EAGLE MOUNTAIN MINING

ASX Announcement |20 SEPTEMBER 2021

Full Year Financial Statements

Eagle Mountain Mining Limited (ASX: EM2) is pleased to attach the Consolidated Financial Statements for the year ended 30 June 2021.

For further information please contact:

Tim Mason
BEng, MBA, GAICD
Chief Executive Officer
tim@eaglemountain.com.au

Mark Pitts
B.Bus, FCA, GAICD
Company Secretary
mark@eaglemountain.com.au

This Announcement has been approved for release by the Board of Eagle Mountain Mining Limited

EAGLE MOUNTAIN MINING LIMITED

ABN 34 621 541 204

FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2021

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CORPORATE DIRECTORY

DIRECTORS

Rick Crabb (Non-Executive Chairman)
Charles Bass (Managing Director)
Roger Port (Non-Executive Director)

ALTERNATE DIRECTOR

Brett Rowe
(Alternate Director for Charles Bass)

CHIEF EXECUTIVE OFFICER

Tim Mason

COMPANY SECRETARY

Mark Pitts

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Ground Floor, 22 Stirling Highway
Nedlands, Western Australia 6009

Email: info@eaglemountain.com.au
Website: eaglemountain.com.au

REGISTERED OFFICE

Ground Floor
22 Stirling Highway
Nedlands WA 6009

AUDITORS

William Buck Audit (WA) Pty Ltd
Level 3
15 Labouchere Road
South Perth WA 6151

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000

ASX CODE

EM2

ABN

34 621 541 204

DIRECTORS' REPORT

The Directors present their report on Eagle Mountain Mining Limited ("Eagle Mountain" or the "Company") and its controlled entities (the "Group") for the year ended 30 June 2021.

DIRECTORS

The names and details of the Group's Directors in office during the year until the date of this report are as follows. Directors were in office for this entire year unless otherwise stated.

Rick Crabb - B. Juris (Hons), LLB, MBA, FAICD
(Non-Executive Chairman)

Rick Crabb holds degrees of Bachelor of Jurisprudence (Honours), Bachelor of Laws and Master of Business Administration from the University of Western Australia. He practised as a solicitor from 1980 to 2004 with Robinson Cox (now Clayton Utz) and Blakiston & Crabb (now Gilbert + Tobin) specialising in mining, corporate and commercial law, advised in relation to numerous project developments in Australia and Africa.

Rick has since focused on his public company directorships and investments. He has been involved as a director and strategic shareholder in a number of successful public companies. He is currently Non-executive Chairman of Ora Gold Limited and a Non-executive Director of WarpForge Limited. He is a former director of Paladin Energy Limited (February 1994 to October 2019).

Charles Bass - B.Sc. Geology, M.Sc. Mining Engineering/Mineral Processing, FAICD, FAusIMM, FAIG
(Managing Director.)

Charles Bass completed his B.Sc. in Geology at Michigan Technological University, followed by a M.Sc in Mining Engineering & Mineral Processing at Queen's University, Canada. Between his degrees Charles worked as a geologist and then Plant Metallurgist at a copper-gold mine in Northern Quebec.

Charles joined AMAX Inc, an American mining company in their Head Office in 1976 and came to Perth in 1978. Between 1980 to 1981, AMAX had him work in Tucson, Arizona at the Twin Buttes copper mine. Charles returned to Australia and established his first company, Metech Pty Ltd in late 1981.

Charles established Eagle Mining Corporation in 1992 with Tony Poli and was responsible for the deal that led to the discovery of the very successful Nimary Gold Mine. Eagle Mining Corporation won both Explorer of the Year and then Developer of the Year at Diggers and Dealers conference and was subject to a hostile takeover in 1997.

Charles then co-founded Aquila Resources Ltd with Tony Poli in 2000 and helped transition it from a gold explorer to iron ore and coal before it too was subject to a hostile $1.4 billion takeover in 2014 at the hands of a joint bid between Baosteel and ASX listed Aurizon.

DIRECTORS' REPORT

Roger Port – BA, FCA, SF Fin, FAICD
(Non-Executive Director)

Roger Port was a partner of PricewaterhouseCoopers from 1997 to 2016. He has 30 years' experience in financial analysis, company and business valuations, transaction due diligence and mergers and acquisitions and led the PricewaterhouseCoopers Perth Deals team from 2009 to 2016. He has had significant experience in the resources sector in his career and jointly led the PwC Australia Deals Energy & Mining industry group for five years.

Roger is a graduate of Macquarie University and gained a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. He is a Fellow of Chartered Accountants Australia and New Zealand, a Senior Fellow of the Financial Services Institute of Australasia and a Fellow of the Australian Institute of Company Directors.

Roger is a board member of MG Kailis Holdings Pty Ltd, the Harry Perkins Institute of Medical Research and Chair of Council of Guildford Grammar School.

Brett Rowe - BComm, MAcc, GAICD
(Alternate Director for Charles Bass)

Brett Rowe has over 20 years' experience in the financial services industry and is a graduate of the Australian Institute of Company Directors. He holds a Bachelor of Commerce degree and a Masters of Accounting.

Brett is a director and the chief executive officer of The Bass Group, as well as a director of The Bass Family Foundation and Silver Mountain Mining Pty Ltd. Brett is responsible for managing the global financial interests of the Bass Family, as well as the Foundation's ongoing support of education and health in disadvantaged children and youth in regional Western Australia.

Brett is also a director of the Centre for Entrepreneurial Research and Innovation Limited (CERI). CERI aims to assist the growth of WA's non-mining industry through a strong innovation base where high-knowledge start-up company formation can be accelerated. This is achieved through the co-creation of a WA-based venture capital industry.

CHIEF EXECUTIVE OFFICER

Tim Mason – B. Eng (Hons) MBA; GAICD

Mr Mason has 18 years' experience in the mining and engineering sectors across a broad range of corporate, operations, business development and engineering roles. His recent roles of General Manager Operations and General Manager Projects and Innovation involved conducting feasibility studies, project development and operations start-up, business development, project financing and corporate presentations.

Mr Mason holds a Bachelor of Engineering Honours (Geotechnical) from the Royal Melbourne Institute of Technology, a Masters of Business Administration from Murdoch University and is a Graduate Member of the Australian Institute of Company Directors.

DIRECTORS' REPORT

COMPANY SECRETARY

Mark Pitts - B.Bus; FCA; GAICD
(Company Secretary)

Mark Pitts is a Partner in Corporate Advisory firm Endeavour Corporate and has over 30 years' experience in business administration and corporate compliance. Having started his career with KPMG in Perth, Mark has worked at a senior management level in a variety of commercial and consulting roles including mining services, healthcare and property development. The majority of the past 15 years has been spent working for or providing services to publicly listed companies in the resources sector.
Mark is a registered company auditor and holds a Bachelor of Business Degree from Curtin University, is a Fellow of Chartered Accountants Australia and New Zealand and is a graduate of the Australian Institute of Company Directors.

DIRECTORS' INTERESTS

As at the date of this report, the Directors' interests in shares and unlisted options of the Company are as follows:

Director	*Directors' Interests in Ordinary Shares*	*Directors' Interests in Unlisted Options*	*Options vested at the reporting date*
R Crabb	793,000	3,125,000	3,125,000
C Bass	62,859,287	4,075,000	4,075,000
R Port	559,000	3,125,000	3,125,000
B Rowe (alternate for C Bass)	500,000	2,000,000	2,000,000

The Directors' interests include Unlisted Options which are vested or exercisable as at the date of signing this report.

DIRECTORS' MEETINGS

The number of meetings of the Company's Directors held during the year ended 30 June 2021, and the number of meetings attended by each Director are as follows:

Director	*Board of Directors' Meetings*	
	Eligible to Attend	*Attended*
R Crabb	6	6
C Bass	6	6
R Port	6	6
B Rowe (alternate for C Bass)	6	6

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The Company's principal activities for the year ended 30 June 2021 focussed on exploration activities at the Oracle Ridge Copper Mine. Field work, mapping, geophysical interpretation, targeted diamond drilling programs for both resource expansion, infill and geotechnical drilling were conducted during the year. The Company also engaged in capital raising activities and completed the acquisition of the non-controlling interest in Wedgetail Operations LLC, the owner of the Oracle Ridge Copper Mine.

REVIEW OF OPERATIONS

Exploration activities

Exploration activities for the financial year have been primarily focussed at the Group's Oracle Ridge Copper Mine project in Arizona, United States of America. Drilling contractor Boart Longyear commenced an initial diamond drilling program in September 2020 and following positive drilling results and observations of mineralisation in the core, the drilling program was extended. Drilling continued during the reporting period with the aim of expanding the existing JORC mineral resource.

Corporate activities and acquisitions

During the financial year, the Group completed the acquisition of the remaining 20% non-controlling interest held in Wedgetail Operations LLC, the owner of the Oracle Ridge Copper Mine, from Vincere Resource Holdings LLC.

