at its 100% owned Mandilla Gold Project.

The Company completed a total of 14,863 metres of reverse circulation (RC) drilling and 3,080 metres of diamond drilling at the Mandilla Gold Project during the half-year. The ongoing successful delineation of a large gold mineralised footprint in the Mandilla Syenite is outlined in further detail below.

The Company made the decision to farm-out the Koongie Park Base Metals Project during the half year, consistent with its strategy of focusing on its flagship Mandilla Gold Project.

The Group's operations over the last 6 months have been affected by COVID-19; however, the combined collaborative support of Government, representative industry bodies, employees, contractors, suppliers and our host communities has allowed the Company to adapt and mitigate, as far as practicable, the risks this infectious disease presents. The Company will continue to pursue its exploration activities, subject to the evolving and unforeseen impacts of COVID-19.

The Group's loss after tax for the period ended 31 December 2020 was \$1,366,961 (31 December 2019: loss of \$1,453,011).

### EXPLORATION

#### Mandilla Gold Project - WA

##### *AAR – 100% interest*

The Mandilla Gold Project is situated in the northern Widgiemooltha greenstone belt in the western part of the Kalgoorlie geological domain, some 70 kilometres south of the significant gold mining centre of Kalgoorlie, Western Australia. The location of the project in relation to Kalgoorlie and other nearby gold projects is shown in Figure 1.

The Project lies on the western margin of a porphyritic granitic intrusion known as the Emu Rocks Granite, locally termed the Mandilla Syenite. The granite intrudes volcanoclastic sedimentary rocks in the project area which form part of the Spargoville Group.

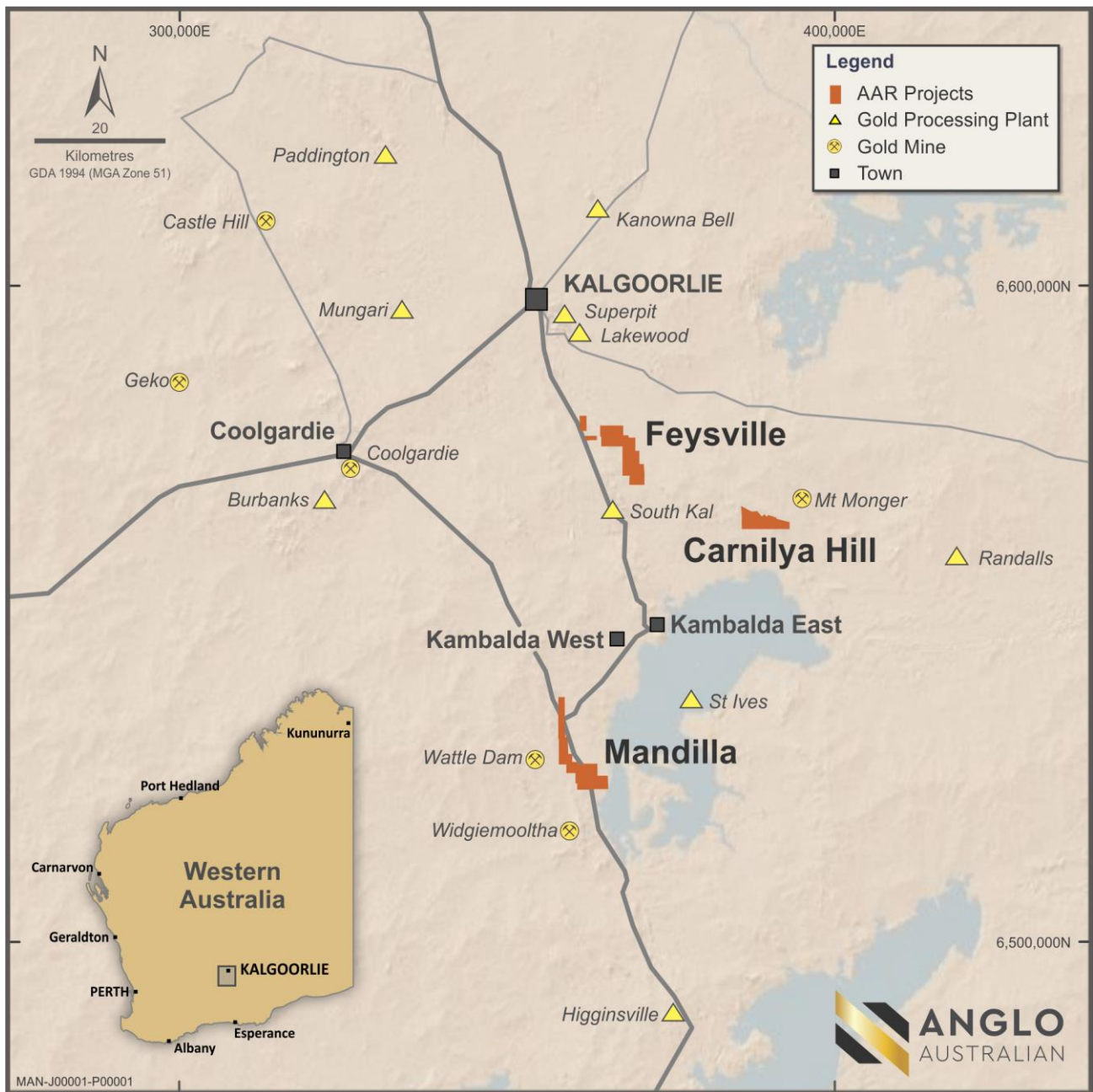


Figure 1 – Mandilla Project, Location Map.

Significant north-west to west-north-west trending structures along the western flank of the project are interpreted from aeromagnetic data to cut through the Mandilla Syenite and may be important in localising mineralisation at Mandilla East. A second sub-parallel structure appears to host Mandilla South.

Both prospects are covered by Mining Leases. On 31 August 2020, the Company announced that the Mining Leases are no longer subject to any third-party royalties other than the standard WA Government gold royalty.

A map of the Mandilla Gold Project, illustrating key locations and geological features, is shown in Figure 2.

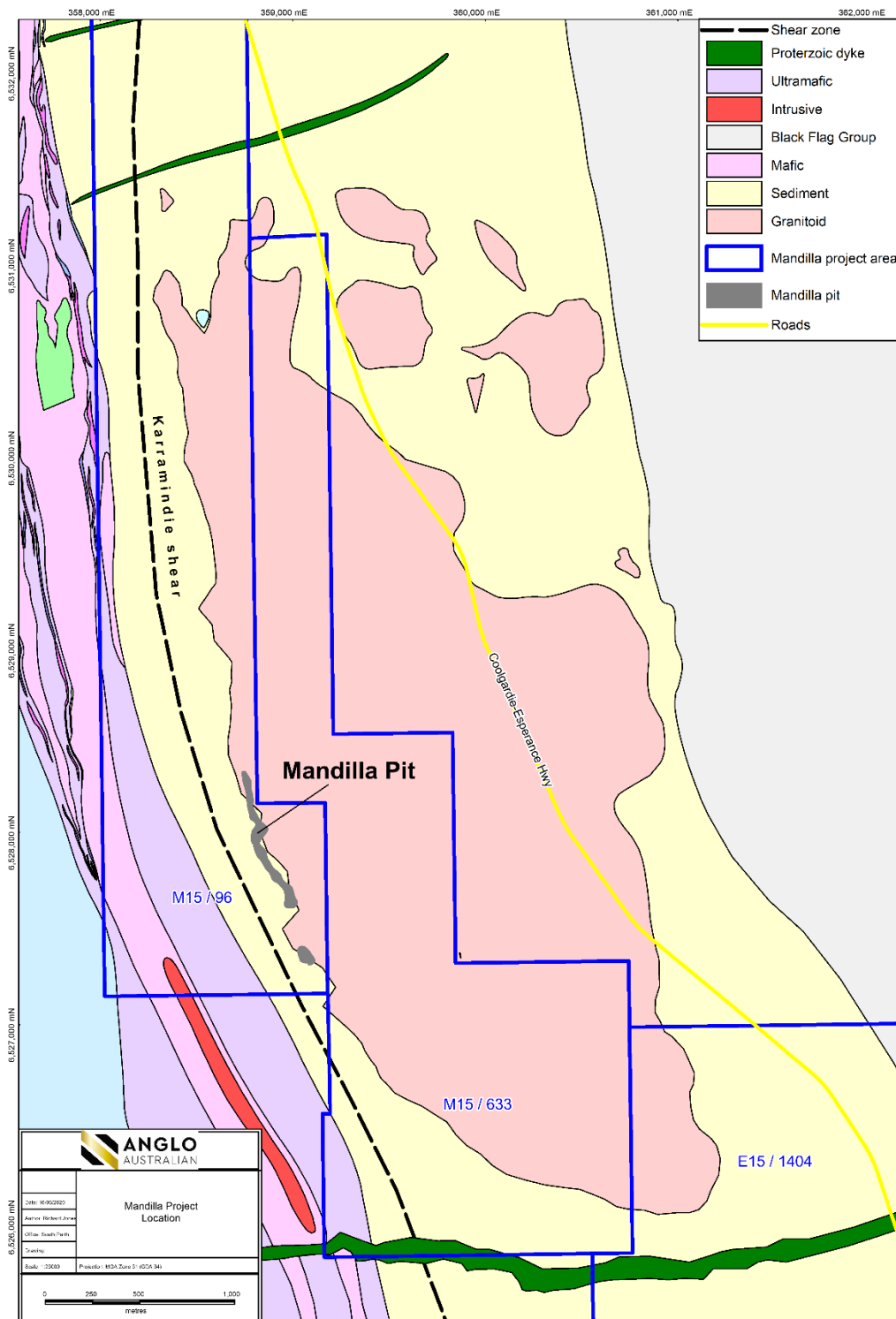


Figure 2 – Mandilla local area geology

## Mandilla East

The Mandilla East mineralised footprint has previously been demonstrated over a strike length of approximately 1,000 metres. Figure 3 demonstrates the presence at Mandilla East of a continuous wide zone of mineralisation, extending from a supergene zone near surface down to a vertical depth of over 250 metres in the granitic intrusion. The mineralised footprint remains open at depth and presents significant potential for a large-scale open pit opportunity.





