

ABN 46 106 304 787

**ANAX METALS LIMITED
(formerly Aurora Minerals
Limited)**

INTERIM FINANCIAL REPORT

31 December 2020

CORPORATE DIRECTORY

DIRECTORS

Mr Phillip Jackson Non-executive Chairman
Mr Geoff Laing Managing Director
Mr Peter Cordin Non-executive Director

COMPANY SECRETARY

Mr Steven Wood

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ASX CODE

ANX

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DIRECTORS' REPORT
31 December 2020

Your directors submit their report for the half-year ended 31 December 2020.

DIRECTORS

The names of the Directors of Anax during the whole of the financial period and up to the date of this report are:

Mr Phillip Jackson (Chairman)
Mr Geoff Laing (Managing Director)
Mr Peter Cordin (Director)

PRINCIPAL ACTIVITIES

The principal activities of the group are mineral exploration and assessing, and if appropriate, acquiring either directly or indirectly exploration and mine development projects worldwide.

OPERATING RESULTS

The operating loss after tax for the half-year ended 31 December 2020 was \$1,935,837 (2019: \$970,043).

DIVIDENDS

No dividends were paid during the period and the directors do not recommend the payment of a dividend.

REVIEW OF OPERATIONS

1. Acquisition of up to 80% of the Whim Creek Project¹¹

Anax Metals Limited announced on 21st of July 2020 that it had signed an Earnin and Joint Venture Agreement (Agreement) with VentureX Resources Limited (VXR) and VXR's wholly owned subsidiaries, Jutt Resources Pty Ltd (Jutt) and VentureX Pilbara Pty Ltd (VXP), whereby the Company's wholly owned subsidiary Whim Creek Metals Pty Ltd (WCM) would, on the satisfaction of various conditions precedent, acquire up to an 80% interest in the advanced-stage Whim Creek Copper-Zinc Project (Project) (Transaction) via an earn-in arrangement and enter into an unincorporated joint venture with Jutt and VXP (VXR Parties) in relation to the Project. As part of the Transaction, the Company proposed to undertake a capital raising under a full form prospectus to raise \$2 million (Public Offer Shares) at a price to be determined (Public Offer). The Transaction was subject to satisfaction of various conditions precedent, including Company shareholder approval and the Company re-complying with the admission and quotation requirements of Chapters 1 and 2 of the Listing Rules.

2. Reinstatement to Official Quotation⁷

Anax Metals Limited, formerly Aurora Minerals Limited, was reinstated to the ASX on the 6th November 2020 after completing a capital raising of \$2.0 million and commencing the Earn-In with VentureX Resources Limited (ASX:VXR) to acquire an 80% interest in the Whim Creek Copper-Zinc Project.

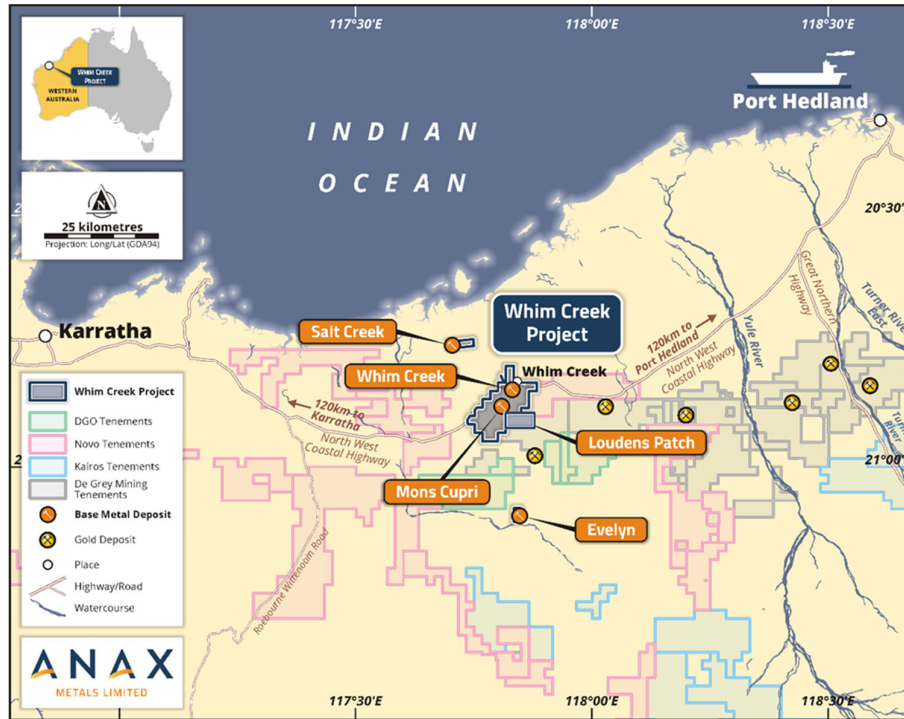


Figure 1: Whim Creek Project Location in the Pilbara region of Western Australia.

3. 40% and 80% Earn-in to Whim Creek Project Completed¹.

Anax commenced the Whim Creek Earn-in and Joint Venture Agreement (the “EJVA”) with VentureX Resources Limited on 30 October 2020. The Company satisfied the requirements to earn a 40% followed by an 80% interest in the assets (and corresponding share of the Permitted Encumbrances) in December 2020 and January 2021 respectively. Venturex has confirmed that the Company has earned the respective Earn-in Interests. Anax is currently working with Venturex to arrange transfer of the Earn-in Interest.

Anax met the expenditure requirement at the Whim Creek Project by undertaking the following major works/activities:

- Scanning of core and sorting related test work and analysis.
- Repair and upgrade work to the process ponds “W Drains” and related infrastructure.
- Mining and related studies.
- Engineering design work.
- Ongoing groundwater monitoring campaigns.
- Site management and related activities.
- Ongoing exploration review work



Figure 2: The Whim Creek Site, across the Environmental Pond to the process infrastructure and heap leach pad.