The Group completed three share placements to sophisticated and institutional investors during the financial year, raising a total of $15.5 million (before costs) through the issue of 59,505,495 shares. The Group also received approximately $4.3 million (before costs) through the exercise of options and the issue of 16,953,090 shares.

Results of operations and financial position

The operating loss after income tax of the Group for the year ended 30 June 2021 was $21,070,239 (2020: $4,368,936). Included in the loss for the year are uncapitalised exploration costs of $9,306,222 (2020: $2,717,101) and non-cash items (in respect of depreciation, share-based payments expenses and fair value losses) amounting to $10,265,364 (2020: $367,623).

At 30 June 2021, cash assets amounted to $9,119,371 (2020: $507,750). During the year ended 30 June 2021, the Company received $19,791,118 before related costs, on the issue of shares and options (2020: $1,800,001).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the matters stated in this report, there have been no significant changes in the Group's state of affairs during the financial year.

EQUITY SECURITIES ON ISSUE

Class of Security	*30 June 2021*	*30 June 2020*
Ordinary fully paid shares	202,669,630	115,901,045
Unlisted options over unissued shares	29,452,780	26,409,716
Performance rights	35,000	245,000

Subsequent to the end of the financial year, the Company issued 568,953 ordinary shares on the exercise of options.

EAGLE MOUNTAIN MINING

DIRECTORS' REPORT

EQUITY SECURITIES ON ISSUE (continued)

Unlisted Options over Ordinary Shares

At 30 June 2021, 29,452,780 unissued ordinary shares of the Company were under option as follows:

Number of Options Granted	*Exercise Price*	*Expiry Date*
6,750,000 [1]	20 cents	15 January 2023
715,000 [2]	20 cents	1 February 2023
219,702 [3]	20 cents	31 July 2021
1,700,000 [4]	20 cents	1 July 2023
1,500,000 [5]	21.5 cents	15 January 2023
650,000 [6]	20 cents	7 October 2023
1,923,078 [7]	30 cents	1 July 2022
2,495,000 [8]	20 cents	1 July 2022
2,500,000 [9]	52 cents	22 February 2024
2,800,000[10]	52 cents	1 July 2024
6,000,000[11]	55 cents	1 July 2024
2,000,000[12]	$1.25	7 May 2025
200,000[13]	$1.40	1 July 2024

[1] Options issued to Directors, Alternate Director, employees and Company Secretary.
[2] Options issued to employees pursuant to the Company's employee incentive plan.
[3] Options issued pursuant to a pro-rata entitlement offer which closed on 7 June 2019.
[4] Options issued to employees pursuant to the Company's employee incentive plan.
[5] Options issued to the Chief Executive Officer.
[6] Options issued to employees pursuant to the Company's employee incentive plan.
[7] Options issued to brokers.
[8] Options issued to employees, Directors and Quartz Mountain Mining Pty Ltd.
[9, 10, 13] Options issued to employees pursuant to the Company's employee incentive plan.
[11] Options issued to Directors.
[12] Options issued under a corporate advisory mandate.

During the year, 19,996,154 options were issued; 16,953,090 options were exercised and no options were cancelled.

Subsequent to 30 June 2021 and the date of this report, 600,000 options have vested; 568,953 options (exercise price of $0.20) were exercised and 749 options were cancelled without being exercised on their expiry date of 31 July 2021. No options have been issued since 30 June 2021. At the date of this report there were 28,883,078 unissued ordinary shares of the Company under option.

Options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.

DIRECTORS' REPORT

EQUITY SECURITIES ON ISSUE (continued)

Performance Rights over Ordinary Shares

During the year ended 30 June 2021, 60,000 performance rights vested and 210,000 performance rights were exercised and converted into shares. No performance rights were issued or cancelled during the reporting period.

Subsequent to 30 June 2021, 35,000 performance rights vested. No performance rights have been issued, exercised or cancelled between 30 June 2021 and the date of this report.

DIVIDENDS

No dividend has been paid during the year and no dividend is recommended for the current financial year.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING YEAR

In August 2021, Quartz Mountain Mining Pty Ltd as trustee for the Bass Family Trust, an entity associated with Mr Charles Bass, agreed to accept 1,744,000 shares in the Company, subject to shareholder approval, in lieu of repayment of the US$1,000,000 loan which was due to be repaid by 31 December 2021. The issue of shares is subject to shareholder approval and the effective issue price of 78.4 cents represents a premium to the closing price on 25 August 2021 and a 10% premium to the 20 day VWAP of the Company's shares.

The impact of the COVID-19 pandemic is ongoing. The situation is dependent on measures imposed by the Australian Government, United States Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. It is not practicable to estimate the potential impact, positive or negative, after the reporting date.

Other than as stated above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group intends to undertake further exploration programs at the Oracle Ridge Copper Mine and the Silver Mountain Project in Arizona in the United States of America.

Any other likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL ISSUES

The Group's operations are not regulated under any significant environmental regulation under a law of the Commonwealth of Australia, a State or a Territory. The operations and proposed activities of the Group are subject to United States Federal and Arizona State laws and regulations concerning the environment.

DIRECTORS' REPORT

ENVIRONMENTAL ISSUES (continued)

The Board believes that the Group has adequate systems in place for the management of its environmental requirements. The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Group are not aware of any breach of environmental legislation for the financial year under review.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS AND AUDITORS

During the year ended 30 June 2021, the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance for an auditor of the Company.

PROCEEDINGS ON BEHALF OF THE GROUP

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

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

NON-AUDIT SERVICES

The following non-audit services were provided by William Buck Advisors (WA) Pty Ltd, a related entity of the entity's auditor, William Buck Audit (WA) Pty Ltd. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

William Buck Advisors (WA) Pty Ltd received or is due to receive the following amounts for the provision of non-audit services:

	30 June 2021	*30 June 2020*
Taxation services for Silver Mountain Mining Pty Ltd	-	$1,660
Taxation services for Eagle Mountain Mining Limited	$2,460	$3,960

REMUNERATION REPORT (AUDITED)

Remuneration paid to Directors and Officers of the Company is set by reference to such payments made by other ASX listed companies of a similar size and operating in the mineral exploration industry. In addition, reference is made to the specific skills and experience of the Directors and Officers.

Details of the nature and amount of remuneration of each Director and other Key Management Personnel are disclosed annually in the Remuneration Report.

Remuneration Committee

The Board has adopted a formal Nomination and Remuneration Policy which provides a framework for the consideration of remuneration matters.

The Company does not have a separate remuneration committee and as such, all remuneration matters are considered by the Board as a whole, with no member deliberating or considering such matter in respect of their own remuneration.

In the absence of a separate Remuneration Committee, the Board is responsible for:

1. Setting remuneration packages for Executive Directors, Non-Executive Directors and other Key Management Personnel; and
2. Implementing employee incentive and equity based plans and making awards pursuant to those plans.

Non-Executive Remuneration

The Company's policy is to remunerate Non-Executive Directors, at rates comparable to other ASX listed companies in the same industry, for their time, commitment and responsibilities.

Non-Executive Remuneration is not linked to the performance of the Company, however, to align Directors' interests with shareholders' interests, remuneration may be provided to Non-Executive Directors in the form of equity based long term incentives.

1. Fees payable to Non-Executive Directors are set within the aggregate amount approved by shareholders at the Company's Annual General Meeting;
2. Non-Executive Directors' fees are payable in the form of cash and superannuation benefits;
3. Non-Executive Directors' superannuation benefits are limited to statutory superannuation entitlements; and
4. Participation in equity based remuneration schemes by Non-Executive Directors is subject to consideration and approval by the Company's shareholders.

The maximum aggregate Non-Executive Directors' fees payable is currently set at $300,000 per annum.

REMUNERATION REPORT (AUDITED) (continued)

Executive Director and Other Key Management Personnel Remuneration

Executive remuneration consists of base salary, plus other performance incentives to ensure that:

1. Remuneration packages incorporate a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives; and
2. A proportion of remuneration is structured in a manner to link reward to corporate and individual performance.

Executives are offered a competitive level of base salary at market rates (based on comparable ASX listed companies) and are reviewed regularly to ensure market competitiveness. To date the Company has not engaged external remuneration consultants to advise the Board on remuneration matters.

Incentive Plans

The Company provides long term incentives to Directors and Employees pursuant to the Company's Employee Incentive Plan.

The Board, acting in remuneration matters:

1. Ensures that incentive plans are designed around appropriate and realistic performance targets and provide rewards when those targets are achieved;
2. Reviews and approves existing incentive plans established for employees; and
3. Approves the administration of the incentive plans, including receiving recommendations for and the consideration and approval of grants pursuant to such incentive plans.

Engagement of Non-Executive Directors

Non-Executive Directors conduct their duties under the following terms:

1. A Non-Executive Director may resign from his/her position and thus terminate their contract on written notice to the Company; and
2. A Non-Executive Director may, following resolution of the Company's shareholders, be removed before the expiration of their period of office (if applicable). Payment is made in lieu of any notice period if termination is initiated by the Company, except where termination is initiated for serious misconduct.