Image 1 – Challenge Drilling RC Rig, Mandilla East, December 2020.

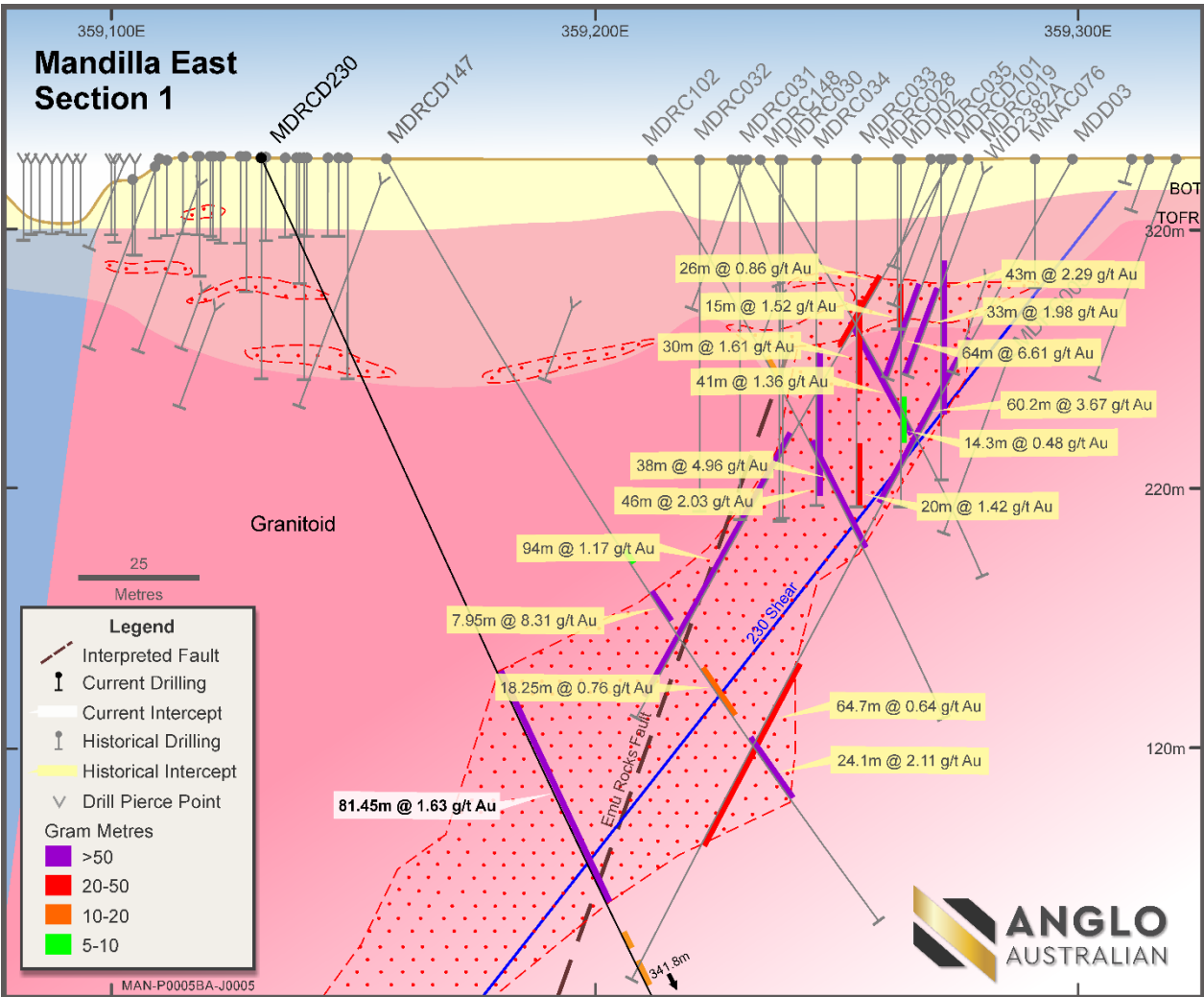


Figure 3 – Mandilla East cross-section 1





## Mandilla South

The Mandilla South mineralised footprint has previously been demonstrated over a strike length of approximately 500 metres. The Mandilla South mineralisation is located 1 kilometre along strike from the main Mandilla East mineralised footprint. The mineralisation at Mandilla South is located closer to the sediment/granite contact with the surrounding sedimentary rocks as compared to Mandilla East.



*Image 2 – Orlando Drilling RC Rig, Mandilla South, November 2020.*

## Drill Programs

Three separate drilling programs were undertaken during the half year. A total of 17,943 metres of drilling was completed during the half year, including 14,863 metres of RC drilling and 3,080 metres of diamond drilling. For reference the drill programs undertaken during the half year are referred to as Campaign 6, Campaign 7 and Campaign 8, each of which is discussed in further detail below.

Campaign 6 commenced during June 2020 and was completed during late August 2020. Campaign 6 included a planned 13-hole diamond drilling program for an aggregate of 3,000 metres. Upon completion, a total of 13 holes and an aggregate of 3,931 metres was drilled, of which 3,080 metres were completed during the half year.

Campaign 7 commenced during September 2020 and involved a planned 70 hole, 10,600 metre RC program. Campaign 7 was designed to in-fill the Mandilla East mineralisation to a 40 metre x 40 metre drill density over the majority of the delineated strike extent and to further test the south-eastern, southern and northern mineralised footprint.

The Company commenced Drilling Campaign 8 during October 2020. Campaign 8 involves a planned 17,000 metre RC program, designed to rapidly determine the scale of mineralisation at Mandilla South and to test the potential of the corridor between Mandilla East and Mandilla South.

To 31 December 2020, across a number of drilling campaigns, the Company has undertaken a total of 35,071m of RC drilling and 4,956m of diamond drilling. This represents a significant investment in exploration drilling and demonstrates the Company's belief in the geological potential of the Mandilla Gold Project.



The return of sample results from the commercial laboratories slowed considerably during the half year, with the turnaround time drifting out to >50 days (some sample submissions have now been outstanding for over 90 days). This is expected to be reduced during the March 2021 Quarter as a result of additional laboratory capacity coming online.

## Campaign 6 – Diamond

### Mandilla East

Campaign 6 commenced during June 2020 and included a planned 13-hole diamond drilling program for an aggregate of 3,000 metres. Campaign 6 was completed in late August 2020, with a total of 13 holes and an aggregate of 3,931 metres drilled.

Diamond drill holes were collared on 40 metre spaced sections to provide data to assist in the geological interpretation and test down-plunge extensions of the mineralisation at Mandilla East.

A total of 11 diamond holes were drilled on Mandilla East for a total of 3,414 metres. A single diamond hole was drilled to follow up the Mandilla East southern extension (MDRCD184) for a total of 219 metres and a single diamond hole was drilled to test Mandilla South (MDRCD237) for a total of 298 metres.

The results of Campaign 6 were released to the market on 11 August 2020, 15 September 2020 and 17 February 2021 (post the end of the half year).

Diamond drilling intersection highlights at Mandilla East are summarised in Table 1 below.

Table 1 – Mandilla East significant diamond drill intersections from Campaign 6

Hole ID	Location	From (m)	To (m)	Length (m)	Grade g/t Au
MDRCD191	Mandilla East	296	372.5	76.5	1.21
		includes 1.0m @ 42.09g/t Au from 321.1.1m			
		393.7	401.05	7.35	1.43
		includes 0.3m @ 13.15g/t Au from 398.9			
		410.9	414.7	3.8	2.26
		includes 0.4m @ 13.42g/t Au from 410.9m			
MDRCD217	Mandilla East	201.4	210.75	9.35	1.04
		includes 0.39m @ 19.98g/t Au from 209.82			
		261.7	272.8	11.1	1.83
		Includes 0.45m @ 28.89g/t Au from 271.45m			
MDRCD228	Mandilla East	180.4	193.8	13.4	7.02
		includes 0.9m @ 87.89g/t Au from 185.3m			
		222.28	224.1	1.82	15.71
		includes 0.55m @ 51.41g/t Au from 223.55m			
MDRCD229	Mandilla East	196.2	216.9	20.7	1.38
		includes 0.35m @ 32.78g/t Au from 206.75m			
		260.45	276	15.55	1.12
		includes 0.3m @ 12.37g/t Au from 260.45m			
		includes 0.85m @ 10.14g/t Au from 275.15m			
		296.7	313	16.3	0.57
		332.2	350	17.8	0.66
MDRCD230	Mandilla East	179.55	261	81.45	1.63
		includes 0.5m @ 65.86g/t Au from 194.4m			
		includes 0.43m @ 12.53g/t Au from 208.8m			
		includes 0.30m @ 24.1g/t Au from 221.85m			
		includes 0.95m @ 45.5g/t Au from 238.6m			
		includes 0.90m @ 13.81g/t Au from 257.0m			
MDRCD231	Mandilla East	130.55	140.65	10.10	1.39
		includes 0.65m @ 15.84g/t Au from 138.35m			





		153.4	162.9	9.50	1.12
		250.7	264.4	13.70	1.00
		<i>includes 0.70m @ 12.92g/t Au from 151.4m</i>			
		274.5	315	40.50	1.91
		<i>includes 0.43m @ 102.01g/t Au from 279.35m</i>			
MDRCD232	Mandilla East	131.65	134.4	2.75	6.41
		264.7	269.7	5.00	4.23
MDRCD233	Mandilla East	270.5	309	38.50	0.72
MDRCD234	Mandilla East	129.3	137.55	8.25	1.84
		<i>includes 1.0m @ 14.54g/t Au from 129.3m</i>			
		<i>includes 0.3m @ 18.11g/t Au from 137.25m</i>			
MDRCD235	Mandilla East	50.4	66.1	15.70	0.82
MDRCD236	Mandilla East	39.2	80.8	41.6	0.90
		<i>includes 0.9m @ 20.56g/t Au from 43.2m</i>			

#### Mandilla South

At Mandilla South, diamond drill-hole MDRCD237 was planned to test the sediment / granite contact. Hole MDRCD237, which was the first diamond drill hole drilled at Mandilla South on an azimuth of 040°, was drilled to a total depth of 298 metres, intersecting a 1 metre wide quartz vein in the sediment zone prior to the contact of the Emu Rocks granite.