Figure 3: Crushing plant to be refurbished and upgraded to include smart sorting machines.

4. Drilling Intersects Massive Sulphides¹².

On 25 November 2020, Anax announced that metallurgical drilling had intersected visible near-surface matrix, semi-massive to massive sulphide and stringer Cu, Pb and Zn mineralisation at the Mons Cupri deposit. Results from continuous XRF-scanning were released on the 5th February 2021 with substantial zones of near-surface high-grade mineralisation intersected, including:

- 11m @ 5.01% Zn, 5.22% Pb and 0.87% Cu from 32m in 20AMCD001
- 42m @ 2.34% Cu from 43m in 20AMCD001, including:
 - 11m @ 4.37% Cu from 43m
- 18m @ 5.20% Zn, 2.48% Cu and 1.53% Pb from 60m in 20AMCD002, including:
 - 3m @ 10.34% Zn, 3.15% Pb and 2.55% Cu from 60m, and
 - 4m @ 8.08% Zn, 2.96% Cu and 1.85% Pb from 68m
- 62m @ 1.90% Cu, 1.03% Zn from 78m in 20AMCD002, including:
 - 7m @ 4.75% Cu, 2.74% Zn from 78m
- 22m @ 1.88% Cu from 181m in 20AMCD002, including:
 - 8m @ 3.00% Cu from 189m
- 3m @ 3.62% Zn, 3.43% Pb and 1.41% Cu from 51m in 20AMCD003
- 40m @ 1.95% Cu from 54m in 20AMCD003, including:
 - 7m @ 3.51% Cu from 58m and
 - 5m @ 3.38% Cu from 81m

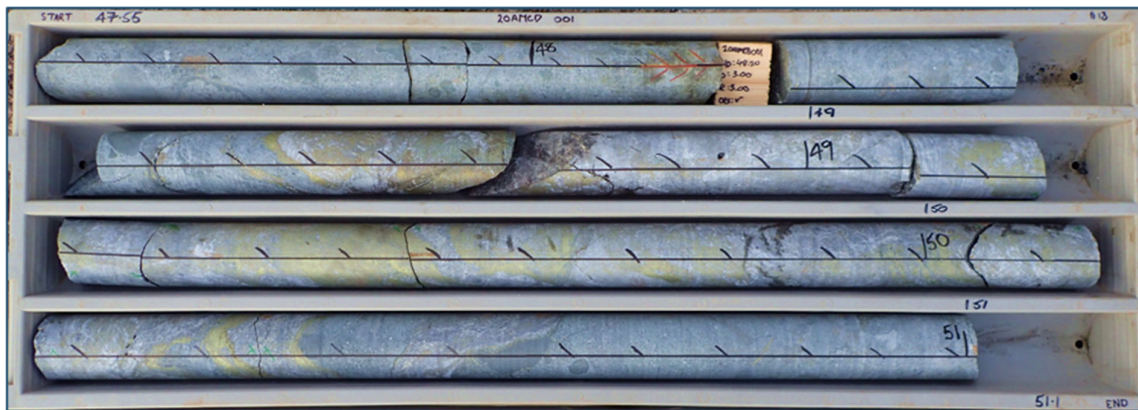


Figure 4: Semi-massive to stringer chalcopyrite mineralisation within chlorite altered fragmental rhyolite in 20AMCD001.

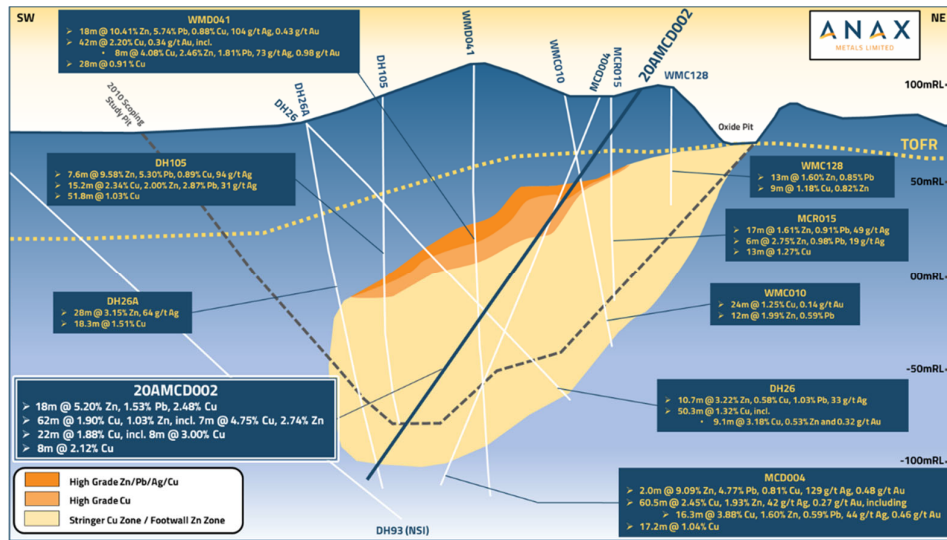


Figure 5: Mons Cupri Oblique Section showing 20AMCD002 and select previous drill holes.

5. Ore Sorting Test Work Upgrades Whim Creek².

Ore sorting is an inexpensive alternative to conventional onsite processing, avoiding costly plant installation. The ore sorting process would generate three streams of material, namely “preconcentrates” for direct shipping, “middlings” and “barren aggregate”. “Middlings” would be diverted to the existing heap leach facility and “barren aggregate” would become valuable road base.

Preliminary, proof of concept, ore sorting test work has been completed using historical quarter-core remnant from Venturix’s own drilling to quantify ore upgrade potential². X-ray transmission (XRT) sorting methods were trialed as being most suitable for distinguishing density contrasts between the sulphide mineralisation and the volcanic and metasedimentary host rocks. The results confirmed that the Whim Creek volcanogenic massive sulphide (VMS) mineralisation is highly amenable to ore sorting².