In consideration of the services provided by Mr Rick Crabb as Non-Executive Chairman, the Company will pay him a fee inclusive of statutory superannuation of $50,000 per annum.

In consideration of the services provided by Mr Roger Port as Non-Executive Director, the Company will pay him a fee inclusive of statutory superannuation of $50,000 per annum.

For the period from 1 April 2020 to 31 July 2020, Non-Executive Director fees owing to Messrs Crabb and Port were waived as part of a cost reduction exercise following the outbreak of the COVID-19 pandemic.

Messrs Crabb and Port are also entitled to fees for other amounts as the Board determines where they perform special duties or otherwise perform extra services or make special exertions on behalf of the Company. There were no such fees paid during the year ended 30 June 2021.

REMUNERATION REPORT (AUDITED) (continued)

Engagement of Executive Director

The Company has entered into an executive service agreement with Mr Charles Bass in his role as Managing Director on the following material terms and conditions.

Mr Bass received a base salary inclusive of statutory superannuation of $50,000 per annum from the commencement of the agreement until 1 June 2018, at which time the remuneration was reviewed. Mr Bass' remuneration was unchanged as a result of this review.

For the period from 1 April 2020 to 31 July 2020, Mr Bass waived his salary as part of a cost reduction exercise following the outbreak of the COVID-19 pandemic.

Either party may terminate the agreement by providing 30 days written notice to the other party. Eagle Mountain may otherwise terminate the Managing Director's employment in accordance with the Constitution or the Corporations Act. Upon termination of the agreement, Mr Bass will cease employment with Eagle Mountain as its Managing Director and will become a Non-Executive Director of Eagle Mountain.

Mr Bass may, subject to shareholder approval, participate in Eagle Mountain's Employee Incentive Plan and other long term incentive plans adopted by the Board.

Engagement of Chief Executive Officer

The Company has entered into an executive service agreement with Mr Timothy Mason, effective 15 January 2020, in his role as Chief Executive Officer ("CEO") on the following material terms and conditions.

Mr Mason receives a base salary inclusive of statutory superannuation of $300,000 per annum.

For the period from 1 April 2020 to 31 July 2020, Mr Mason's salary was reduced to $210,000 per annum as part of a cost reduction exercise following the outbreak of the COVID-19 pandemic. His salary reverted to $300,000 per annum from 1 August 2020 and was increased to $330,000 per annum from 1 February 2021.

The CEO may terminate the agreement by providing 3 months' written notice. Eagle Mountain may terminate the agreement with 3 months' written notice or the provision of 3 months' salary in lieu of notice; or may otherwise terminate the CEO's employment in accordance with the Constitution or the Corporations Act.

Upon commencement of his employment, Mr Mason received 1,500,000 unlisted options and 150,000 unlisted performance rights over unissued shares of the Company. An expense of $54,556 (2020: $59,240) was recognised through the consolidated statement of profit or loss and other comprehensive income in the current reporting period in respect of the issue of these securities.

EAGLE MOUNTAIN MINING

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Short Term Incentive Payments

The Non-Executive Directors set annual Key Performance Indicators ("KPIs") for the Executive Director and the CEO. The KPIs are chosen to align the reward of the individual Executives to the strategy and performance of the Company.

Performance objectives, which may be financial or non-financial, or a combination of both, are weighted when calculating the maximum Short Term Incentives payable to Executives. At the end of the year, the Non-Executive Directors will assess the actual performance of the Executives against the set performance objectives. The maximum amount of the Short Term Incentive, or a lesser amount depending on actual performance achieved, is paid to the Executives as a cash payment.

No Short Term Incentives are payable to Executives where it is considered that the actual performance has fallen below the minimum requirement.

Shareholding Qualifications

The Directors are not required to hold any shares in Eagle Mountain under the terms of the Company's Constitution.

Group Performance

In considering the Company's performance, the Board provides the following indices in respect of the current financial year:

	2021	2020	2019	2018
Loss for the year/period attributable to shareholders	**$(21,070,239)**	$(3,985,856)	$(6,890,466)	$(1,681,900)
Closing share price at 30 June	**$1.00**	$0.16	$0.125	$0.42

As a Group focussed on exploration activities, the Board does not consider the loss attributable to shareholders as one of the performance indicators when implementing Short Term Incentive payments.

In addition to technical exploration success, the Board considers the effective management of safety, environmental and operational matters and successful management, acquisition and consolidation of high quality landholdings, as more appropriate indicators of management performance for the financial year.

Remuneration Disclosures

The Key Management Personnel of the Company have been identified as:

Mr Rick Crabb	Non-Executive Chairman
Mr Charles Bass	Managing Director
Mr Roger Port	Non-Executive Director
Mr Brett Rowe	Alternate Director for Charles Bass
Mr Tim Mason	Chief Executive Officer

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

The details of the remuneration of each Director and member of Key Management Personnel of the Company is as follows:

Year Ended 30 June 2021	Short Term		Post Employment	Other Long Term		
	Base Salary $	Short Term Incentive $	Superannuation Contributions $	Value of Equity Based Remuneration[2] $	Total $	Value of Equity as Proportion of Remuneration %
Rick Crabb	41,857	-	3,976	1,484,013	1,529,846	97.0%
Charles Bass	41,857	-	3,976	1,484,013	1,529,846	97.0%
Roger Port	41,857	-	3,976	1,484,013	1,529,846	97.0%
Brett Rowe	-	-	-	1,464,150	1,464,150	100.0%
Tim Mason [1]	283,595	-	21,405	85,334	390,334	21.9%
Total	409,166	-	33,333	6,001,523	6,444,022	-

Year Ended 30 June 2020	Short Term		Post Employment	Other Long Term		
	Base Salary $	Short Term Incentive $	Superannuation Contributions $	Value of Equity Based Remuneration[2] $	Total $	Value of Equity as Proportion of Remuneration %
Rick Crabb	34,247	-	3,253	-	37,500	-
Charles Bass	34,247	-	3,253	-	37,500	-
Roger Port	34,247	-	3,253	-	37,500	-
Brett Rowe	-	-	-	-	-	-
Tim Mason [1]	108,418	-	9,383	59,240	177,041	33.5%
Total	211,159	-	19,142	59,240	289,541	-

[1] Appointed 15 January 2020.

[2] The fair value of options and performance rights is calculated at the date of grant using a Black Scholes option pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed in the above table is the portion of the fair value of the securities recognised in the reporting period. The basis of the fair value is disclosed later in this Remuneration Report.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Details of Performance Related Remuneration

During the year ended 30 June 2021, no Short Term Incentive payments were paid to the Directors or Key Management Personnel.

Equity Based Remuneration

During the year ended 30 June 2021, the Directors and Key Management Personnel were granted the following options as remuneration.

Name	Number of options granted	Grant Date	Vesting Date	Expiry Date	Exercise Price	Fair value per option at grant
Rick Crabb	125,000 1,500,000	25.09.2020 30.04.2021	25.09.2020 30.04.2021	01.07.2022 01.07.2024	$0.20 $0.55	$0.16 $0.98
Charles Bass	125,000 1,500,000	25.09.2020 30.04.2021	25.09.2020 30.04.2021	01.07.2022 01.07.2024	$0.20 $0.55	$0.16 $0.98
Roger Port	125,000 1,500,000	25.09.2020 30.04.2021	25.09.2020 30.04.2021	01.07.2022 01.07.2024	$0.20 $0.55	$0.16 $0.98
Brett Rowe	1,500,000	30.04.2021	30.04.2021	01.07.2024	$0.55	$0.98
Tim Mason	530,000 500,000 500,000	23.07.2020 22.02.2021 22.02.2021	07.08.2020 01.07.2022 01.07.2023	01.07.2022 01.07.2024 01.07.2024	$0.20 $0.52 $0.52	$0.06 $0.27 $0.27

The fair value of options is determined using the Black Scholes option pricing model. Fair value of options issued as remuneration is allocated to the relevant vesting period of the securities. Options and performance rights are provided at no initial cost to the recipients.

During the financial year, 8,269,000 options were exercised by Key Management Personnel.

Exercise of Options Granted as Remuneration

During the year ended 30 June 2021, no ordinary shares were issued in respect of the exercise of options previously granted as remuneration to Directors or Key Management Personnel of the Company.

EAGLE MOUNTAIN MINING

DIRECTORS' REPORT

Equity Instrument Disclosures Relating to Key Management Personnel

Option Holdings

Key Management Personnel have the following interests in unlisted options over unissued shares of the Company.

Year ended 30 June 2021 Name	Balance at beginning of the year	Received during the year as remuneration	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Rick Crabb	1,561,000	1,625,000	(61,000)	3,125,000	3,125,000
Charles Bass	9,665,000	1,625,000	(7,215,000)	4,075,000	4,075,000
Roger Port	1,543,000	1,625,000	(43,000)	3,125,000	3,125,000
Brett Rowe	1,000,000	1,500,000	(500,000)	2,000,000	2,000,000
Tim Mason	1,500,000	1,530,000	-	3,030,000	1,030,000

Performance Rights Holdings

Key Management Personnel have the following interests in unlisted performance rights over unissued shares of the Company.