Several occurrences of visible gold were noted in the quartz veining within the sediment zone and this zone, including the granite contact, returned an intersection of **13.9m @ 0.91g/t Au** from 144.4m.



Figure 4 - MDRCD237 at 147.7 metres.



A 30 metre wide zone of alteration was then intersected within the Emu Rocks granite with an average quartz vein density of 1 vein per metre in the alteration zone. The zone assayed at **16.9m @ 1.39g/t Au** from 165.8m and **6.4m @ 2.06g/t Au from 197.5m**.

This is the first occasion at Mandilla where primary mineralisation has been identified at the sediment/granite contact.

### Campaign 7 - RC

Campaign 7 involved a planned 10,600 metres of RC drilling, with the majority of the program (44 holes), concentrating on in-fill and extensional drilling at Mandilla East. Ten holes across three sections were designed to test the corridor between Mandilla East and Mandilla South. 16 holes across two sections were designed to drill-test the magnetic anomaly to the south-east of Mandilla South at the southern end of the granite intrusion.

Drilling of the corridor between Mandilla East and Mandilla South and the magnetic anomaly to the south-east of Mandilla South as planned in Campaign 7 has been completed. Further testing on these targets is planned as part of the ongoing Campaign 8.

At Mandilla East, the Company was only able to progress drilling following the arrival of the second RC drill rig on 30 November 2020. When drilling was paused for the Christmas and New Year period, 25 of the 44 planned drill holes at Mandilla East (that formed part of Campaign 7) had been completed, with assay results remaining outstanding.

### Campaign 8 - RC

The Company commenced drilling at Mandilla South via Drilling Campaign 8 during October 2020. At the commencement, Campaign 8 involved over 17,000 metres of planned RC drilling to rapidly determine the scale of mineralisation at Mandilla South and to continue to test the potential of the corridor between Mandilla East and Mandilla South. During the December Quarter, an additional 1,770 m was incorporated into the Campaign 8 program to continue to drill-test the south east of Mandilla South. A total of 7,642 metres of RC exploration drilling has been completed on Campaign 8 at Mandilla South to the end of the half-year.

Campaign 8 was prioritised over Campaign 7 due to the RC drill rig on site at the time being suited to drilling depths of less than 150 metres, whereas Mandilla East drilling was targeting depths up to 200 metres.



Image 3 – Orlando Drilling RC Drill Rig at Mandilla East, September 2020

### Campaign 7 and 8 – Drill Results

Post completion of the half year ending 31 December 2020, AAR released assay results of drilling completed up until the Christmas/New Year break at Mandilla South. Assay results for a total of 62 holes for an aggregate 9,066m drilled were released to the ASX on 17 February 2021. The location of the drill results reported are set out in plan view in Figure 5.



- Potential linkage of mineralisation between Mandilla East and Mandilla South;
- The presence of mineralisation at a magnetic anomaly located to the south east of Mandilla South; and
- Extensions of the mineralisation already defined at Mandilla South.





#### Potential linkage of mineralisation between Mandilla East and Mandilla South

Seven RC holes across two 160-metre spaced lines for an aggregate 1,085m were drilled to test whether bedrock mineralisation between Mandilla East and Mandilla South joined up.

These holes returned best results of:

- **27m @ 0.47g/t Au** from 142m in MDRC248;
- **9m @ 0.78g/t Au** from 100m plus **7m @ 0.63g/t Au** from 124m in MDRC253; and
- **10m @ 0.42g/t Au** from 116m in MDRC250.

These results are considered to be extremely encouraging as they demonstrate the potential linkage of bedrock mineralisation between Mandilla East and Mandilla South.

Hole MDRC248, which returned a best intersection of 27m @ 0.47g/t Au from 142m, was also demonstrated to contain coarse visible free gold when panned in the field as shown in Image 4 below.

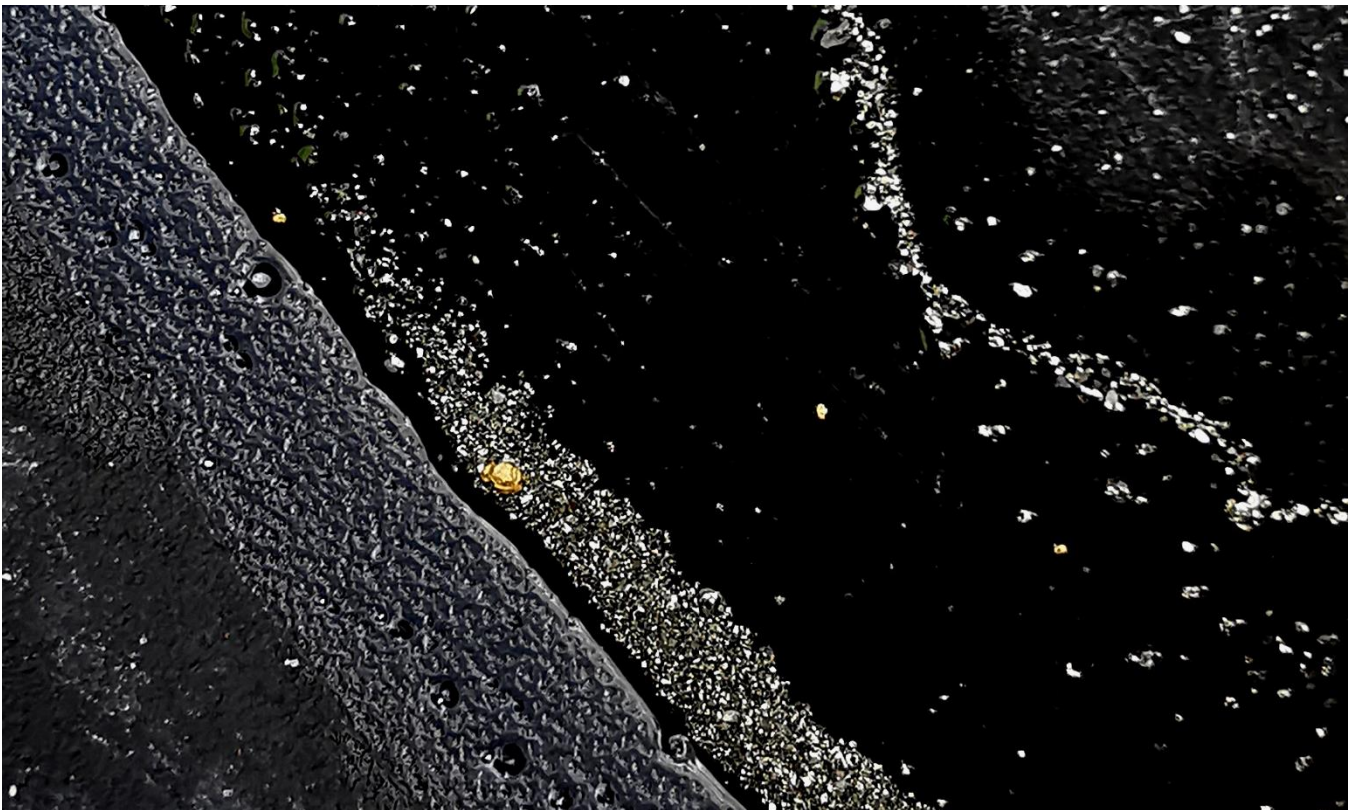


Image 4 - Panned gold from MDRC248 (167 - 168m interval which assayed 2.34g/t Au)

The northern-most line of Mandilla South extensional drilling, which is a further 250m south-east, also intersected mineralisation. This included best results of:

- **21m @ 1.11g/t Au** from 105m plus **1m @ 14.96g/t Au** from 63m in MDRC310;
- **24m @ 0.57g/t Au** from 33m in MDRC312;
- **12m @ 1.03g/t Au** from 60m in MDRC306; and
- **7m @ 1.73g/t Au** from 76m in MDRC309.

Drilling completed during 2020 demonstrated the presence of high-grade mineralisation in the southern-most line of drilling at Mandilla East, 250m to the north west (along strike), with previously reported results of:

- **26m @ 8.29g/t Au** from 76m in MDRC215; and
- **13.4m @ 7.02g/t Au** from 180.4m in MDRCD228.

While drill spacing along strike remains wide in this area, recent drilling has increased the potential to demonstrate continuous mineralisation over a strike length of approximately 2.3km.





Additional drilling is currently underway to better define this new mineralisation. Further drilling is also planned to extend the exploration drill lines to the north-east (further into the Mandilla Syenite) and to the south-west to test the sediment/granite contact.

#### Testing for mineralisation on the magnetic anomaly to the south-east of Mandilla South

A total of 20 holes for an aggregate 2,783 metres were drilled to test this magnetic anomaly. One assay return remains outstanding. To date a supergene zone of mineralisation has been identified on these lines with best results of:

- **3m @ 1.71g/t Au** from 53m in MDRC255; and
- **6m @ 1.08g/t Au** from 54m in MDRC269.