Pre-concentrates grading up to 4.8% Cu from a 1.7% Cu feed and 22% Zn from 7.9% Zn feed were generated, with recoveries of circa 93% and yields of up to 55%². These preliminary tests have determined the calibration settings for the bulk sample ore sorting test work currently underway.

Metallurgical test work including flotation, comminution, rheology and heap leaching will follow on from the bulk ore sorting test work. Engineering studies including mining, processing and infrastructure are also underway. Environmental studies, offtake and remote processing investigations will follow. This work is intended to culminate in the rapid development of the project to production.

6. Gold Exploration Commences at Whim Creek⁴.

Located adjacent to De Grey Mining Limited’s (ASX: DEG) (De Grey) Mallina Project in the West Pilbara, the Whim Creek Project secures 15,000Ha of the Archean aged Whim Creek Greenstone Belt (see Figures 1 and 6). These rocks are considered to be laterally equivalent to the Archean De Grey Group metasediments of the Mallina Basin and, like most Archean greenstone belts, prospective for gold.

Gold mineralisation in the region is largely structurally controlled, with the dominant, mineralised structures trending east-west to north-east. GSWA structural mapping has defined numerous, major, north-east trending structures, along the boundaries of the Whim Creek Greenstone Belt. Gold exploration is underway following geological and geophysical interpretation, the identification of historical gold-in-soil anomalies and gap analysis. Gold exploration targets have been prioritised according to accessibility during the current cyclone season and field work will commence in February 2021, with extensive soil sampling programmes⁴.

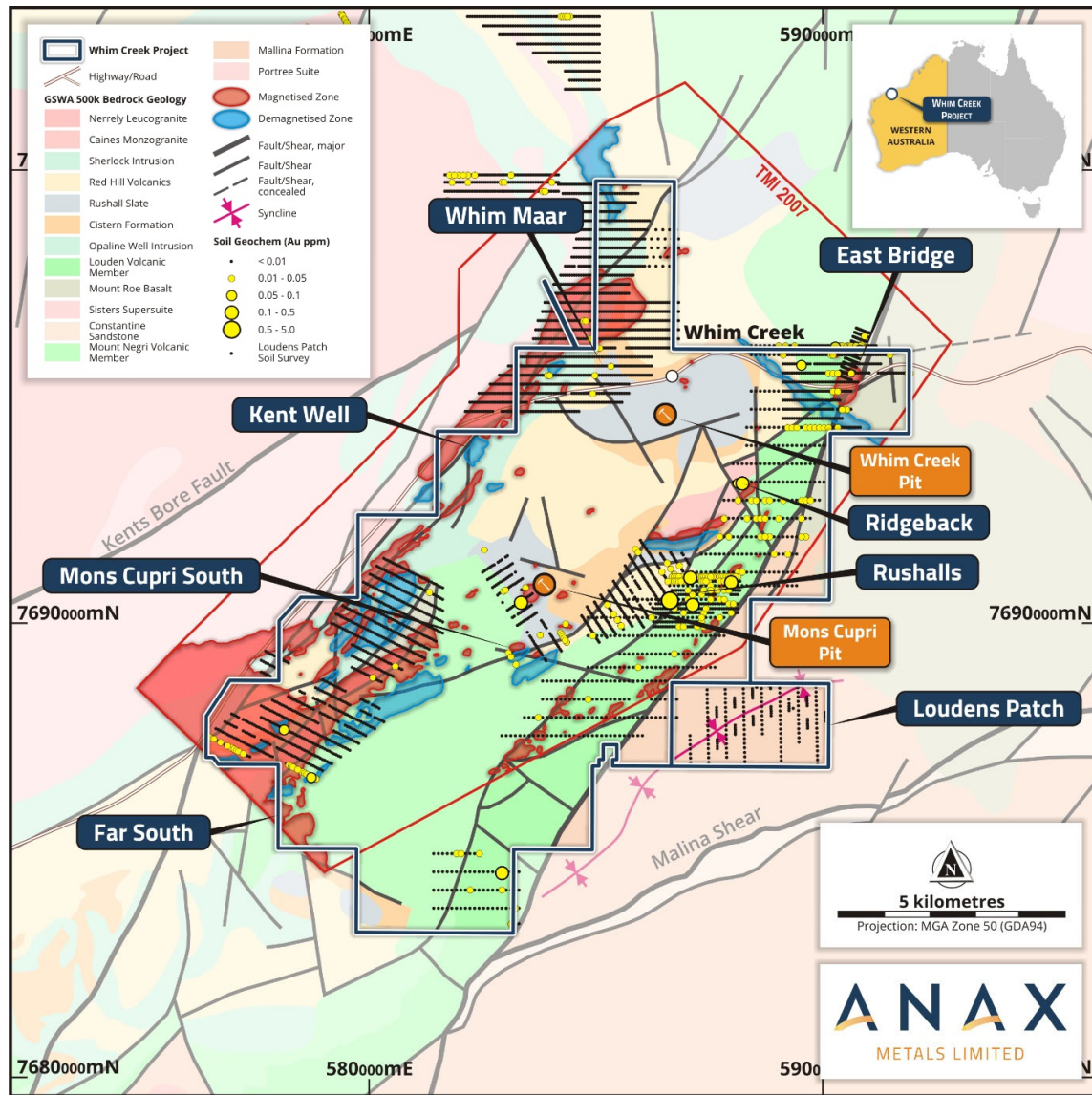


Figure 6: GSWA 2020 Geology, Major Structures, Aeromagnetic and Gold-in-Soil Anomalies at Whim Creek Project.

7. Environmental Protection Notice¹⁰

The Western Australian Government Department of Water and Environmental Regulation (DWER or the Department) issued an Environmental Protection Notice (EPN) in July 2019 in relation to the area of the heap leach facility, where localised groundwater contamination was suspected. The Department has approved EPN Management Plans which Anax continues to implement, with fortnightly reporting of progress¹⁰.