Year ended 30 June 2021 Name	Balance at beginning of the year	Received during the year as remuneration	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Rick Crabb	-	-	-	-	-
Charles Bass	-	-	-	-	-
Roger Port	-	-	-	-	-
Brett Rowe	-	-	-	-	-
Tim Mason	150,000	-	(150,000)	-	-

Exercise of Performance rights Granted as Remuneration

During the year ended 30 June 2021, 150,000 ordinary shares were issued in respect of the exercise of performance rights previously granted as remuneration to Directors or Key Management Personnel of the Company.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Share Holdings

The number of shares in the Company held during the financial year by Key Management Personnel of the Company, including their related parties are set out below. There were no shares granted during the reporting period as compensation.

Year ended 30 June 2021 Name	Balance at beginning of the year	Received during the year as remuneration	Other changes during the year	Balance at the end of the year
Rick Crabb	732,000	-	61,000	793,000
Charles Bass	48,980,001	-	13,879,286	62,859,287
Roger Port	516,000	-	43,000	559,000
Brett Rowe	500,000	-	-	500,000
Tim Mason	-	-	150,000	150,000

Loans made to Key Management Personnel

No loans were made to Key Management Personnel including personally related entities during the financial year.

Loans received from Key Management Personnel

During the prior year, the Company entered into an unsecured loan agreement with a director related entity, Quartz Mountain Mining Pty Ltd ("Quartz Mountain") as trustee for the Bass Family Trust. The principal of US$1,000,000 attracts interest at 2% per annum with the first three months being interest free. The loan's initial maturity date was subsequently deferred to 31 December 2021. During the reporting period, shareholders approved the issue to Quartz Mountain of 950,000 options, exercisable at 20 cents each on or before 1 July 2022, as satisfaction of interest owing to 31 December 2021. Interest expense of US$20,372 (A$28,640) was recognised during the reporting period.

Other transactions with Key Management Personnel

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

The Company has entered into a lease agreement with Elk Mountain Mining Limited, an entity associated with Mr Charles Bass, for the lease of the Company's administration offices in Perth, Western Australia. Total lease repayments of $87,387 (2020: $85,847) were paid during the year, including interest of $19,064 (2020: $35,402) and lease principal repayments of $68,323 (2020: $50,445).

Other than the above, there were no transactions with Key Management Personnel.

End of Remuneration Report

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, William Buck Audit (WA) Pty Ltd, to provide the Directors of the Group with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on the following page and forms part of this Directors' report for the year ended 30 June 2021.

This report has been made in accordance with a resolution of the Board of Directors.

Rick Crabb
Chairman

Dated at Perth this 20th day of September 2021

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF EAGLE MOUNTAIN MINING LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2021 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

CM

Conley Manifis
Director
Dated this 20th day of September 2021

ACCOUNTANTS & ADVISORS
Level 3, 15 Labouchere Road
South Perth WA 6151
PO Box 748
South Perth WA 6951
Telephone: +61 8 6436 2888
williambuck.com

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2021

	Notes	Year ended 30 June 2021 A$	Year ended 30 June 2020 A$
Other income		45,231	50,000
Interest income		746	867
Forgiveness of loan – Paycheck Protection Program	13	147,921	-
Administration and other costs		(882,695)	(779,231)
Employee expenses – non-exploration		(661,145)	(310,957)
Equity based payments	4	(7,544,069)	(248,723)
Finance costs		(394,736)	(247,281)
Depreciation expense	9, 10	(444,220)	(387,772)
Exploration and evaluation costs		(9,306,222)	(2,717,101)
Net change in fair value of convertible notes		(2,277,075)	268,872
Gain on foreign currency exchange		246,025	2,390
Loss before income tax	4	(21,070,239)	(4,368,936)
Income tax expense	5	-	-
Loss after income tax from continuing operations		(21,070,239)	(4,368,936)
Other comprehensive income net of income tax			
Other comprehensive income that may be re-classified to profit or loss in subsequent years net of income tax		-	-
Unrealised (loss)/gain on foreign currency exchange	16a	(100,418)	103,077
Total comprehensive loss for the year		(21,170,657)	(4,265,859)
Loss attributable to:			
Owners of the parent		(19,199,277)	(3,985,856)
Non-controlling interests		(1,870,962)	(383,080)
		(21,070,239)	(4,368,936)
Total comprehensive loss attributable to:			
Owners of the parent		(19,317,968)	(3,892,026)
Non-controlling interests		(1,852,689)	(373,833)
		(21,170,657)	(4,265,859)
		cents	cents
Basic and diluted loss per share	28	(12.1)	(3.7)

The above 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 30 June 2021

	Note	30 June 2021 A$	30 June 2020 A$
Current Assets			
Cash and cash equivalents	6	9,119,371	507,750
Trade and other receivables	7	306,131	138,309
Total Current Assets		9,425,502	646,059
Non-Current Assets			
Exploration and evaluation expenditure	8	9,474,278	10,378,496
Property, plant and equipment	9	977,951	1,265,634
Right-of-use assets	10	531,202	208,493
Bonds and security deposits		260,459	132,945
Total Non-Current Assets		11,243,890	11,985,568
TOTAL ASSETS		20,669,392	12,631,627
Current Liabilities			
Trade and other payables	11	1,073,654	179,444
Employee leave liabilities		105,268	58,923
Lease liabilities	12	211,127	111,315
Borrowings	13	1,340,297	1,636,325
Total Current Liabilities		2,730,346	1,986,007
Non-Current Liabilities			
Lease liabilities	12	340,781	117,895
Employee leave liabilities		9,708	-
Borrowings	13	11,006,713	9,290,293
Total Non-Current Liabilities		11,357,202	9,408,188
TOTAL LIABILITIES		14,087,548	11,394,195
NET ASSETS		6,581,844	1,237,432
Equity			
Issued capital	15	45,601,593	15,322,265
Option capital		4,500	4,500
Reserves	16	5,526,540	(1,518,029)
Accumulated losses		(44,550,789)	(12,381,375)
Equity attributable to owners of the parent		6,581,844	1,427,361
Non-controlling interest		-	(189,929)
TOTAL EQUITY		6,581,844	1,237,432

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

EAGLE MOUNTAIN MINING

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2021

	Issued capital A$	Option capital A$	Foreign currency translation reserve A$	Share based payment reserve A$	Common control reserve A$	Accumulated losses A$	Non-controlling interest A$	Total A$
Balance at 1 July 2019	13,579,949	4,500	297,069	888,625	(3,014,276)	(8,412,337)	-	3,343,530
Loss for the year	-	-	-	-	-	(3,985,856)	(383,080)	(4,368,936)
Other comprehensive income for the year net of income tax	-	-	93,830	-	-	-	9,247	103,077
Total comprehensive loss for the year	-	-	93,830	-	-	(3,985,856)	(373,833)	(4,265,859)
Non-controlling interest recognised on asset acquisition (*note 25, 27*)	-	-	-	-	-	-	183,904	183,904
Issue of shares and options *(note 14, 15)*	1,800,001	-	-	-	-	-	-	1,800,001
Capital raising costs *(note 15)*	(72,867)	-	-	-	-	-	-	(72,867)
Transfer on cancellation of options	-	-	-	(16,818)	-	16,818	-	-
Exercise of options/performance rights	15,182	-	-	(15,182)	-	-	-	-
Vesting of options/performance rights	-	-	-	248,723	-	-	-	248,723
Balance at 30 June 2020	15,322,265	4,500	390,899	1,105,348	(3,014,276)	(12,381,375)	(189,929)	1,237,432
Balance at 1 July 2020	15,322,265	4,500	390,899	1,105,348	(3,014,276)	(12,381,375)	(189,929)	1,237,432
Loss for the year	-	-	-	-	-	(19,199,277)	(1,870,962)	(21,070,239)
Other comprehensive income for the year net of income tax	-	-	(118,691)	-	-	-	18,273	(100,418)
Total comprehensive loss for the year	-	-	(118,691)	-	-	(19,199,277)	(1,852,689)	(21,170,657)
Acquisition of non-controlling interest	-	-	-	-	-	(12,970,137)	2,042,618	(10,927,519)
Issue of shares and options *(note 14, 15)*	26,441,000	-	-	-	-	-	-	26,441,000
Capital raising costs *(note 15)*	(1,211,131)	-	-	-	-	-	-	(1,211,131)
Exercise of options/performance rights	5,049,459	-	-	(758,841)	-	-	-	4,290,618
Vesting of options/performance rights	-	-	-	7,922,101	-	-	-	7,922,101
Balance at 30 June 2021	45,601,593	4,500	272,208	8,268,608	(3,014,276)	(44,550,789)	-	6,581,844