Further drilling is yet to be planned to follow up these intersections. The source of the supergene mineralisation is yet to be identified and further work is required in this area.

#### Mandilla South Extensions

Mandilla South extensional drilling totalled 47 holes for an aggregate of 7,040 metres. Results remain outstanding for 11 holes (1,687m). Best results include:

- **17m @ 3.29g/t Au** from 101m in MDRC301;
- **52m @ 1.00g/t Au** from 123m in MDRC303;
- **21m @ 1.11g/t Au** from 105m plus **1m @ 14.96g/t Au** from 63m in MDRC310;
- **24m @ 0.83g/t Au** from 88m in MDRC299;
- **10m @ 1.36g/t Au** from 50m in MDRC298;
- **11m @ 1.21g/t Au** from 114m in MDRC296; and
- **19m @ 0.84g/t Au** from 58m in MDRC281.

Drilling to further delineate the mineralisation at Mandilla South is ongoing with the RC rig currently completing this program.

A broad zone of mineralisation is continuing to be defined at Mandilla South which appears likely to link to the main Mandilla East mineralisation. This has the potential to form an extensive zone of bedrock mineralisation extending over an approximately 2.3km long strike length.

Mandilla East mineralisation is associated with a north-north-westerly splay (Mandilla East shear) off the north west trending Karramindie Shear (**Error! Reference source not found.** above). However, Mandilla South mineralisation is associated with a north-westerly splay off the Mandilla East shear (Mandilla South shear).

Significant albite-silica alteration has been encountered in the Mandilla South drilling which may be the result of this splay structure which trends close to the granite sediment contact.

Interpretation from the magnetic data suggests cross-cutting north, north-east and north-west trending structures. The north-west trend (dark blue) has been identified as the Emu Rocks fault at Mandilla East, with a similar trend identified at Mandilla South.

It appears that the convergence of these cross-cutting structures with the main splay structures influences the mineralisation at Mandilla South. Diamond drilling is planned to enable a better understanding of the orientation and influence of these structures.

The current drill program will continue to test the strike extent and width of the Mandilla South mineralisation.

A cross-section at Mandilla South between MDRC301 and MDRC303 is set out in Figure 6. It shows the mineralisation and the interpreted Mandilla South Shear and the NW Fault (Emu Rocks Trend).

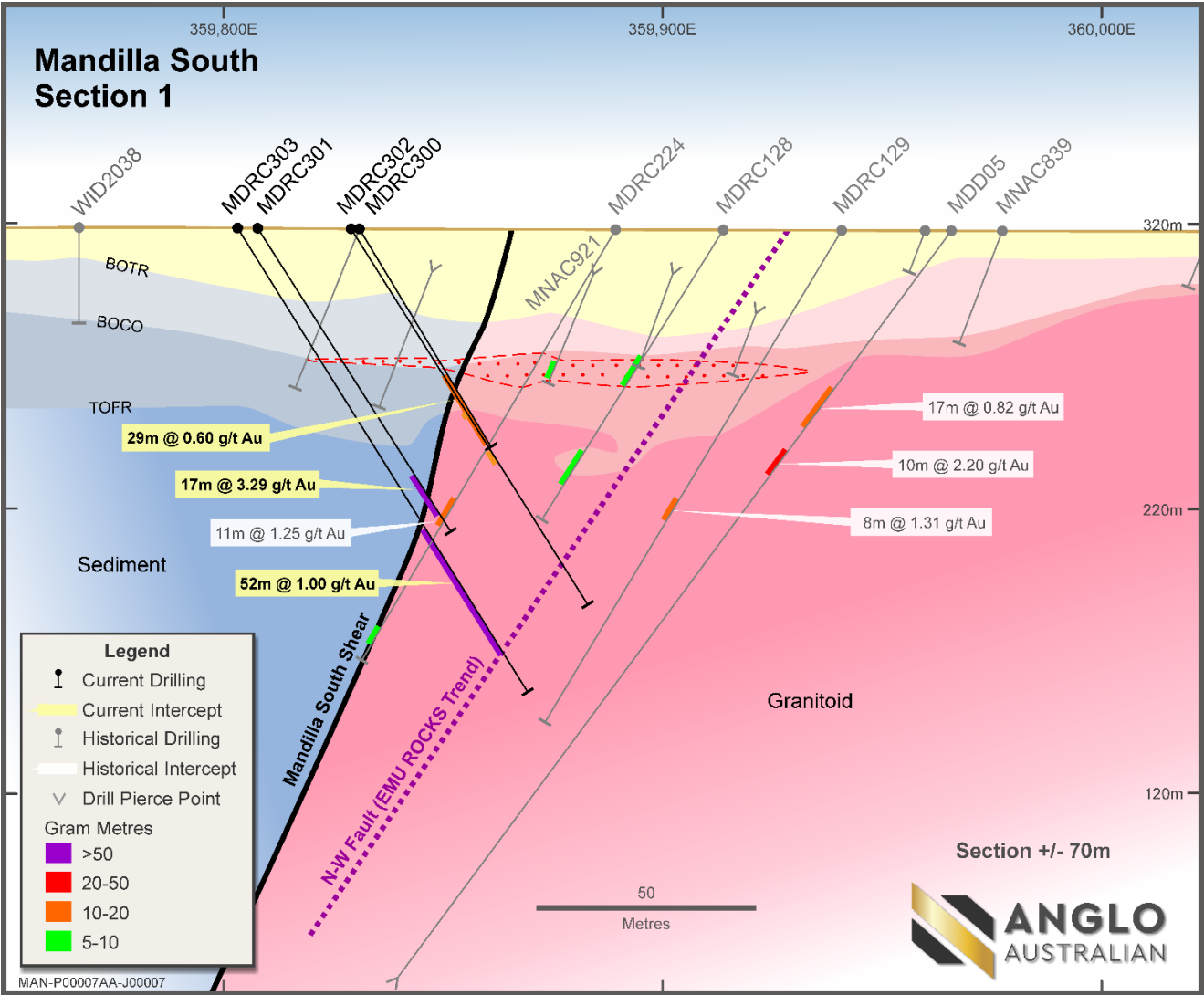


Figure 6 – Mandilla South cross-section (refer Figure 5 for section location)



## Royalties

On 31 August 2020, the Company announced that it had reached agreement with the respective owners to eliminate all third-party royalties<sup>1</sup> held over the Mandilla Gold Project.

One of the tenements which comprises the Mandilla Gold Project, M15/633, has historically been subject to two third-party royalties. These third-party royalties are legacy royalties that provided for the following:

- Royalty # 1: \$1 per tonne of gold ore mined and treated; and
- Royalty # 2: Comprising:
  - 4% NSR (net smelter royalty) on gold production in excess of 100,000oz; and
  - A price participation royalty of 10% of every dollar the gold price exceeds A\$600 for every ounce produced.

The consideration provided to eliminate each of the third-party royalties is as follows:

- Royalty # 1: Issue of 1,142,588 ordinary AAR shares at a deemed issue price of \$0.175 per share (nominal value of AUD\$200,000) (issued on 6 August 2020); and
- Royalty # 2: Payment of cash consideration of US\$400,000.

## Metallurgical Testing

Metallurgical samples were collected from diamond drill holes MDRCD151<sup>2</sup>, MDRCD228<sup>3</sup> and MDRCD236<sup>4</sup>. These holes were selected as they cover the strike length of the zones of known mineralisation as determined in the September 2020 Quarter and as depicted in Figure 7 below.

The samples were composited into oxide and fresh samples based on geological logging. Samples were then crushed to 100% passing 3.35mm prior to homogenising and then splitting by rotary sample divider. The metallurgical test involves grinding two samples for each composite, one to 80% passing 75 micron and the other to 80% passing 106 micron and then processed in a laboratory sized Knelson concentrator.

The concentrate collected was then subjected to an intensive cyanidation leach and the gold recovered from this was reported as gravity gold. The tail from the Knelson concentrator was then bottle rolled for 48 hours at a pH of 10 and an initial cyanide concentration of 1000ppm. Solution samples were taken at several stages to determine the leach kinetics.

Detailed results are tabled below:

Table 2 – Oxide composite metallurgical test results

Grind Size P80 (µm)	Au Calc Head Grade (g/t)	Au Extraction (%)						Au Tail Grade (g/t)	Reagents (kg/t)	
		Grav	2-hr	4-hr	8-hr	24-hr	48-hr		NaCN	Lime
75	0.92	68.8	94.4	96.9	96.9	96.9	98.4	0.02	0.32	0.32
106	0.96	71.1	95.5	96.3	97.0	97.0	98.4	0.02	0.21	0.21

Table 3 – Fresh variability composite No 1 metallurgical test results

Grind Size P80 (µm)	Au Calc Head Grade (g/t)	Au Extraction (%)						Au Tail Grade (g/t)	Reagents (kg/t)	
		Grav	2-hr	4-hr	8-hr	24-hr	48-hr		NaCN	Lime
75	0.60	80.7	94.6	94.6	95.8	95.8	95.8	0.03	0.25	0.14
106	0.75	66.3	91.5	94.5	95.5	95.5	97.3	0.02	0.23	0.23

<sup>1</sup> With the exception of the Western Australian Government gold royalty of 2.5% NSR.