Groundwater monitoring is reported quarterly, and three new monitoring bores have been installed and sampled. Vegetation monitoring has also been carried out to meet biannual reporting requirements. Bunding inspection following the December rain event confirmed the efficacy of the new bunds in diverting stormwater away from heap leach infrastructure. Process water ponds continue to be cleaned and tested for impermeability. Infrastructure improvements are being designed around the existing infrastructure to meet current licencing requirements to enable a seamless licence application process in due course¹⁰.

8. Other Anax Exploration Tenure

Loudens Patch (E47/4281), located adjacent to the Whim Creek Project, was granted in August 2020. The ground secures Mallina Basin sediments, formerly held by De Grey, where gold geochemical soil sampling is planned to follow the 2021 cyclone season.

Work at **Mount Short** (E74/651), granted in December 2019, has included data compilation, interpretation and exploration planning. Potential joint venture partners are now actively being sought for this project.

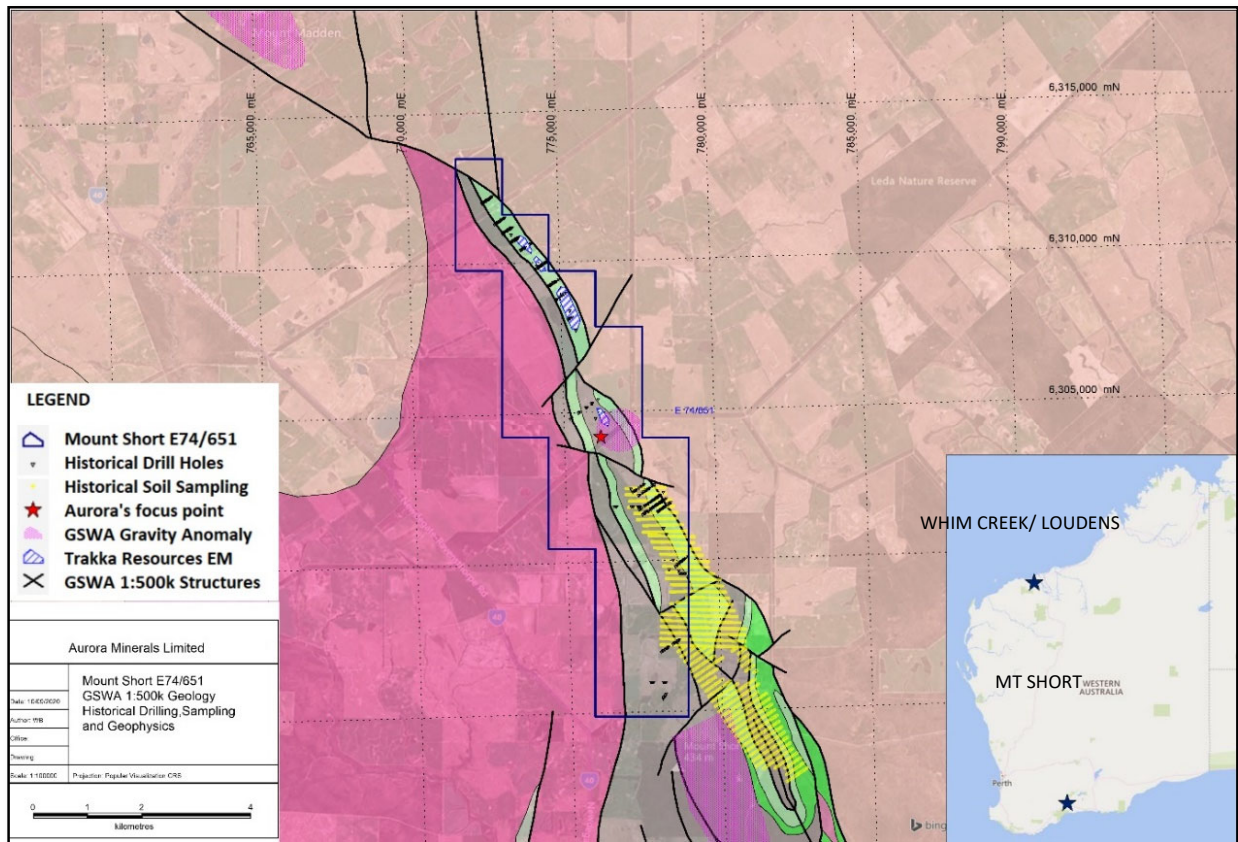


Figure 7: Mt Short (E74/651) historical exploration and GSWA Geology⁹.

9. Advanced Project Procurement Plan

Anax continues to pursue advanced projects, suited to the application of ore sorting technology, for procurement and development.

10. Corporate

On 10 March 2021 Anax raised \$4,726,000 using its existing placement capacity pursuant to ASX Listing Rules 7.1 and 7.1A, through the issue of 69.5 million fully paid ordinary shares to sophisticated and professional investors at an issue price of \$0.068 per share.

The Placement represents a strong vote of confidence and welcome support from institutional and sophisticated investors. The Company is now well positioned to complete its Whim Creek development studies, progress gold exploration and assess other potential opportunities.

Anax's corporate investments and market valuations, as of 31 December 2020 (closing prices) are summarised below.

DIRECTORS' REPORT

Investment	Code	Type	Number	% Holding	Unit Value	Total Value
Predictive Discovery Ltd	PDI	Shares - Listed	27,217,125	2.7%	\$0.060	\$1,633,028
Xantippe Resources Ltd	XTC	Shares - Listed	171,295,270	4.3%	\$0.002	\$342,591
						\$1,975,618

Competent Persons Statement

The information in this report that relates to Exploration Results is based on and fairly represents information compiled by Ms Wendy Beets and Mr Andrew McDonald. Ms Beets and Mr McDonald are full-time employees and shareholders of Anax Metals Ltd and members of the Australian Institute of Geoscientists. Ms Beets and Mr McDonald have sufficient experience of relevance to the style of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ms Beets and Mr McDonald consent to the inclusion in this report of the matters based on information in the form and context in which they appear.