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

EAGLE MOUNTAIN MINING

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2021

	Note	Year ended 30 June 2021 A$	Year ended 30 June 2020 A$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(1,593,606)	(1,208,540)
Payments for exploration and evaluation		(8,330,815)	(2,674,607)
Payments for interest and other financing costs		(34,089)	(51,911)
Interest received		732	867
Government assistance received		50,000	50,000
Net cash used in operating activities	17	(9,907,778)	(3,884,191)
Cash Flows from Investing Activities			
Payment for acquisition of exploration assets		-	(729,667)
Payments for purchase of fixed assets		(122,605)	(8,644)
Payments for bonds and deposits		(144,701)	-
Net cash used in investing activities		(267,306)	(738,311)
Cash Flows from Financing Activities			
Proceeds from the issue of shares and options		19,791,118	1,800,001
Payments for the issue of shares and options		(943,054)	(72,867)
Proceeds from borrowings		144,701	1,626,798
Repayments of borrowings		(154,926)	(11,373)
Repayment of lease liabilities		(129,019)	(100,590)
Net cash generated by financing activities		18,708,820	3,241,969
Net increase/(decrease) in cash held		8,533,736	(1,380,533)
Cash and cash equivalents at the beginning of the year		507,750	1,879,883
Effect of foreign exchange on cash and cash equivalents		77,885	8,400
Cash and cash equivalents at the end of the year	6	9,119,371	507,750

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

EAGLE MOUNTAIN MINING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2021

These consolidated financial statements and notes represent those of Eagle Mountain Mining Limited and its controlled entities (the "Group"). Eagle Mountain Mining Limited is a public limited liability company, incorporated and domiciled in Australia.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial statements for the year ended 30 June 2021 were approved and authorised for issue by the Board of Directors on 20 September 2021.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

These general purpose financial statements for the reporting year ended 30 June 2021 have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements and notes comply with International Financial Reporting Standards.

The financial report has been prepared on an accruals basis and is based on historical cost and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(i) Going Concern

The Group has incurred a loss of $21,070,239 and a net operating cash outflow of $9,907,778 during the year ended 30 June 2021. Cash assets at 30 June 2021 were $9,119,371 and current liabilities at that date were $2,730,346.

The financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

During the financial year, the Group successfully raised $15.5 million (before costs) pursuant to three placements to institutional and sophisticated investors. The Directors will continue to manage the Group's activities with due regard to current and future funding requirements. The Directors reasonably expect that the Company will be able to raise sufficient capital to fund the Group's exploration and working capital requirements, and that the Group will be able to settle debts as and when they become due and payable. On this basis, the Directors are of the opinion that the use of the going concern basis is appropriate in the circumstances.

(ii) Basis of Consolidation

The financial information comprises the financial information of Eagle Mountain and entities (including special purpose entities) controlled by Eagle Mountain (its "subsidiaries").

Control is achieved when Eagle Mountain:

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of Preparation (continued)

(ii) Basis of Consolidation (continued)

The financial information of subsidiaries is prepared for the same reporting period as Eagle Mountain, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Total comprehensive income of subsidiaries is attributed to the owners of Eagle Mountain and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date Eagle Mountain gains control until the date when Eagle Mountain ceases to control the subsidiary.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to Eagle Mountain.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/permitted by the applicable Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(iii) New Accounting Standards Adopted in the Current Year

Application of New and Revised Accounting Standards

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group for the reporting year ended 30 June 2021.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) New Accounting Standards Adopted in the Current Year (continued)

The following Accounting Standards and Interpretations are most relevant to the Group:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The Group has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Group's financial statements.

New Accounting Standards and Interpretations Not Yet Mandatory or Early Adopted

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application date for future reporting periods. There are no material new or amended Accounting Standards which will materially affect the Group.

(b) Exploration, Evaluation and Development Expenditure

Exploration and evaluation expenditure is generally written off in the year incurred, except for acquisition of exploration properties which is capitalised and carried forward.

When production commences, any accumulated costs for the relevant area of interest which have been capitalised and carried forward will be amortised over the life of the area according to the rate of depletion of the economically recoverable resources. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to the area of interest. The carrying value of any capitalised expenditure is assessed by the Directors each reporting period to determine if any provision should be made for the impairment of the carrying value. The appropriateness of the Group's ability to recover these capitalised costs has been assessed at the end of each reporting period and the Directors are satisfied that the value is recoverable.

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at an overall level whenever facts and circumstances suggest that the carrying amount of the assets may exceed recoverable amount. An impairment exists when the carrying amount of the assets exceeds the estimated recoverable amount. The assets are then written down to their recoverable amount. Any impairment losses are recognised in the income statement.

(c) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(d) Interest Income

Interest income is recognised as it accrues.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Foreign Currency Transactions

The financial statements are presented in Australian dollars, which is the functional currency of the Group.

Foreign currency transactions

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

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

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rate at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates for the period, which approximate the rates at the dates of the transactions. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

(f) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. The chief operating decision maker has been identified as the Board of Directors taken as a whole. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the Board of Directors.

(g) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(h) Convertible Note – Derivative Liability

Derivative financial instruments are stated at fair value. The fair value of the derivative has been valued using a valuation technique, including inputs that include reference to similar instruments and option pricing models, which is updated each period. Gains and losses arising from changes in fair value of these instruments together with settlements in the period are accounted for through the consolidated statement of profit or loss and other comprehensive income through net finance costs. The convertible note liability and derivative are removed from the statement of financial position when the obligations specified in the contract are discharged, cancelled or expired.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Convertible Note – Debt Liability

The embedded derivative component of a convertible note is recognised initially at fair value and the debt liability component is calculated as the difference between the financial instrument as a whole and the value of the derivative liability at inception. Any directly attributable transaction costs are allocated to the convertible note debt liability and convertible note derivative liability in proportion to their initial carrying amounts. Subsequent to initial recognition, the debt liability component of the convertible note is measured at amortised cost using the effective interest method.

(j) Lease Liabilities

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

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

(k) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(l) Impairment of Assets

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from the other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generated unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation increase.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Property, Plant and Equipment

Property, plant and equipment assets are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for the assets to be capable of operating in the manner intended by the Group's management.

Property, plant and equipment assets are subsequently measured using the cost model which reflects cost less subsequent depreciation and impairment losses. Depreciation is recognised on a diminishing value basis to write down the cost less estimated residual value of the assets.

Leasehold improvements are capitalised and subsequently amortised over the term of the respective lease.

The following depreciation rates are applied to property, plant and equipment assets on the diminishing value basis:

- Motor vehicles: 25%
- Other property, plant and equipment: 20-50%

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

(n) Right-of-Use Assets

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

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

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

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Taxation

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit and loss is the tax payable on the taxable income using applicable income tax rates enacted or substantially enacted as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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

(q) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(r) Provisions and Contingencies

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

(s) Employee benefits

Short Term Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other Long Term Employee Benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined Contribution Superannuation Expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2021

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Share Based Payment Transactions

The Group recognises the fair value of options and performance rights granted to Directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the consolidated statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

The Group provides benefits to employees (including Directors) of the Group in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees (including Directors) is measured by reference to fair value at the date they are granted. The fair value is determined using the Black Scholes option pricing model.

(u) Issued Capital

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

(v) Critical Accounting Estimates and Judgments

In preparing the financial information, the Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

(i) Significant Accounting Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Acquisition of Oracle Ridge Copper Mine

AASB 3 Business Combinations defines a business as being "an integrated set of activities and assets that is capable of being conducted and managed for the purposes of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants." A business usually consists of inputs, processes and outputs. Inputs and processes are the essential elements that have to be present in order to be classified as a business. Although a business usually has outputs, outputs are not required for an integrated set of assets to qualify as a business.

In November 2019, the Group acquired an 80% share in the Oracle Ridge Copper Mine in Arizona in the United States of America. Management have accounted for this transaction as an acquisition of assets and not as a business combination since, at the date of acquisition, the Oracle Ridge Copper Mine did not have the processes and outputs expected of an operating business. In May 2021, the Company issued 10,000,000 shares to acquire the remaining 20% of the issued capital of Wedgetail Operations LLC, the owner of the Oracle Ridge Copper Mine, which resulted in the full consolidation of that entity in the Group's financial statements.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Significant Accounting Judgements (continued)

Capitalisation of Operating Leases

Determination of lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Determination of incremental borrowing rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used.

To determine the incremental borrowing rate, where possible recent third party financing received by the individual lessee is used as a starting point and adjusted to reflect changes in financing conditions since third party financing was received. If there was no recent third party financing agreement, a build-up approach is used that starts with a risk-free interest rate adjusted for credit risk for the lessee and any further relevant adjustments specific to the lease (such as term, country, currency and security).

(ii) Significant Accounting Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Key Estimates – Impairment of Capitalised Exploration and Evaluation Expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Key Estimates – Share Based Payment Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Fair values of share options are determined using the Black Scholes option pricing model. Should the assumptions used in these calculations differ, the amounts recognised could significantly change.