<sup>2</sup> Results for MDRCD151 were reported to ASX on 19 June 2020

<sup>3</sup> Results for MDRCD228 were reported to ASX on 11 August 2020

<sup>4</sup> Results for MDRCD236 are reported to ASX on 17 February 2021



Table 4 – Fresh composite metallurgical test results

Grind Size P80 (µm)	Au Calc Head Grade (g/t)	Au Extraction (%)						Au Tail Grade (g/t)	Reagents (kg/t)	
		Grav	2-hr	4-hr	8-hr	24-hr	48-hr		NaCN	Lime
75	1.24	92.6	98.6	98.6	99.2	99.2	99.2	0.01	0.29	0.24
106	0.49	71.4	93.0	93.0	94.4	95.9	95.9	0.02	0.29	0.23

Table 5 – Fresh variability composite No 2 metallurgical test results

Grind Size P80 (µm)	Au Calc Head Grade (g/t)	Au Extraction (%)						Au Tail Grade (g/t)	Reagents (kg/t)	
		Grav	2-hr	4-hr	8-hr	24-hr	48-hr		NaCN	Lime
106	0.95	81.6	95.8	96.6	96.6	97.4	97.4	0.03	0.29	0.29



Figure 7 – Location of Mandilla East diamond drill holes for metallurgical testing





The results have demonstrated the mineralisation at the Mandilla Gold Project to be insensitive to grind size, to have a high gravity recoverable gold content, exceptionally high overall gold recovery and low reagent consumption.

In addition, results from the viscosity determination and oxygen uptake testing have demonstrated a slurry rheology that is more than acceptable for mixing and screening applications. The oxygen uptake test demonstrated low oxygen consumption.

Furthermore, diamond core from each of the drill holes was used to perform an SMC Test on both the oxide and fresh rock components. The results, as tabulated below, indicate that both the fresh and oxide rock samples are very competent in terms of rock strength. The DWi(%) (drop weight index) shows that the fresh rock is harder than 87% of the rock types in the SMC Test database.

Table 6 – SMC Test Results

Sample	DWi (kWh/m <sup>3</sup> )	DWi (%)	Mi Parameters (kWh/t)			SG
			Mia	Mih	Mic	
Fresh	10.0	87.0	27.3	21.9	11.3	2.65
Oxide	8.8	76.0	24.6	19.2	9.9	2.64

Sample	A	b	A*b	ta	SCSE (kWh/t)
Fresh	100.0	0.26	26.0	0.25	12.04
Oxide	68.8	0.44	30.3	0.30	11.14

The exceptional gravity and leach testing results, together with the slurry rheology test work, further demonstrate the amenability of the Mandilla Gold Project to a conventional gravity and CIP processing pathway.

## Technical Studies

During the half year, several early technical studies were advanced, including the following:

- Completion of initial flora survey;
- Completion of initial fauna survey;
- Commencement of a scoping study level geotechnical study;
- Commencement of metallurgical testwork; and
- Commencement of hydrogeology study.

## Current and Forward Plan

The Mandilla East in-fill and extensional program (Campaign 7) has now been completed, with assays pending. The RC drill rig currently on site is completing Campaign 8, focussing at Mandilla South with additional holes added to continue testing the linkage between Mandilla East and Mandilla South.

As of 17 February 2021, assay results for 73 holes for an aggregate 11,423m remain outstanding.

Additionally, a diamond drill rig has been mobilised in the current quarter for geotechnical and exploration drilling at Mandilla East, with approximately 1,500m expected to be drilled.

Inclusive of Campaign 7 and Campaign 8, the Company expects to be drilling continually during the first quarter of the 2021 calendar year.

A maiden JORC Mineral Resource Estimate for Mandilla which was commenced during late 2020 will be completed once the current Mandilla East program has been reported. The Company has experienced an increase in the turn-around time of assay results recently due to the significant activity levels within the exploration sector in Western Australia.



## Koongie Park Gold and Base Metals Project – WA

AAR – 100% interest

### KOONGIE PARK FARM-OUT AGREEMENT

On 25 June 2020, the Company announced that it had entered into a binding term sheet with AuKing Mining Limited (**AuKing**) with respect to the Koongie Park Project (**Agreement**). Under the Agreement, AuKing and AAR propose to form a joint venture (**Joint Venture**) on terms which include, but are not limited to, the following:

- AAR retains the right to explore for and develop gold and other precious metals deposits within the project area; and
- AuKing is granted the right to:
  - Explore for and develop base metals deposits within the project area;
  - Conduct exploration and development activities for base metals deposits on the project area during the earn-in period; and
  - Earn up to a 75% interest in the project area through the joint venture by funding exploration and project development studies (as stipulated below).

#### Conditions Precedent

The Agreement does not bind the parties and has no force or effect unless and until the following conditions are satisfied or waived:

- AuKing completing due diligence in respect of the Koongie Park Project within 30 days of the date of the Agreement;
- AuKing obtaining all necessary AuKing shareholder and regulatory approvals, including for the purposes of Chapters 1, 2 and 11 of the ASX Listing Rules, as required to give effect to the transaction contemplated by the Agreement; and
- AuKing successfully raising a minimum of A\$6,000,000 pursuant to a capital raising.

(together, the **Conditions Precedent**).

AuKing and AAR must use reasonable endeavours to satisfy the Conditions Precedent as soon as possible and, in any event, within 120 days of the date of the Agreement (CP Period). The parties may terminate the Agreement if the Conditions Precedent are not satisfied within this period.

#### AuKing Earn-in Rights

The Agreement provides for a two-staged earn-in process whereby AuKing can ultimately secure a 75% interest in the Koongie Park Project. A summary of the two-stage earn-in is provided below.

##### First Earn-in Period

AuKing shall be deemed to have earned a nominal 25% interest in the Joint Venture (to be formed upon satisfaction of the first earn-in milestone) upon AuKing making a total initial payment of \$1,000,000 to AAR, in the following tranches:

- \$100,000 non-refundable deposit (paid on 1 July 2020); and
- \$900,000 immediately after satisfaction of the Conditions Precedent.

During the First Earn-In Period of twenty-four (24) months after the satisfaction of the Conditions Precedent, AuKing may earn a further 25% interest in the Joint Venture by incurring expenditure of \$1.5 million including expenditure on exploration, testwork and related analysis to establish a commercially viable processing solution for the Koongie Park oxide ores (**First Earn-In Milestone**).

Upon satisfying the First Earn-in Milestone, AuKing shall be deemed to have earned an additional 25% interest in the Joint Venture for a total 50% interest. The Joint Venture is to be formed upon satisfaction of the First Earn-in Milestone. AuKing then has a 10-business day period to elect to proceed with the Second Earn-In Period.

If AuKing fails to satisfy the First Earn-in Milestone during the First Earn-in Period, AuKing will be deemed to have withdrawn from the Joint Venture, will cease to have any interest in the Joint Venture and the Agreement automatically terminates.

##### Second Earn-in Period

During the Second Earn-in Period, which is the 12 month period commencing from AuKing's election to proceed with the Second Earn-in after completion of the First Earn-In Period, AuKing may earn a further 25% interest in the Joint Venture by incurring additional expenditure of \$1,500,000, including expenditure on exploration activities and feasibility studies with a view to establishing mining operations on the Onedin and Sandiego deposits on the Tenements (**Second Earn-In Milestone**).

Upon satisfying the Second Earn-in Milestone, AuKing shall be deemed to have earned an additional 25% interest in the Joint Venture for a total 75% interest in the Joint Venture. If AuKing fails to satisfy the Second Earn-In Milestone during the Second Earn-in Period, then AuKing will retain its earned interest in the Joint Venture of 50%.



For the duration of the Second Earn-in Period, AuKing agrees to sole fund all expenditure on exploration activities in relation to the Joint Venture and free carry AAR's interest in the Joint Venture.

Any exploration expenditure incurred by AAR pursuant to the exercise of its precious metal rights does not constitute expenditure for the purposes of AuKing satisfying the First or Second Earn-In Milestones.

#### Current status

AuKing paid the non-refundable deposit on 1 July 2020 and completed due diligence during July 2020. AuKing and AAR are continuing to progress the remaining Conditions Precedent.

On 11 February 2021, AuKing announced that it had received "in principle" advice from the ASX, following which AuKing intends to proceed with the Agreement and the associated capital raising. The "in principle" advice received from the ASX confirms that AuKing will be required to meet all of the requirements for re-admission to ASX and re-quotation set out in Chapters 1 and 2 of the Listing Rules, to ASX's satisfaction.

In contemplation of the above and at the request of AuKing, on 17 February 2021, AAR granted an extension to 31 March 2021 to satisfy the Conditions Precedent.

## Corporate

### COVID-19

During the Quarter, the Company continued to implement and maintain the necessary COVID-19 protocols to minimise the risk to our employees, contractors, and the communities in which the Company operates. The Company has managed to successfully advance its exploration and evaluation activities without disruption but continues to monitor the latest advice and directives from the State Government and relevant health authorities.

### Issued Capital

During the half-year, a total of 122,222,222 fully paid ordinary shares were issued, raising a total of \$13.5 million (before costs), comprising:

- On 6 August 2020, 1,142,858 fully paid ordinary shares were issued, pursuant to an agreement to eliminate Royalty # 1, with shares issued at a deemed issue price of \$0.175 per share.
- On 25 September 2020, 64,705,882 fully paid ordinary shares were issued at \$0.17, pursuant to a placement to sophisticated and professional investors to raise \$11 million (before costs).
- On 23 October 2020, 5,023,482 fully paid ordinary shares were issued at \$0.17 per share to raise \$854,000 (before costs), pursuant to a Share Purchase Plan announced on 18 September 2020.
- 29,800,000 fully paid ordinary shares were issued during the half-year, raising a total of \$596,000, pursuant to the exercise of 29,800,000 unlisted options at \$0.02, expiring 30 November 2020.
- 10,100,000 fully paid ordinary shares were issued during the half-year, raising a total of \$252,500, pursuant to the exercise of 10,100,000 unlisted options at \$0.025, expiring 30 November 2020.
- 2,500,000 fully paid ordinary shares were issued during the half-year, raising a total of \$100,000, pursuant to the exercise of 2,500,000 unlisted options at \$0.04, expiring 30 November 2020.
- 8,950,000 fully paid ordinary shares were issued during the half-year, raising a total of \$716,000, pursuant to the exercise of 8,950,000 unlisted options at \$0.08, expiring 30 November 2020.