The information in this report that relates to geochemical ore sorting results is based on and fairly represents information compiled by Mr Geoff Laing. Mr Laing is a full-time employee and major shareholder of Anax Metals Ltd and a Member of the Australian Institute of Mining and Metallurgy. Mr Laing has sufficient experience of the sampling and analytical techniques under consideration to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Laing consents to the inclusion in this report of the matters based on information in the form and context in which they appear.

References

The information provided in this report is extracted from the following Announcements:

1. 80% Earn-In at Whim Creek Project Complete, 15 January 2021
2. Ore Sorting Test Work Upgrades Whim Creek, 15 December 2020
3. Initial 40% Earn-In at Whim Creek Project Complete, 7 December 2020
4. Gold Exploration Commences at Whim Creek Project, 2 December 2020
5. Drilling Intersects Massive Sulphides, 25 November 2020
6. Company Presentation, 6 November 2020
7. Reinstatement to Official Quotation, 5 November 2020
8. Drilling Commences at Whim Creek Project, 2 November 2020
9. Quarterly Activities and Cashflow Report, 30 October 2020
10. Re-compliance Prospectus, 18 September 2020
11. Acquisition of up to 80% of Whim Creek Copper-Zinc Project, 21 July 2020
12. Outstanding Drilling Results at Whim Creek, Northern Pilbara, 5 February 2021

JORC (2012) Mineral Resource estimates for the Whim Creek Project referenced in this report are set out in the Company's Re-compliance Prospectus dated 18 September 2020¹⁰. The Company confirms that it is not aware of any new information or data that materially affects the information included in the Announcements. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the Announcements.

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration as required by Section 307c of the Corporations Act 2001 is included within the Financial Report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

Signed in accordance with a resolution of Directors:



Geoff Laing
DIRECTOR
Perth, 15 March 2021

STATEMENT OF COMPREHENSIVE INCOME
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

		Consolidated	
		31 December 2020	31 December 2019
	Note	\$	\$
Other revenue	3(i)	45,928	67,450
Administration expenses	3(ii)	(1,340,931)	(307,713)
Change in fair value of investments		(640,834)	(277,689)
Exploration and evaluation expenditure		-	(452,091)
Loss before tax		(1,935,837)	(970,043)
Income tax expense		-	-
Loss for the period from continuing operations		(1,935,837)	(970,043)
Other comprehensive income/(expenses)			
<i>Item that may be reclassified subsequently to operating result</i>			
Exchange differences on translating foreign controlled entities		-	-
Change in fair value of investment		-	-
Total comprehensive loss for the period		(1,935,837)	(970,043)
Basic and diluted loss per share (cents per share)		(0.79)	(0.42)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2020

		Consolidated	
	Note	31 December 2020 \$	30 June 2020 \$
Current Assets			
Cash and cash equivalents		2,138,780	3,127,467
Trade and other receivables		227,139	71,301
Financial assets at fair value through profit or loss	4	1,986,255	2,622,089
Other current assets		-	13,114
Total current assets		4,352,174	5,833,971
Non-Current Assets			
Right of use assets		122,038	-
Exploration and evaluation assets	5 (b)	20,018,325	-
Plant and equipment		472,344	2,193
Total non-current assets		20,612,707	2,193
Total assets		24,964,881	5,836,164
Current Liabilities			
Trade and other payables		678,528	130,979
Employee benefits		12,345	78,256
Lease liabilities		57,299	-
Total current liabilities		748,172	209,235
Non-current Liabilities			
Lease liabilities		64,996	-
Deferred consideration	5(a)	2,831,694	-
Provision for rehabilitation	5(b)	15,257,018	-
Total non-current liabilities		18,153,708	-
Total liabilities		18,901,880	209,235
Net Assets		6,063,001	5,626,929
Equity			
Issued capital	6	40,340,912	38,379,360
Reserves		5,982,683	5,572,326
Accumulated losses		(40,260,594)	(38,324,757)
Total Equity		6,063,001	5,626,929

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Issued Capital	Accumulated Losses	Share-based Payments	Total
	\$	\$	\$	\$
CONSOLIDATED				
At 1 July 2019	37,325,181	(40,292,340)	5,572,326	2,605,167
Loss for the period	-	(970,043)	-	(970,043)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	(970,043)	-	(970,043)
Transactions with owners in their capacity as owners:				
Share based payments	-	-	-	-
Issue of share capital	1,171,333	-	-	1,171,333
Expense of share issue	(117,154)	-	-	(117,154)
At 31 December 2019	38,379,360	(41,262,383)	5,572,326	2,689,303
At 1 July 2020	38,379,360	(38,324,757)	5,572,326	5,626,929
Loss for the period	-	(1,935,837)	-	(1,935,837)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	(1,935,837)	-	(1,935,837)
Transactions with owners in their capacity as owners:				
Share based payments	-	-	410,357	410,357
Issue of share capital	2,083,700	-	-	2,083,700
Expense of share issue	(122,148)	-	-	(122,148)
At 31 December 2020	40,340,912	(40,260,594)	5,982,683	6,063,001

STATEMENT OF CASH FLOWS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(1,213,800)	(304,137)
Payments for exploration expenditure	-	(397,974)
Other revenue	57,635	21,612
Interest received	398	7,561
Interest paid	(700)	-
	<u>(1,156,467)</u>	<u>(672,938)</u>
Net cash outflow from operating activities		
Cash flows from investing activities		
Investment in Whim Creek Project	(1,771,595)	-
Payments for purchase of shares	(5,000)	-
Receipts from sale of investment	-	359,297
	<u>(1,776,595)</u>	<u>359,297</u>
Net cash (outflow)/inflow from investing activities		
Cash flows from financing activities		
Net cashflows from issue of shares	1,961,552	1,054,179
Payments of lease liabilities	(17,177)	-
	<u>1,944,375</u>	<u>1,054,179</u>
Net cash inflow from financing activities		
Net (decrease)/increase in cash held	(988,687)	740,538
Cash at the beginning of the financial period	3,127,467	1,144,095
	<u>3,127,467</u>	<u>1,144,095</u>
Cash at the end of the financial period	<u><u>2,138,780</u></u>	<u><u>1,884,633</u></u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: CORPORATE INFORMATION