Key Assumptions – Oracle Ridge Mine Acquisition: Valuation of derivative liability

As part of the acquisition of the Oracle Ridge Copper Mine, a US$6,423,000 secured note was issued to Vincere Resource Holdings LLC. Up to US$3,000,000 of the secured note can be converted into shares of the Company upon the occurrence of various conversion trigger events at variable conversion prices. To derive the fair value of the embedded derivative liability component of the secured note, a number of assumptions have been made. These assumptions are outlined in note 13.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Significant Accounting Estimates and Assumptions (continued)

Key Judgement – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation. At the current stage of the Group's development and its current environmental impact, the Directors believe such treatment is reasonable and appropriate.

Key Judgement – COVID-19 pandemic

Judgement has been exercised in considering the impact of the COVID-19 pandemic on the Group based on known information. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

(w) Fair Value of Assets and Liabilities

The Group is required to classify all assets and liabilities, measured 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly unforced transaction between independent, knowledgeable and willing market participants at the measurement date and is based on the fair value hierarchy.

(x) Government assistance and grants

Assistance received from the government by way of grant or other forms of assistance designed to provide an economic benefit to the Group, is presented in the statement of financial position as deferred income, in instances where the grant is related to assets. In all other cases, grant money is presented in the profit and loss as other income. Grants are recognised when there is reasonable assurance that conditions will be complied with and the grant will be received.

(y) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2021

2. RELATED PARTY TRANSACTIONS

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

- During the prior year, the Company entered into an unsecured loan agreement with a director related entity, Quartz Mountain Mining Pty Ltd ("Quartz Mountain") as trustee for the Bass Family Trust. The principal of US$1,000,000 attracts interest at 2% per annum with the first three months being interest free. The loan's initial maturity date of 27 October 2020 was subsequently deferred to 31 December 2021. During the reporting period, shareholders approved the issue to Quartz Mountain of 950,000 options, exercisable at 20 cents each on or before 1 July 2022, as satisfaction of interest owing to 31 December 2021. Interest expense of US$20,372 (A$28,640) was recognised during the reporting period.
- The Company has entered into a lease agreement with Elk Mountain Mining Limited, an entity associated with Mr Charles Bass, for the lease of the Company's administration offices in Perth, Western Australia. Total lease repayments of $87,387 (2020: $85,847) were paid during the year, including interest of $19,064 (2020: $35,402) and lease principal repayments of $68,323 (2020: $50,445).

3. REMUNERATION OF AUDITORS

	Year ended 30 June 2021 A$	Year ended 30 June 2020 A$
Audit and review of the financial statements	26,300	29,000
Taxation services	2,460	5,620
Total	28,760	34,620

The auditor of Eagle Mountain Mining Limited is William Buck Audit (WA) Pty Ltd. During the reporting period a related entity of William Buck Audit (WA) Pty Ltd provided non-audit services amounting to $2,460 (2020: $5,620) to companies in the Group.

4. LOSS FROM ORDINARY ACTIVITIES

	Year ended 30 June 2021 A$	Year ended 30 June 2020 A$
Included in the loss before income tax are the following specific items of income/(expenses):		
Interest paid/payable on borrowings	(363,822)	(196,556)
Interest paid/payable on leases	(30,914)	(50,725)
Share based payments expense - employees	(6,450,069)	(248,723)
Share based payments expense - suppliers	(1,094,000)	-
Movements in employee leave liabilities	(27,558)	2,257
Project assessment/due diligence costs	-	(196,260)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2021

5. INCOME TAX EXPENSE

	Year ended 30 June 2021 A$	Year ended 30 June 2020 A$
Current tax:		
Current income tax charge/(benefit)	-	-
Current income tax benefit not recognised	-	-
Deferred tax:		
Relating to origination and reversal of timing differences	(424,539)	(466,738)
Deferred tax benefit not recognised	424,539	466,738
	-	-

(a) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

	Year ended 30 June 2021 A$	Year ended 30 June 2020 A$
Loss before tax	(21,070,239)	(4,368,936)
The prima facie tax on loss from ordinary activities attributable to parent entity before income tax: Prima facie tax (benefit) on loss from ordinary activities before income tax at 30% (2020: 27.5%)	(6,321,072)	(1,201,457)
Add/(Less) tax effect of:		
Non-assessable income	(15,000)	-
Exploration costs not deducted for tax	2,169,118	747,198
Non-deductible share based payments	2,263,221	68,399
Share issue costs deducted	(94,486)	(79,584)
Unrealised movement in fair value of financial liabilities	683,123	(73,940)
Deferred tax asset not brought to account	1,315,096	539,384
Income tax attributable to entity	-	-

(b) Deferred tax – statement of financial position

	Year ended 30 June 2021 A$	Year ended 30 June 2020 A$
Liabilities		
Prepaid expenses	42,999	25,165
Foreign exchange	41,228	-
	84,227	25,165
Assets		
Employee leave and other employee liabilities	41,830	16,204
Right-of-use asset	6,212	
Revenue losses available to offset against future taxable income	1,502,046	1,140,039
Deductible equity raising costs	302,519	212,863
	1,852,607	1,369,106
Net deferred tax asset not recognised	1,768,380	1,343,941

5. INCOME TAX EXPENSE (continued)

	Year ended 30 June 2021 A$	Year ended 30 June 2020 A$
(c) Deferred tax – income statement		
Liabilities		
Prepaid expenses	(17,834)	(15,362)
Foreign exchange	(41,228)	-
Assets		
Accrued expenses	-	(11,941)
Employee leave and other employee liabilities	25,626	(129)
Right-of-use asset	6,212	
Deductible equity raising costs	89,756	34,068
Increase in tax losses carried forward	362,007	460,102
Deferred tax benefit movement not recognised	424,539	466,738

The deferred tax benefit of tax losses not brought to account will only be obtained if:

(i) The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the tax losses to be realised;

(ii) The Company continues to comply with the conditions for deductibility imposed by tax legislation; and

(iii) No changes in tax legislation adversely affect the Company realising the benefit from the deduction of the losses.

6. CASH AND CASH EQUIVALENTS

	30 June 2021 A$	30 June 2020 A$
Cash at bank	9,119,371	507,750
Deposits at call	-	-
Total	9,119,371	507,750

Included in cash at bank of $9,119,371 (2020: $507,750) are amounts held in US dollar denominated bank accounts equivalent to $5,306,502 (2020: $302,637).

7. TRADE AND OTHER RECEIVABLES

	30 June 2021 A$	30 June 2020 A$
GST receivable	4,511	2,961
Accrued income and other receivables	158,291	43,839
Prepaid expenses and deposits	143,329	91,509
Total	306,131	138,309

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

8. EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2021 A$	30 June 2020 A$
Movement during the year		
Carrying value – beginning of year	10,378,496	1,164,027
Recognised on acquisition of Oracle Ridge Copper Mine (note 25)[1]	-	9,281,112
Effect of movement in foreign exchange rates	(904,218)	(66,643)
Carrying value – end of the year	9,474,278	10,378,496

[1]Capitalised exploration asset acquisition costs recognised on acquisition of the Oracle Ridge Copper Mine. Exploration and evaluation expenditure is held by Wedgetail Operations LLC, which is a 100% (2020: 80%) owned US based subsidiary of Wedgetail Holdings LLC, a wholly owned subsidiary in the Group.

Carried forward exploration and evaluation expenditure at 30 June 2021 represents the exploration asset acquisition costs recognised on the acquisition of Silver Mountain Mining Pty Ltd and the Oracle Ridge Copper Mine.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improve-ments A$	Office equipment and furniture A$	Field equipment and vehicles A$	Mine plant and equipment A$	Total A$
Cost at the beginning of the year	357,712	91,496	300,380	1,001,221	1,750,809
Effect of foreign exchange movements	(5,303)	(4,075)	(24,753)	(87,231)	(121,362)
Additions	-	13,544	18,964	89,319	121,827
Cost at the end of the year	352,409	100,965	294,591	1,003,309	1,751,274
Accumulated depreciation at the beginning of the year	(189,927)	(67,838)	(117,976)	(109,434)	(485,175)
Effect of foreign exchange movements	3,775	3,061	9,146	10,767	26,749
Depreciation charged in the year	(76,711)	(12,034)	(42,440)	(183,712)	(314,897)
Accumulated depreciation at the end of the year	(262,863)	(76,811)	(151,270)	(282,379)	(773,323)
Net book value at the beginning of the year	167,785	23,658	182,404	891,787	1,265,634
Net book value at the end of the year	89,546	24,154	143,321	720,930	977,951

Assets with a net book value of A$28,440 (2020: A$41,539) held by Silver Mountain Mining Operations Inc. are pledged as security in respect of vehicle loan liabilities (refer note 13).

10. RIGHT-OF-USE ASSET

	30 June 2021 A$	30 June 2020 A$
Opening balance	208,493	322,131
Right-of-use asset additions	439,957	-
Depreciation expense	(129,324)	(121,386)
Foreign currency differences	12,076	7,748
Total	531,202	208,493

The Group leases land and buildings for its offices in Perth, Australia and Arizona, United States of America under agreements with terms of up to five years.