The following additional securities were issued during the half-year:

- On 15 July 2020, 2,382,216 Long Term Incentive (LTI) unquoted performance rights were issued to a nominee of the Managing Director. The LTI performance rights were issued under the Company's Employee Incentive Plan and were approved by shareholders at the General Meeting held 16 June 2020.
- On 6 August 2020, 1,250,000 unquoted options were issued as settlement of a third-party agreement. The options are exercisable at \$0.133 and expire on 31 December 2021.
- On 6 August 2020, 1,250,000 unquoted options were issued as settlement of a third-party agreement. The options are exercisable at \$0.15 and expire on 31 December 2022.
- On 12 October 2020, 5,760,517 Long Term Incentive (LTI) unquoted performance rights were issued to eligible employees. The LTI performance rights were issued under the Company's Employee Incentive Plan.
- On 12 October 2020, 2,000,000 unquoted options were issued to a key consultant of the Company under the Company's Employee Incentive Plan. The options are exercisable at \$0.213 and expire on 7 October 2022.



### Change of auditor

On 2 July 2020, BDO Audit (WA) Pty Ltd (**BDO**) were appointed as auditor of the Company. The appointment of BDO followed the resignation of the Company's previous auditor, Elderton Audit. BDO held office as auditor of the Company until the 2020 Annual General Meeting (**AGM**) held on 12 November 2020. A resolution was put to shareholders at the AGM, seeking approval for appointment of BDO as auditor of the Company. The resolution was carried via poll.

### Significant Change in State of Affairs

Other than stated above, there were no significant changes in the state of affairs of the Group during the half year.

### Matters Subsequent to Reporting Date

No other matters or circumstances have arisen since the end of the financial period which 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.





## Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the Corporation Act 2001 is included within this financial report.

This report is signed in accordance with a resolution of the Board of Directors.

**Marc Ducler**  
Managing Director

Perth, Western Australia, 9 March 2021



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**DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF ANGLO AUSTRALIAN RESOURCES NL**

As lead auditor for the review of Anglo Australian Resources NL for the half-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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Anglo Australian Resources NL and the entities it controlled during the period.

**Dean Just**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth, 9<sup>th</sup> March 2021



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2020

	Note	Half-year ended	
		31-Dec-2020 \$	31-Dec-2019 \$
<b>Revenue from continuing operations</b>			
Other income	3	54,187	1,490
Consultants and advisors	4	(86,361)	(925,218)
Corporate costs	4	(176,128)	(261,502)
Depreciation and amortisation expense		(37,277)	(42,797)
Employee benefit expense	4	(370,901)	(8,000)
Exploration expenditure not capitalised		(10,072)	(60,143)
General and administrative expenses		(62,183)	(62,714)
Impairment expense	10	(262,346)	-
Interest expense		(3,384)	(1,017)
Investor relations		(59,062)	(26,699)
Loss on financial liabilities settled via equity		(28,571)	-
Occupancy costs		1,777	(12,747)
Share based payment expense	9	(326,640)	(53,664)
<b>Profit/(Loss) before income tax expense</b>		<b>(1,366,961)</b>	<b>(1,453,011)</b>
Income tax expense		-	-
<b>Profit/(Loss) after income tax for the period</b>		<b>(1,366,961)</b>	<b>(1,453,011)</b>
<b>Other Comprehensive Income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange difference on translation of foreign operations		-	-
<b>Other comprehensive loss for the period, net of tax</b>		<b>(1,366,961)</b>	<b>(1,453,011)</b>
<b>Total comprehensive profit/(loss) for the period</b>		<b>(1,366,961)</b>	<b>(1,453,011)</b>
<b>Total comprehensive loss attributable to equity holders of the Company</b>		<b>(1,366,961)</b>	<b>(1,453,011)</b>
<b>Loss per share attributable to ordinary equity holders</b>			
Basic and diluted loss per share (cents)		(0.28)	(0.40)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



# Consolidated Statement of Financial Position

As at 31 December 2020

	Note	31-Dec-2020 \$	30-Jun-2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	12,697,893	3,401,903
Trade and other receivables	6	200,474	307,919
<b>Total current assets</b>		<b>12,898,367</b>	<b>3,709,822</b>
<b>Non-current assets</b>			
Property, plant and equipment		55,722	60,002
Exploration and evaluation expenditure	10	11,478,825	8,281,952
Right of use assets	11	68,497	101,494
<b>Total non-current assets</b>		<b>11,603,044</b>	<b>8,443,448</b>
<b>TOTAL ASSETS</b>		<b>24,501,411</b>	<b>12,153,270</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	630,691	407,119
Employee benefits	13	115,444	62,627
Lease liabilities	14	51,942	57,365
<b>Total current liabilities</b>		<b>798,077</b>	<b>527,111</b>
<b>Non-current liabilities</b>			
Lease liabilities	14	21,012	46,705
Provisions		89,841	89,840
<b>Total non-current liabilities</b>		<b>110,853</b>	<b>136,545</b>
<b>TOTAL LIABILITIES</b>		<b>908,930</b>	<b>663,656</b>
<b>NET ASSETS</b>		<b>23,592,481</b>	<b>11,489,614</b>
<b>EQUITY</b>			
Issued capital	7	56,411,870	43,575,908
Reserves	8	1,723,802	1,089,936
Accumulated losses		(34,543,191)	(33,176,230)
<b>TOTAL EQUITY</b>		<b>23,592,481</b>	<b>11,489,614</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.





# Consolidated Statement of Changes in Equity

For the half year ended 31 December 2020

	Issued capital \$	Share-based payment reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2020	43,575,908	1,089,936	(33,176,230)	11,489,614
<b>Total comprehensive loss for the period</b>				
Loss for the period ended 31 December 2020	-	-	(1,366,961)	(1,366,961)
Other comprehensive income/(loss)	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	<b>(1,366,961)</b>	<b>(1,366,961)</b>
<i>Transactions with owners, directly recorded in equity:</i>				
Issue of ordinary shares (net of costs)	12,835,962	-	-	12,835,962
Issue/vesting of performance rights	-	287,893	-	287,893
Issue/vesting of options	-	345,973	-	345,973
<b>Balance at 31 December 2020</b>	<b>56,411,870</b>	<b>1,723,802</b>	<b>(34,543,191)</b>	<b>23,592,481</b>

	Issued capital \$	Share-based payment reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2019	35,292,993	916,649	(30,466,188)	5,743,454
<b>Total comprehensive loss for the period</b>				
Loss for the period ended 31 December 2019	-	-	(1,453,011)	(1,453,011)
Other comprehensive income/(loss)	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	<b>(1,453,011)</b>	<b>(1,453,011)</b>
<i>Transactions with owners, directly recorded in equity:</i>				
Issue of ordinary shares (net of costs)	2,170,814	-	-	2,170,814
Issue/vesting of performance rights	-	-	-	-
Issue/vesting of options	-	53,664	-	53,664
<b>Balance at 31 December 2019</b>	<b>37,463,807</b>	<b>970,313</b>	<b>(31,919,199)</b>	<b>6,514,921</b>

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



## Consolidated Statement of Cash Flows

For the half year ended 31 December 2020

	31-Dec-2020 \$	31-Dec-2019 \$
<b>Cash flows from operating activities</b>		
Cash receipts from customers (including ATO)	122,076	-
Payments to suppliers and employees	(615,144)	(1,121,947)
<b>Net cash outflow from operating activities</b>	<b>(493,068)</b>	<b>(1,121,947)</b>
<b>Cash flows from investing activities</b>		
Proceeds from Koongie Park Deposit	100,000	-
Exploration and evaluation expenditure	(3,207,745)	(1,202,219)
Interest received	16,687	1,490
<b>Net cash outflow from investing activities</b>	<b>(3,091,058)</b>	<b>(1,200,729)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share issue, net of share issue costs	13,518,492	2,260,062
Share issue costs	(603,876)	(89,249)
Repayment of principal portion of lease liabilities	(31,116)	(43,504)
Interest paid	(3,384)	(310)
<b>Net cash inflow from financing activities</b>	<b>12,880,116</b>	<b>2,126,999</b>
Net increase/(decrease) in cash and cash equivalents	9,295,990	(195,677)
Cash and cash equivalents at beginning of the financial period	3,401,903	448,919
<b>Cash and cash equivalents at end of the period</b>	<b>12,697,893</b>	<b>253,242</b>

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The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



# Notes to the Consolidated Financial Statements

For the half year ended 31 December 2020

## 1. Summary of significant accounting policies

### Basis of preparation

These general purpose interim financial statements for the half year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by Anglo Australian Resources NL during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2020.

### Statement of Compliance

The interim financial statements were authorised for issue on 9 March 2021.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

## 2. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. The Group has determined that it has one operating segment, being mineral exploration and development.

## 3. Other income

	31 December 2020	31 December 2019
	\$	\$
Bank interest	16,687	1,490
Government grant income	37,500	-
	54,187	1,490

Government grant income relates to the Australian Taxation Office (ATO) cash boost stimulus measure introduced during the COVID-19 pandemic.

## 4. Expenses

Profit/(Loss) before income tax for the half year includes the following specific items:

	31 December 2020	31 December 2019
	\$	\$
<b>Consultants and advisors</b>		
Accounting and secretarial	13,385	68,375
Legal	72,976	724,743
Other	-	132,100
	86,361	925,218
<b>Corporate costs</b>		
Compliance costs	45,913	46,897
Directors' fees	110,002	177,030
Share registry costs	20,213	37,575
	176,128	261,502



	31 December 2020	31 December 2019
	\$	\$
<b>Employee benefit expense</b>		
Employee expenses (including employment related expenses)	583,441	8,000
Payroll tax	15,578	-
Superannuation	55,222	-
	654,241	8,000
Capitalised as exploration and evaluation expenditure	(283,340)	-
	370,901	8,000

## 5. Cash and cash equivalents

	31 December 2020	30 June 2020
	\$	\$
Cash at bank and in hand	12,697,893	3,401,903

Cash at bank and in hand earns interest at both floating rates based on daily bank rates and fixed rate term deposits. The Company notes that \$13,365 (included in the Cash at bank and in hand amount) is held as a guarantee with National Australia Bank for the Company's sub-lease agreement at its premises at Suite 2, 6 Lyall Street, South Perth.