The financial report of Anax Metals Limited (“Anax” or “the Company”) for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the Directors on 15 March 2021. Anax Metals Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and the principal activities of the Company are described in the Directors’ Report.

a) 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*. 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 is to be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by Anax Metals Limited during the half-year reporting period in accordance with the continuous requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period, except in relation to the matters disclosed below.

b) Change in Accounting policy – Exploration, evaluation and development expenditure

As detailed in Note 2, effective from 1 July 2020 the Company voluntarily changed its accounting treatment of exploration, evaluation and development expenditure from immediate expense in the period incurred to capitalization on balance sheet. Management view that this change in policy provides the users with more reliable information relating to the increased value attributable to the group resulting from expenditure on the Whim Creek Project.

Under the newly adopted accounting policy, all exploration and evaluation expenditure, including the costs of acquiring the licences, is capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the profit or loss.

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

- the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or
- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment at each reporting date, and impaired if:

- sufficient data exists to determine technical feasibility and commercial viability, and
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 1: CORPORATE INFORMATION (cont)

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the profit or loss.

c) Compliance Statement

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

NOTE 2 – CHANGE IN ACCOUNTING POLICY – EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

Effective from 1 July 2020, the Company voluntarily changed its accounting policy on the accounting treatment of exploration, evaluation and development expenditure from immediate expense in the period the cost is incurred to capitalisation as exploration and evaluation assets on an area of interest basis. Management judges that this policy provides reliable and more relevant information to the users of the financial statements as it better reflects the accretive value of exploration, evaluation and development expenditure incurred on its exploration tenements, primarily the Whim Creek Project managed under Joint Venture agreement with Venturex Resources Limited (see note 5).

The effect of the change in accounting policy on the retained earnings of the entity at 1 July 2020 is nil as all prior exploration expenditure related to other projects which were expensed. As the acquisition of the Whim Creek Project occurred during the current period, there has been no need to restate comparative information as there was no exploration expense incurred for the Whim Creek project in prior periods.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 3 – REVENUE AND EXPENSES

	Consolidated	
	31 December 2020 \$	31 December 2019 \$
(i) Other revenue		
Interest received	398	9,373
Other revenue	45,530	58,077
	45,928	67,450
(ii) Administration expenditure		
Depreciation	13,754	4,991
Consulting fees	290,194	103,022
Whim Creek pre-acquisition costs	251,863	-
Salaries and wages (administration)	35,541	36,079
ASX, ASIC and related fees	130,036	19,605
Equity based compensation	410,357	-
Rent and outgoings	34,765	33,328
Insurance and legal	89,572	11,310
Amortisation of Right of Use	17,434	-
Other expenses	67,415	99,378
	1,340,931	307,713

NOTE 4 – FINANCIAL ASSETS

	Consolidated	
	31 December 2020 \$	30 June 2020 \$
Current		
Shares in Xantippe Resources Limited – at fair value ⁽¹⁾	343,787	354,464
Shares in Predictive Discovery Limited – at fair value ⁽¹⁾	1,626,717	2,267,625
Shares in Desert Metals – at fair value ⁽¹⁾	15,751	-
	<u>1,986,255</u>	<u>2,622,089</u>
	1,986,255	2,622,089

(1) Shares are valued using a 20-day Volume Weighted Average Price (VWAP, based on closing ASX share prices centred on 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 5 – WHIM CREEK ACQUISITION

On 6 December 2020, the Company achieved its right to earn an initial 40% interest in the Whim Creek Project in December 2020 under the Whim Creek JV Agreement, dated 21 July 2020, by spending \$1 million on eligible exploration and evaluation expenditure. Accordingly, The Company and its joint venture partner, Venturex Resources Limited, established a Joint Venture, as required by the Whim Creek Joint Venture Agreement, on 6 December 2020. The Company was appointed manager of the JV when the 40% interest was achieved (“Initial Interest”).

In addition, under the Whim Creek JV Agreement, at 31 December 2020, the Company holds the right to earn an additional 40% interest in the JV through (amongst other things) spending an additional \$0.5 million of eligible EE expenditure. The Company acquired the additional 40% interest on 15 January 2021 (“Further Interest”).

Under the Whim Creek JV Agreement, the Company has control over the Approval of Programmes and Budgets at both the JV Commencement Date and the Further Interest date (15 January 2021), and therefore is considered to control the Whim Creek Project as at both dates, using the definition of ‘control’ in AASB 10. As such, the Company has determined that the Joint Venture Agreement is neither a Joint Arrangement, Joint Venture or Joint Operation (as defined in AASB 11) for accounting purposes. It has instead accounted for its interest in the Whim Creek Project as an asset acquisition, noting that the Whim Creek Project is not a business because:

- It is not at a stage where it has the ability to generate outputs to the Participants;
- Substantially all of the fair value of the gross assets acquired is concentrated into a single identifiable asset group of similar assets; and
- Industry practice evolved in the resources sector as applied to historical brownfield assets on care and maintenance without JORC reserves (or early stage exploration projects).

As such, the Company has recognised 100% of the assets and liabilities acquired through its investment in the Whim Creek Project, as determined by reference to the JV agreement, on 6 December 2020.

The agreement with Venturex Resources Limited also includes a contractual right held by Venturex to a percentage of operating profit from Whim Creek Project equivalent to their participating interest at the date of decision to mine. This right is akin to a percentage net smelter royalty return on the project net of proportionate funding of the development cost. As the contractual right is dependent on future decision, the value of this potential liability cannot be estimated reliably at the current reporting. More information about this contingent liability is disclosed in Note 9.