11. TRADE AND OTHER PAYABLES

	30 June 2021 A$	30 June 2020 A$
Current		
Trade creditors and accrued expenses	853,254	30,508
Other payables	1,797	70,478
Payroll liabilities	218,603	78,458
Total	1,073,654	179,444

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

12. LEASE LIABILITIES

	30 June 2021 A$	30 June 2020 A$
Current liability	211,127	111,315
Non-current liability	340,781	117,895
Total	551,908	229,210
Movement in lease liabilities		
Opening balance	229,210	322,131
Increase in liability due to additional leases	439,957	-
Principal repayments	(129,017)	(100,590)
Foreign currency differences	11,758	7,669
Lease liabilities at the end of the year	551,908	229,210

At the beginning of and during the financial year, the Group did not have any short-term leases or leases of low value assets.

13. BORROWINGS

	30 June 2021 A$	30 June 2020 A$
Current		
Vehicle loan amounts due within one year [1]	10,156	11,126
Loan – Paycheck Protection Program [2]	-	155,763
Loans from related parties [3]	1,330,141	1,469,436
	1,340,297	1,636,325
Non-Current		
Loan – derivative liability	3,297,591	1,134,644
Loan – debt liability	7,705,643	8,140,713
Subtotal loan [4]	11,003,234	9,275,357
Vehicle loan amounts due after one year	3,479	14,936
	11,006,713	9,290,293

[1] Vehicle loan amounts are secured over assets with a net book value of A$28,440 (2020: A$41,539) held by Silver Mountain Mining Operations Inc. (refer note 9).

[2] A wholly owned US subsidiary of the Company qualified for a US$106,900 loan under the US Government's Paycheck Protection Program, an initiative intended to incentivise employers to retain workers during the COVID crisis. The loan attracted interest at a rate of 1% per annum. In December 2020, the Small Business Administration reviewed the Company's eligibility for loan forgiveness and approved the forgiveness of entire loan balance.

[3] The Company entered into an unsecured loan agreement with a Director-related entity, Quartz Mountain Mining Pty Ltd ("Quartz Mountain") as trustee for the Bass Family Trust. The principal of US$1,000,000 attracts interest at 2% per annum with the first three months being interest free. The loan's maturity date was deferred from 27 October 2020 to 31 December 2021. In September 2020, shareholders approved the issue of 950,000 options to Quartz Mountain as satisfaction of interest owing to 31 December 2021. The balance outstanding in borrowings at balance date represents the principal of US$1,000,000 translated at the exchange rate at the end of the reporting period. Subsequent to the end of the reporting period, Quartz Mountain agreed to the issue of 1,744,000 shares in lieu of repayment of the US$1,000,000 principal (refer note 19).

[4] In November 2019, the Group acquired an 80% interest in the Oracle Ridge Copper Mine in Arizona in the United States of America, and during the current reporting period acquired the additional 20% interest. Under the terms of the purchase agreement, Wedgetail Operations LLC, a subsidiary in which the Company now holds a 100% interest, entered into a US$6,423,000 secured loan with Vincere Resource Holdings LLC. The loan is secured over all of the assets of Wedgetail Operations LLC, has a ten year term and accrues interest at 3.15% per annum for the first five years with no interest accruing thereafter.

Under the terms of the agreement, the lender has the right to convert up to US$1,000,000 of the secured loan into ordinary shares of the Company upon each of the following three conversion trigger events:

i. The completion of a preliminary feasibility study;
ii. A commitment is made to proceed with a bankable feasibility study; and
iii. A commitment is made to commission the financing of the project as evidenced by a feasibility study sufficient to obtain third party financing.

The terms of the agreement prevent the issue of ordinary shares to the lender where the cumulative amount of shares held as a result of exercising the conversion rights would exceed 10% of the Company's ordinary shares on issue.

13. BORROWINGS (continued)

The conversion price of each conversion right held by the lender is an amount equal to a 20% discount to the 30 day volume weighted average price of the Company's shares for the 30 days immediately after the date of public announcement of the applicable conversion trigger event.

The face value of US$6,423,000 is deemed to comprise of the value of the derivative liability (or conversion right), with the residual being the debt liability component. The debt liability component of the secured loan is amortised at each reporting period using the effective interest method. The derivative liability component is revalued at each reporting date over the life of the secured loan.

Fair Value Measurement

The derivative liability component of the US$6,423,000 loan is 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. Refer to accounting policy note 1(x) for a description of the three levels. The derivative liability has been categorised as Level 3 in the fair value hierarchy and the fair value at the end of the reporting period was A$3,297,591.

There were no transfers between levels during the financial year.

An independent valuation of the derivative liability has been undertaken at 30 June 2021 using a Monte Carlo simulation model with the following assumptions:

Assumptions	Conversion Event 1	Conversion Event 2	Conversion Event 3
Valuation date	30 June 2021	30 June 2021	30 June 2021
Spot price (A$) [1]	$1.000	$1.000	$1.000
Exercise price [2]	$0.814	$0.820	$0.823
Risk free rate	0.20%	0.77%	0.77%
Expected future volatility	100%	100%	100%
Expiry date [3]	25 November 2023	25 November 2024	25 November 2025

[1] The share price of an EM2 share traded on the ASX to market close on 30 June 2021.

[2] Exercise price is equal to a 20% discount to the estimated volume weighted average price of the Company's shares for the 30 days immediately after the public announcement of the applicable conversion trigger event.

[3] The expiry date is the estimated date on which the conversion right will be exercised, for each tranche of conversion rights and is estimated from the date of the agreement.

Based on the above assumptions, the revaluation of the derivative liability resulted in a fair value loss of US$1,700,423 (A$2,277,075) which has been recognised through the profit and loss.

In relation to the restriction of conversion rights up to 10% of the ordinary shares on issue, the valuation is based on the number of shares on issue at valuation date.

Reconciliation of movement in Level 3 derivative liability	30 June 2021 A$	30 June 2020 A$
Movement during the year		
Balance at the start of the financial year	1,134,644	-
Fair value on acquisition	-	1,365,785
Loss/(gain) recognised in profit or loss	2,277,075	(268,872)
Effect of movement in foreign exchange rates	(114,128)	37,731
Balance at the end of the financial year	3,297,591	1,134,644

13. BORROWINGS (continued)

Unobservable inputs for fair value measurement

In determining the fair value measurement of the derivative liability, certain observable inputs such as the share price and exercise price of the conversion rights are used, together with unobservable inputs.

The unobservable inputs used in the valuation of the derivative liability are deemed to be:

1. Issued capital – as the conversion rights are restricted to not more than 10% of the ordinary shares on issue, any increase in issued shares may impact the number of conversion rights that can be exercised; and
2. Timing of the three milestones to be achieved (conversion trigger events).

The Level 3 unobservable inputs and sensitivity are as follows:

Unobservable Input	Change in input	Sensitivity
Shares on Issue	+15%	A 15% increase in share capital will result in no increase in fair value
Date of conversion trigger event	-6 months	A decrease of 6 months in achieving the first and subsequent milestones will result in a decrease in fair value of approximately $176,000
Date of conversion trigger event	+6 months	An increase of 6 months in achieving the first and subsequent milestones will result in an increase in fair value of approximately $155,000

14. OPTIONS AND EQUITY BASED PAYMENTS

Options – Reconciliation of Movements	30 June 2021 No.	30 June 2020 No.
Options on issue at the beginning of the year	26,409,716	23,801,315
Broker options issued[1]	3,846,154	-
Options issued to employees[2]	6,825,000	3,950,000
Options issued to Directors	6,375,000	-
Options issued to Quartz Mountain Mining Pty Ltd[3]	950,000	-
Options issued pursuant to corporate advisory mandate	2,000,000	-
Options cancelled on expiry of offer options – entitlement offer[4]	-	(26,599)
Options cancelled on expiry – employee options	-	(1,315,000)
Options exercised	(16,953,090)	-
Options on issue at the end of the year	29,452,780	26,409,716

[1] Unlisted broker option issued pursuant to a capital raising mandate.
[2] Unlisted options issued to employees of the Company pursuant to the Company's employee incentive plan.
[3] Unlisted options issued in lieu of interest payable on a loan from Quartz Mountain Mining Pty Ltd.
[4] The Company issued options at a price of 1 cent per option pursuant to an entitlement offer exercisable at 40 cents each expiring 15 December 2018. Upon exercise into shares the holder received a further option for each share exercised at 80 cents each and expiring 12 months from issue.