## 6. Trade and other receivables

	31 December 2020	30 June 2020
	\$	\$
<b>Current</b>		
Trade debtors	-	162,500
Rental deposits	11,223	11,223
GST receivable	162,816	125,931
Prepayments	26,435	8,265
	200,474	307,919

## 7. Contributed equity

### (a) Issued and fully paid

	31 December 2020		30 June 2020	
	No.	\$	No.	\$
Ordinary shares	589,008,384	56,411,870	466,786,162	43,575,908

### (b) Movement reconciliation

Ordinary Shares	No. of Shares	\$
Opening Balance at 1 July 2020	466,786,162	43,575,908
Settlement of financial liability <sup>1</sup>	1,142,858	228,571
Placement – September 2020	64,705,882	11,000,000
Share Purchase Plan – October 2020	5,023,482	853,992
Exercise of \$0.02 options expiring 30 November 2020	29,800,000	596,000
Exercise of \$0.025 options expiring 30 November 2020	10,100,000	252,500
Exercise of \$0.04 options expiring 30 November 2020	2,500,000	100,000
Exercise of \$0.08 options expiring 30 November 2020	8,950,000	716,000
Share issue costs	-	(911,101)
<b>Closing Balance at 31 December 2020</b>	<b>589,008,384</b>	<b>56,411,870</b>

<sup>1</sup> - Includes share-based payment consideration, in which the value of share-based payment consideration is subject to the provisions of AASB Interpretation 19 – Extinguishing Financial Liabilities with Equity Instruments.



## 8. Share-based payment reserve

	31 December 2020	30 June 2020
	\$	\$
<i>Share-based payment reserves</i>		
Options reserve (i)	1,426,081	1,080,108
Performance rights reserve (ii)	297,720	9,828
	<b>1,723,801</b>	<b>1,089,936</b>

### (i) Options reserve

The option reserve recognises options issued as share-based payments. The following options were issued during the half year.

	Number	\$
Opening Balance at 1 July 2020 <sup>1</sup>	56,850,000	1,080,108
Exercise of \$0.02 options expiring 30-Nov-20	(29,800,000)	-
Exercise of \$0.025 options expiring 30-Nov-20	(10,100,000)	-
Exercise of \$0.04 options expiring 30-Nov-20	(2,500,000)	-
Exercise of \$0.08 options expiring 30-Nov-20	(8,950,000)	-
Issue of \$0.213 options expiring 7-Oct-22	2,000,000	14,645
Issue of \$0.34 options expiring 31-Dec-22 <sup>2</sup>	-	307,225
Share based payments expense (options issued prior to 1 July 2020)	-	24,103
<b>Closing Balance at 31 December 2020</b>	<b>7,500,000</b>	<b>1,426,081</b>

<sup>1</sup> The Company issued 2,500,000 unquoted options to a third party on 6 August 2020 with respect to services rendered under an agreement. The agreement was dated 6 March 2020. Consequently, the fair value of the options issued was recognised as an expense prior to 30 June 2020.

<sup>2</sup> The Company has agreed to issue 6,000,000 unquoted options to two third parties with respect to services rendered under the respective agreements. The agreements were dated 14 September 2020 and 15 September 2020 respectively. Consequently, the fair value of the options issued has been recognised as an expense prior to 31 December 2020.

### (ii) Performance rights reserve

The share-based payment reserve recognises performance rights issued as share-based payments. The following performance rights were issued during the prior year:

	Number	\$
Opening Balance at 1 July 2020	14,341,709	9,828
Issue of director performance rights	2,382,216	61,163
Issue of employee/consultant performance rights	5,760,517	98,962
Share based payment expense (rights issued prior to 1 July 2020)	-	127,767
<b>Closing Balance at 31 December 2020</b>	<b>22,484,442</b>	<b>297,720</b>

## 9. Share based payments

### (a) Employee Incentive Plan

The establishment of the Company's Employee Incentive Plan (the Plan) was approved by shareholders at a general meeting held on 16 June 2020. The Plan is intended to assist the Company to attract and retain key staff, including employees or contractors. The Board believes that grants made to eligible participants under the Plan will provide a powerful tool to underpin the Company's employment and engagement strategy.

Under the Plan, eligible Directors, employees and contractors may be invited to subscribe for Options and Performance Rights, in order to increase the range of potential incentives available for eligible Directors, employees and contractors. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Incentive securities (performance rights and options) issued under the Plan are subject to vesting and performance conditions imposed by the Board. Incentive securities granted under the plan carry no dividend or voting rights. Only upon satisfaction of vesting and performance conditions and conversion to ordinary shares, will these incentive securities rank equally with all other shares.





## (b) Unlisted options

Options over ordinary shares have been issued for nil cash consideration. The options cannot be transferred and will not be quoted on the ASX. Therefore, no voting rights are attached to the options unless converted into ordinary shares. All options are granted at the discretion of the Board. The terms and conditions of options on issue at 31 December 2020 are as follows:

Tranche	Number	Grant Date	Expiry Date	Exercise Price	Fair Value at Grant Date	Vesting Date
E	1,000,000	2-Dec-19	27-Nov-22	\$0.135	\$0.0359	2-Dec-19
F	1,000,000	2-Dec-19	27-Nov-22	\$0.135	\$0.0359	27-Nov-20
G	1,000,000	2-Dec-19	27-Nov-22	\$0.135	\$0.0359	27-Nov-21
H	1,250,000	6-Mar-20	31-Dec-21	\$0.133	\$0.0346	6-Aug-20
I	1,250,000	6-Mar-20	31-Dec-22	\$0.150	\$0.0425	6-Aug-20
J	2,000,000	9-Oct-20	07-Oct-22	\$0.213	\$0.0586	9-Oct-20
Total	<b>7,500,000</b>					

There have been no alterations of the terms and conditions of the above share-based payment arrangement since grant date.

The fair values of the equity settled share options granted are estimated as at the date of the grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The terms and conditions of each grant of unquoted options granted during the half-year are as follows:

Tranche	Class of Securities	Grant Date	Number of Securities	Exercise Price	Expiry Date	Vesting Date
J	Consultant Options	9-Oct-20	2,000,000	\$0.213	9-Oct-22	Immediate <sup>1</sup>
K	Advisor Options	15-Sep-20	6,000,000	\$0.34	31-Dec-22	Immediate

<sup>1</sup> Requires the eligible employee to continue service with the Company from Grant Date.

The Options were valued using a Black-Scholes Model with the following inputs:

Tranche	Valuation Date	Expected Volatility	Risk-Free Interest Rate	Expiry	Underlying Share Price	Value per Options (\$)	Total Value (\$)
J	9-Oct-20	80%	0.35%	7-Oct-22	\$0.213	0.0586	117,159
K	15-Sep-20	85%	0.35%	31-Dec-22	\$0.17	0.0512	307,225

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

## (c) Performance Rights

Performance rights granted during the half-year as share-based payments are as follows:

Tranche	Class of Securities	Grant Date	Number of Securities	Exercise Price	Expiry Date	Disposal Restriction
2020C LTI	Director performance rights	15-Jul-20	2,382,216	Nil – performance rights vest and are converted to ordinary shares on achievement of performance conditions	30-Jun-22	Non-transferable
2020D LTI	Employee / consultant performance rights	6-Oct-20	5,760,517	Nil – performance rights vest and are converted to ordinary shares on achievement of performance conditions	30-Jun-22	Non-transferable



### 2020C LTI Performance Rights

The 2020C LTI Performance Rights which do not meet the performance/vesting conditions by the end of the performance period will automatically lapse. The following performance and vesting conditions apply:

Performance/Vesting Condition and Performance Period	% Vesting
Continuous employment with the Company until 30 June 2022 and:	
Total Shareholder Return < 10% p.a.	0%
Total Shareholder Return = 10% p.a.	33%
10% < Total Shareholder Return ≤ 20% p.a.	33% to 100%
Total Shareholder Return ≥ 20% p.a.	100%

Where for the purposes of the above table:

- **Total Shareholder Return** is calculated in accordance with the following formula:

$$\text{Total Shareholder Return (\%)} = \left( \frac{\text{SP End}}{\text{SP Start}} \right) - 1$$

- **SP End** means the volume weighted average price of fully paid ordinary shares of the Company trading on the ASX on the 30 trading days prior to 30 June 2022.
- **SP Start** means the volume weighted average price of fully paid ordinary shares of the Company trading on the ASX on the 30 trading days prior to 1 January 2020.

The performance rights issued are subject to both market and non-market vesting conditions. The performance rights were valued using the Hoadley's Hybrid ESO Model (a Monte Carlo simulation model) with implied share price targets for the performance rights.

### 2020D LTI Performance Rights

The 2020D LTI Performance Rights which do not meet the performance/vesting conditions by the end of the performance period will automatically lapse. The following performance and vesting conditions apply:

Performance/Vesting Condition and Performance Period	% Vesting
Continuous employment with the Company until 30 June 2022 and:	
Total Shareholder Return < 10% p.a.	0%
Total Shareholder Return = 10% p.a.	33%
10% < Total Shareholder Return ≤ 20% p.a.	33% to 100%
Total Shareholder Return ≥ 20% p.a.	100%

Where for the purposes of the above table:

- **Total Shareholder Return** is calculated in accordance with the following formula:

$$\text{Total Shareholder Return (\%)} = \left( \frac{\text{SP End}}{\text{SP Start}} \right) - 1$$

- **SP End** means the volume weighted average price of fully paid ordinary shares of the Company trading on the ASX on the 30 trading days prior to 30 June 2022.
- **SP Start** means the volume weighted average price of fully paid ordinary shares of the Company trading on the ASX on the 30 trading days prior to 1 July 2020.