(a) Consideration paid for ANX’s Initial Interest and Further Interests

Total consideration under the agreement for the Initial Interest and Further Interest are set out in the table below:

Initial Interest - 40%

	Undiscounted \$	Fair value \$	Comment
Earn-in eligible EE expenditure (“Initial Expenditure”)	1,000,000	1,000,000	Earned on 6 December 2020 (JV Commencement date)
Deferred cash payments to VXR (“Additional Cash Payments”)	3,000,000	2,831,694	\$1m on the 2 nd , 3 rd and 4 th anniversary (clause 15.1)
	4,000,000	3,831,694	Consideration

Further interest – 40% (total 80%)

Aeris Deferred Consideration	3,500,000	3,385,327	
Earn-in eligible EE expenditure (“Further Expenditure”)	500,000	500,000	Earned on 15 January 2021
Sub-total	4,000,000	3,885,327	Consideration

Total consideration	8,000,000	7,717,021	
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NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 5 – WHIM CREEK ACQUISITION (cont)

Additionally, in accordance with the Joint Venture Agreement, the Company is required to spend a further \$4 million by 6 December 2024 (within 4 years of the JV Commencement Date). However, this is contingent on the announcement of a decision to mine being made before this date. As at the reporting date, \$1.5 million had been spent, resulting in a net contingent liability of \$2.5 million as disclosed in Note 9.

(b) Value of Whim Creek Assets and Liabilities

	6 December 2020	31 December 2020
	\$	
Non-current assets		
Property, Plant & Equipment	483,901	472,344
Net Project Exploration & Evaluation	18,604,811	20,018,325
Total Non-current assets	19,088,712	20,490,669
TOTAL ASSETS	19,088,712	20,490,669
Non-current liabilities		
Provision for rehabilitation	(15,257,018)	(15,257,018)
NON-CURRENT LIABILITIES	(15,257,018)	(15,257,018)
TOTAL LIABILITIES	(15,257,018)	(15,257,018)
NET ASSETS	3,831,694	5,233,651

NOTE 6 – EQUITY SECURITIES ISSUED

(a) (i) Details of Equity

	Consolidated		
	31 December 2020	30 June 2020	
	\$	\$	
280,206,426 (June 2020: 234,266,568) fully paid ordinary shares	40,340,912	38,379,360	
	Shares	Performance rights	Unlisted Options
At 1 July 2020	234,266,568	-	11,100,000
Share Consolidation (10:9)	(23,426,809)	-	(1,110,000)
Shares issued	66,666,667	-	-
Issue of options – unlisted (escrowed)	-	-	23,250,000
Issue of options – unlisted (directors)	-	-	6,000,000
Issue of options – unlisted (employees)	-	-	3,000,000
Issue of performance rights (directors)	-	8,100,000	-
Issue of performance rights (employees)	-	7,200,000	-
Expiry of options – unlisted	-	-	(1,890,000)
Exercised options - unlisted	2,700,000	-	(2,700,000)
At 31 December 2020	280,206,426	15,300,000	37,650,000

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 6 – EQUITY SECURITIES ISSUED (cont)

(a) ii) Details of Movements in Equity – The Company

Date	Action	Type	Quantity	Issued To	Ex/Issue Price	Expiry Date
Dec 2020						
21/12/2020	Issue	Shares – fully paid	2,700,000	Director	\$0.031	-
21/12/2020	Exercise	Options – unlisted	(2,700,000)	Director	\$0.031	-
29/11/2020	Expiry	Options – unlisted	(1,890,000)	Director	\$0.232	29/11/2020
05/11/2020	Issue	Shares – fully paid	66,666,667	Shareholders; Brokers	\$0.030	-
28/10/2020	Issue ⁽¹⁾	Options – unlisted	23,250,000	Advisors	\$0.045	27/10/2023
28/10/2020	Issue ⁽¹⁾	Options – unlisted	6,000,000	Directors	\$0.045	27/10/2023
28/10/2020	Issue ⁽¹⁾	Options – unlisted	3,000,000	Employees	\$0.045	27/10/2023
28/10/2020	Issue ⁽¹⁾	Performance rights - A	3,000,000	Director	Nil	27/10/2022
28/10/2020	Issue ⁽¹⁾	Performance rights - A	3,000,000	Employees	Nil	27/10/2022
28/10/2020	Issue ⁽¹⁾	Performance rights - B	2,600,000	Director	Nil	27/10/2023
28/10/2020	Issue ⁽¹⁾	Performance rights - B	2,200,000	Employees	Nil	27/10/2023
28/10/2020	Issue ⁽¹⁾	Performance rights - C	2,500,000	Director	Nil	27/10/2023
28/10/2020	Issue ⁽¹⁾	Performance rights - C	2,000,000	Employees	Nil	27/10/2023
05/10/2020	Consolidation	Shares – fully paid	(23,426,809)	-	-	-
05/10/2020	Consolidation	Options – unlisted	(1,110,000)	-	-	-

(1) For the options and performance rights issued during the period, the fair value at the grant date was determined using the Hoadley *ES02* valuation model for the options, and the Hoadley *ES05* valuation model for the performance rights, with valuation model inputs as follows:

Equity instrument details	Unlisted options	Unlisted options	Performance rights A	Performance rights B	Performance rights C
Grant Date	27 Oct 2020	2 Oct 2020	27 Oct 2020	27 Oct 2020	27 Oct 2020
Expiry Date	27 Oct 2023	2 Oct 2023	27 Oct 2022	27 Oct 2023	27 Oct 2023
Number of options	9,000,000	23,250,000	6,000,000	4,800,000	4,500,000
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil
Expected volatility (%)	100	100	100	100	100
Risk free interest rate (%)	0.13	0.18	0.11	0.13	0.13
Exercise price (\$)	0.045	0.045	Nil	Nil	Nil
Vesting Date	27 Oct 2021	Immediately	22 Jan 2021	27 Oct 2021	27 Oct 2021
Share price at grant date (\$)	0.0244	0.0244	0.0244	0.0244	0.0244
Value per option / PR (\$)	0.0108	0.0104	0.0206	0.0180	0.0153
Total Value (\$)	97,200	241,800	123,600	86,400	68,850
Vesting conditions note	1	N/A	2	3	4