The performance rights issued are subject to both market and non-market vesting conditions. The performance rights were valued using the Hoadley's Hybrid ESO Model (a Monte Carlo simulation model) with implied share price targets for the performance rights.



Tranche	Grant date	Number of Instruments	Valuation at grant date
2020C LTI	15-Jul-20	2,382,216	\$0.1049
2020D LTI	6-Oct-20	5,760,517	\$0.1218

(d) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of share-based expense were as follows:

	31 December 2020	31 December 2019
	\$	\$
Performance rights issued to eligible employees under the Plan	287,892	-
Options issued to director	24,103	53,664
Options issued to eligible employees under the Plan	14,645	-
	<b>326,640</b>	<b>53,664</b>

## 10. Exploration & evaluation expenditure

	31 December 2020	30 June 2020
	\$	\$
<b>Non-current</b>		
Exploration and evaluation – at cost	11,478,825	8,281,952

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	31 December 2020	30 June 2020
	\$	\$
<b>Movement</b>		
Opening balance	8,281,952	5,873,285
Expenditure capitalised during the period	3,459,219	2,962,017
Impairment expense	(262,346)	(457,480)
Revaluation of rehabilitation provision	-	4,130
Deposit – Koongie Park farm-out transaction	-	(100,000)
<b>Total exploration &amp; evaluation expenditure</b>	<b>11,478,825</b>	<b>8,281,952</b>
<u>Comprised of:</u>		
Mandilla Gold Project	6,523,822	3,277,306
Feysville Gold Project	3,431,096	3,357,957
Koongie Park Gold and Based Metals Project	1,523,907	1,646,689
Leonora Project	-	-
	<b>11,478,825</b>	<b>8,281,952</b>
<u>Impairment / Write Off:</u>		
Feysville Project	(3,254)	(230,966)
Koongie Park Project	(252,077)	(1,791)
Leonora Project	(1,379)	(224,723)
Carnilya Hill Project	(5,636)	-
Mandilla Gold Project	-	-
	<b>(262,346)</b>	<b>(457,480)</b>



The ultimate recoupment of exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively sale of the respective areas. During the period, the Company assessed the carrying amount versus the recoverable amount of the areas of interest above. On the basis that a number of tenements had been relinquished and/or there is no substantive expenditure budgeted or planned, the Group recorded an impairment charge of \$262,346 for the half year (half year ended 31 December 2019: nil).

The Group's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

## 11. Non-current assets – right-of-use assets

The Group leases land and buildings for its offices and regional operating bases, with lease agreements between one to five years with, in some cases, options to extend.

At the commencement date of a lease (other than leases of 12 months or less and lease of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

### (a) Land and buildings

	31 December 2020	30 June 2020
	\$	\$
Gross carrying amount – at cost	129,391	129,391
Accumulated depreciation	(60,894)	(27,897)
<b>Carrying amount at end of half-year, net of accumulated depreciation</b>	<b>68,497</b>	<b>101,494</b>
<i>Reconciliation of the carrying amount of lease assets at the beginning and end of the period:</i>		
Carrying amount at the beginning of the period	101,494	-
Additions	-	172,188
Amortisation	(32,997)	(70,694)
<b>Carrying amount at the end of the period</b>	<b>68,497</b>	<b>101,494</b>

## 12. Trade and other payables

	31 December 2020	30 June 2020
	\$	\$
<b>Current</b>		
Trade payables	483,215	316,411
Accrued directors' fees	55,002	12,500
Other payables and accruals	92,474	78,208
<b>Total trade and other payables</b>	<b>630,691</b>	<b>407,119</b>

## 13. Employee benefits

	31 December 2020	30 June 2020
	\$	\$
<b>Current</b>		
Provision for annual leave	79,610	32,922
PAYG withholding	35,412	26,701
Superannuation payable	422	3,004
<b>Total employee benefits</b>	<b>115,444</b>	<b>62,627</b>





## 14. Lease liabilities

	31 December 2020	30 June 2020
	\$	\$
Opening balance	104,070	-
Recognised at 1 July 2019 on adoption of AASB 16	-	42,797
Additions	-	129,392
Terminations	-	-
Interest expense	3,384	4,635
Payments	(34,500)	(72,754)
<b>Total lease liabilities</b>	<b>72,954</b>	<b>104,070</b>
<i>Comprising:</i>		
Current lease liabilities	51,942	57,365
Non-current lease liabilities	21,012	46,705

## 15. Related parties

### (a) Parent entity

Anglo Australian Resources NL is the ultimate Australian parent entity.

### (b) Subsidiaries

The consolidated financial statements include the financial statements of Anglo Australian Resources NL and the subsidiaries listed in the following table.

	31 December 2020		31 December 2019		
	Country of Incorporation	% Equity Interest	Country of Incorporation	% Equity Interest	Principal Activity
Mandilla Gold Pty Ltd	Australia	100	Australia	100	Operating subsidiary
Feysville Gold Pty Ltd	Australia	100	Australia	100	Operating subsidiary
Koongie Park Gold Pty Ltd	Australia	100	Australia	100	Operating subsidiary
Koongie Park Pty Ltd	Australia	100	-	-	Operating subsidiary

### (c) Key management personnel

Key management personnel covered in this report are listed below in Figure 8 and Figure 9.

Figure 8: Directors (executive and non-executive)

Name	Position
Leigh Warnick	Chairman
Marc Ducler	Managing Director
John Jones	Non-Executive Director
Peter Stern	Non-Executive Director
David Varcoe	Non-Executive Director

Figure 9: Other key management personnel

Name	Position
Jed Whitford	General Manager Projects & Business Development
Brendon Morton	Chief Financial Officer & Company Secretary
Julie Reid	Geology Manager

### Compensation

Remuneration arrangements of key management personnel are disclosed in the annual financial report. Other than as presented below, there were no material changes to key management personnel to that disclosed in the 2020 Annual Report.

### Issue of Performance Rights

During the half year to 31 December 2020, the following securities were issued to key management personnel:



Tranche	Class of Securities	Recipient	Grant Date	Number of Securities	Exercise Price	Expiry Date
2020C LTI	Director performance rights	Marc Ducler	15-Jul-20	2,382,216	Nil – performance rights vest and are converted to ordinary shares on achievement of performance conditions	30-Jun-22
2020D LTI	Employee / consultant performance rights	Jed Whitford	6-Oct-20	1,492,576	Nil – performance rights vest and are converted to ordinary shares on achievement of performance conditions	30-Jun-22
2020D LTI	Employee / consultant performance rights	Brendon Morton	6-Oct-20	1,372,343	Nil – performance rights vest and are converted to ordinary shares on achievement of performance conditions	30-Jun-22
2020D LTI	Employee / consultant performance rights	Julie Reid	6-Oct-20	1,074,655	Nil – performance rights vest and are converted to ordinary shares on achievement of performance conditions	30-Jun-22

<sup>1</sup> Refer to Note 9 for further details in regards to performance rights issued during the period

## 16. Dividends

No dividends have been paid or declared since the start of the half-year, and none are recommended.

## 17. Fair value measurement of financial instruments

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

### *Recurring fair value measurements*

The Group does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

### *Fair values of financial instruments not measured at fair value*

Due to their short-term nature, the carrying amount of current receivables, current trade and other payables and current interest bearing liabilities is assumed to approximate their fair value.

## 18. Commitments

There are no new commitments, other than the commitments that existed as at 30 June 2020 that the Group has entered into during the period under review.

## 19. Contingent assets and liabilities

### (a) Third-party royalties

The Company announced on 31 August 2020 that it had reached agreement with the respective owners to extinguish two third-party royalties held over tenement M15/633 of the Mandilla Gold Project. The third-party royalties provided for the following payments to be made:

- Royalty # 1: \$1 per tonne of gold ore mined and treated; and
- Royalty # 2:
  - 4% NSR (net smelter royalty) on gold production in excess of 100,000oz; and
  - A price participation royalty of 10% on every dollar the gold price exceeds A\$600 for every ounce produced.

The consideration provided to extinguish these royalties was as follows:

- Royalty # 1: issue of 1,142,588 ordinary shares at a deemed issue price of \$0.175 per share (nominal value of AUD\$200,000) (issued on 6 August 2020); and
- Royalty # 2: Payment of cash consideration of US\$400,000 (paid 31 August 2020).



(b) Bank guarantees

The Group has given a bank guarantee at 31 December 2020 of \$13,365 (30 June 2020: \$51,365) to the lessor under its office lease (refer to Note 5).

(c) Other

There have been no other material changes in contingent liabilities or contingent assets since 30 June 2020.

**20. Events subsequent to reporting date**

No other matters or circumstances have arisen since the end of the financial period which 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.



## Director's Declaration

The directors of the Company declare that:

- (a) The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the financial position as at 31 December 2020 and the performance for the half year ended 31 December 2020.
- (b) At the date of this statement, in the directors' opinion there are reasonable grounds to believe that Anglo Australian Resources NL will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:



**Marc Ducler**  
Managing Director

Perth, 9 March 2021



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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Anglo Australian Resources NL

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Anglo Australian Resources NL (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 half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply 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 half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.



**Responsibility of the directors for the financial report**

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit (WA) Pty Ltd**

**Dean Just**

**Director**

Perth, 9<sup>th</sup> March 2021