Vesting conditions:

- Holder providing continued service with the Company for 12 months from grant date.
- The 20-business day volume weighted average price of the Company's shares, as traded on the ASX, reaching 4.5 cents prior to the expiry date, and the holder providing continued service with the Company for 12 months from grant date. (Vested on 22 January 2021 – refer to Note 10.)
- The 20-business day volume weighted average price of the Company's shares, as traded on the ASX, reaching 9 cents prior to the expiry date, and the holder providing continued service with the Company for 12 months from grant date.
- The 20-business day volume weighted average price of the Company's shares, as traded on the ASX, reaching 13.5 cents prior to the expiry date, and the holder providing continued service with the Company for 12 months from grant date.

NOTE 7 – SEGMENT INFORMATION

The group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The group operates in a single segment being mineral exploration and evaluation within Australia.

NOTE 8 – FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the assets or liability

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated – 31 December 2020				
<i>Assets</i>				
Shares held in listed companies	1,986,255	-	-	1,986,255
Total assets	1,986,255	-	-	1,986,255
<i>Liabilities</i>				
Provision for rehabilitation	-	15,257,018	-	15,257,018
Total liabilities	-	15,257,018	-	15,257,018

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated – 30 June 2020				
<i>Assets</i>				
Financial assets at fair value through profit or loss	2,622,089	-	-	2,622,089
Total assets	2,622,089	-	-	2,622,089

There were no transfers between levels during the half year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair value due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 9 – CONTINGENT LIABILITIES

In accordance with the agreement with Venturex Resources Limited, the Company is required to spend a further \$4 million by 6 December 2024 (within 4 years of the JV Commencement Date of 6 December 2020). As at the reporting date, \$1.5 million had been spent, resulting in a net contingent liability of \$2.5 million.

The agreement with Venturex Resources Limited also includes a contractual right held by Venturex to a percentage of operating profit from Whim Creek Project equivalent to their participating interest at the date of decision to mine. This right is akin to a percentage net smelter royalty return on the project net of proportionate funding of the development cost. The value of this potential liability cannot be estimated reliably at the current reporting.

Other than as stated above, since the last annual reporting date there has been no material change of any contingent liabilities or contingent assets.

NOTE 10 – COMMITMENTS

a. Mineral tenements

The Company has certain minimum obligations in pursuance of the terms and conditions of tenement licences in the forthcoming year. In order to maintain the mineral tenements in which the group and other parties are involved, the group is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted. The minimum estimated expenditure requirements in accordance with the requirements of the Western Australian Department of Mines and Petroleum for the next financial year are:

The expenditure commitment for the Group for later than 2 years but not later than 5 years is uncertain as the tenements require re-application prior to this date of which the outcome is not certain.

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Up to 1 year	466,900	23,000
Between 1 and 5 years	1,720,100	103,500
Later than 5 years	3,106,900	34,500
	<u>5,293,900</u>	<u>161,000</u>

These requirements are expected to be fulfilled in the normal course of operations and may be varied from time to time subject to approval by the grantor of titles. The estimated expenditure represents potential expenditure which may be avoided by relinquishment of tenure. Exploration expenditure commitments beyond twelve months cannot be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 11 - EVENTS OCCURRING AFTER REPORTING DATE

On 15 January 2021, the Company incurred the Further Expenditure and was granted the "Further Earn-in" (being a further 40% interest) through meeting the Further Joint Venture Expenditure commitment of \$500,000. As at this date the Company's interest in the Joint Venture increased from 40% to 80%.

Upon being granted the "Further Earnin", the Company (through its subsidiary Whim Creek Pty Ltd) on 15 January 2021 assumed all of the liabilities arising out of, or in connection with, the Aeris Contract. This liability was valued at \$3,385,327 on this date.

On 22 January 2021, the Company announced that 6,000,000 Class A Performance Rights have vested, having met the applicable vesting criteria. The vesting criteria for the Class A Performance Rights was the 20-day volume weighted average market price (VWAP) of the Company's shares reaching 150% of the Public Offer Price (being 150% of \$0.03, or \$0.045) prior to the expiry date.

On 2 March 2021, the Company announced it has received firm commitments to raise \$4,726,000 through the issue of 69,500,000 ordinary shares at an issue price of \$0.068 per share. The capital raising was completed on 10 March 2021 and shares were issued on this date.

Whilst exploration activities have been able to continue, the impact of the Coronavirus (COVID-19) pandemic is ongoing. It is not practical to estimate the potential impact, positive or negative, after the reporting date. The situation is continually developing and is dependent on measures imposed by Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and economic stimulus that may be provided.

The directors are not aware of any matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company the results of those operations, or the state of affairs of the Company in future financial years.

DIRECTORS' DECLARATION

31 December 2020

In the opinion of the directors:

1. The financial statements and notes, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Geoff Laing
DIRECTOR
Perth, 15 March 2021

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ANAX METALS LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Anax Metals Limited, which comprises the consolidated statement of financial position as at 31 December 2020, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Anax Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Anax Metals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

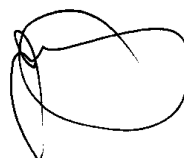
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Anax Metals Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



JAMES KOMNINOS
Partner

Perth, WA
Dated: 15 March 2021

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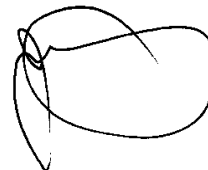
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Anax Metals Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



JAMES KOMNINOS
Partner

Perth, WA
Dated: 15 March 2021

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