14. OPTIONS AND EQUITY BASED PAYMENTS (continued)

Option Capital – Reconciliation of Movements	30 June 2021 A$	30 June 2020 A$
Balance at the beginning of the year	4,500	4,500
Movements during the year	-	-
	4,500	4,500

	No.	2021 Weighted Average Exercise Price (cents)	No.	2020 Weighted Average Exercise Price (cents)
Options outstanding at the beginning of the year	26,409,716	23.5	23,801,315	23.8
Options granted during the year	19,996,154	51.6	3,950,000	20.6
Options exercised during the year	(16,953,090)	25.3	-	-
Options cancelled and expired unexercised during the year	-	-	(1,341,599)	21.2
Options outstanding at 30 June	29,452,780	41.6	26,409,716	23.5

Basis and Assumptions Used in the Valuation of Options

The options issued during the year were valued using the Black Scholes option valuation methodology, using the following inputs:

Date granted	Number of options granted	Exercise price (cents)	Expiry date	Risk free interest rate used	Volatility applied	Value of Options
23 July 2020	1,325,000	20	1 July 2022	0.26%	102%	$82,415
28 July 2020	1,923,077	20	30 June 2021	0.26%	102%	$124,615
28 July 2020	1,923,077	30	1 July 2022	0.26%	102%	$143,462
25 September 2020	1,325,000	20	1 July 2022	0.21%	97%	$210,544
18 February 2021	2,500,000	52	22 February 2024	0.11%	103%	$354,350
22 February 2021	2,800,000	52	1 July 2024	0.11%	103%	$746,480
30 April 2021	6,000,000	55	1 July 2024	0.11%	103%	$5,856,600
5 May 2021	2,000,000	125	7 May 2023	0.07%	103%	$1,094,000
14 May 2021	200,000	140	1 July 2024	0.10%	103%	$105,900

Historical volatility over the previous 12 months has been used as the expected share price volatility. An expense of $7,498,742 has been recognised through the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2021 (2020: $89,106) in respect of the vesting of options during the year.

Weighted Average Contractual Life

The weighted average contractual life for unexercised options is 38.2 months (2020: 19.2 months).

EAGLE MOUNTAIN MINING

14. OPTIONS AND EQUITY BASED PAYMENTS (continued)

Performance Rights

During the year ended 30 June 2021, 60,000 performance rights vested and 210,000 performance rights were exercised. No performance rights were issued or cancelled during the financial year. An expense of $4,327 has been recognised for the year ended 30 June 2021 (2020: $19,252) in respect of the vesting of performance rights during the year.

15. ISSUED CAPITAL

Shares	*Issue price*	Year ended 30 June 2021 Shares	Year ended 30 June 2021 A$	Year ended 30 June 2020 Shares	Year ended 30 June 2020 A$
Balance at the beginning of the year		115,901,045	15,322,265	103,816,039	13,579,949
Shares issued on exercise of options	*$0.20* *$0.30*	16,953,090	5,011,009	-	-
Shares issued on exercise of performance rights	-	210,000	38,450	85,000	15,182
Entitlement issue shares issued	*$0.15*	-	-	12,000,006	1,800,001
Placement shares issued	*$0.13*	23,076,923	3,000,000	-	-
Placement shares issued	*$0.30*	5,000,000	1,500,000	-	-
Placement shares issued	*$0.35*	31,428,572	11,000,000	-	-
Shares issued for acquisition	*$1.09*	10,000,000	10,900,000	-	-
Employee incentive shares issued	*$0.41*	100,000	41,000	-	-
Less: share issue costs – cash *	-	-	(1,211,131)	-	(72,867)
Balance at 30 June		202,669,630	45,601 593	115,901,045	15,322,265

* No deferred tax asset has been recognised in respect of the share issue costs as at the date of the financial report as it is not probable that it will be realised (refer note 5).

The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia. The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

16. RESERVES

	30 June 2021 A$	30 June 2020 A$
Foreign currency translation reserve	272,208	390,899
Share based payments reserve	8,268,608	1,105,348
Common control reserve	(3,014,276)	(3,014,276)
	5,526,540	(1,518,029)

16. RESERVES (continued)

Movements in reserves:

		Year ended 30 June 2021 A$	Year ended 30 June 2020 A$
a)	Foreign currency translation reserve		
	Balance at the beginning of the year	390,899	297,069
	Exchange (loss)/gain for the year	(100,418)	103,077
	Non-controlling interest in translation differences	(18,273)	(9,247)
	Balance at the end of the year	272,208	390,899

Foreign currency translation reserve

The foreign currency translation reserve records unrealised exchange gains and losses on translation of controlled entities accounts during the year.

		Year ended 30 June 2021 A$	Year ended 30 June 2020 A$
b)	Share based payments reserve		
	Balance at the beginning of the year	1,105,348	888,625
	Fair value vesting expense of options and performance rights	7,922,101	248,723
	Fair value of options/performance rights exercised during the year	(758,841)	(15,182)
	Fair value of options cancelled during the year	-	(16,818)
	Balance at the end of the year	8,268,608	1,105,348

Share based payments reserve

The share based payments reserve has been used to recognise the fair value of options and performance rights issued and vested but not exercised as at the end of the reporting year.

		Year ended 30 June 2021 A$	Year ended 30 June 2020 A$
c)	Common control reserve		
	Balance at the beginning of the year	(3,014,276)	(3,014,276)
	Common control transactions during the year	-	-
	Balance at the end of the year	(3,014,276)	(3,014,276)

Common control reserve

The amount recognised in the common control reserve represents the excess in fair value consideration given, over the net assets acquired, on the acquisition of Silver Mountain Mining Pty Ltd from Silver Mountain Mining Nominees Pty Ltd on 7 December 2017.

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17. CASH FLOW INFORMATION

	Year ended 30 June 2021 A$	Year ended 30 June 2020 A$
Reconciliation of cash flows from operating activities with loss after income tax		
Loss after income tax	(21,070,239)	(4,368,936)
Non-cash items included in profit or loss		
Depreciation expense	444,220	387,772
Gains on foreign exchange	(246,025)	(2,390)
Fair value loss/(gain) on derivative liability	2,277,075	(268,872)
Share based payment expense	7,544,069	248,743
Forgiveness of Paycheck Protection Program loan	(147,921)	-
Accrued interest expense	361,449	195,370
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(116,002)	(27,822)
(Increase)/decrease in prepayments	(51,820)	(55,861)
(Decrease)/increase in employee leave liabilities	56,053	(468)
(Decrease)/increase in accounts payable and accruals	1,041,363	8,273
Net cash outflows from operating activities	(9,907,778)	(3,884,191)

18. SEGMENT INFORMATION

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group operates in one segment, being exploration for mineral resources. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group.

Following the acquisition of Silver Mountain Mining Pty Ltd on 7 December 2017, and the Oracle Ridge Copper Mine in November 2019, the Group operates in Australia and United States of America.

Information regarding the non-current assets by geographical location is reported below. No segment information is provided for United States of America in relation to revenue and profit or loss for the year ended 30 June 2021 or year ended 30 June 2020.

<u>Reconciliation of Non-Current Assets by Geographical Location</u>

	30 June 2021 A$	30 June 2020 A$
Australia	202,911	329,533
United States of America	11,040,979	11,656,035
	11,243,890	11,985,568

19. SUBSEQUENT EVENTS

In August 2021, Quartz Mountain Mining Pty Ltd as trustee for the Bass Family Trust, an entity associated with Mr Charles Bass, has agreed to accept 1,744,000 shares in the Company in lieu of repayment of a US$1,000,000 loan which was due to be repaid by 31 December 2021. The issue of shares is subject to shareholder approval and the effective issue price of 78.4 cents represents a premium to the closing price on 25 August 2021 and a 10% premium to the 20 day VWAP of the Company's shares.

The impact of the COVID-19 pandemic is ongoing. The situation is dependent on measures imposed by the Australian Government, United States Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. It is not practicable to estimate the potential impact, positive or negative, after the reporting date.

Other than as stated above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

20. KEY MANAGEMENT PERSONNEL

(a) *Directors and Key Management Personnel*

The following persons were Directors or Key Management Personnel of Eagle Mountain Mining Limited during the financial year:

(i) *Chairman – Non-Executive*
Rick Crabb

(ii) *Executive Director*
Charles Bass, Managing Director

(iii) *Non-Executive Director*
Roger Port
Brett Rowe (as Alternate Director to Charles Bass)

(iv) *Chief Executive Officer*
Timothy Mason

There were no other persons employed by or contracted to the Company during the financial year, having responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

(b) *Key Management Personnel Compensation*

A summary of total compensation paid to Key Management Personnel is as follows:

	30 June 2021 A$	30 June 2020 A$
Total short term employment benefits	409,166	211,159
Total equity-based payments	6,001,523	59,240
Total post-employment benefits	33,333	19,142
	6,444,022	289,541

21. CONTINGENT ASSETS AND LIABILITIES

The Group has an exploration service agreement with Dragon's Deep Exploration, Inc., an Arizona corporation ("Dragon"). Included in this agreement is a performance bonus payable to Dragon consisting of cash together with shares in Eagle Mountain Mining Limited (shares at market price, escrowed as required by the appropriate exchange) within 10 days of the events detailed below:

Criteria (Specifically related to the Silver Mountain Project)	Cash Bonus	Shares of Value
Minimum of 24 holes completed by the Group with 70% success within 24 months of first drilling[1]	US$50,000	US$150,000
Commencement of a preliminary feasibility study in respect of any land covered by any mining claims or permits held by Silver Mountain Mining LLC and located in Arizona, USA.[2]	US$100,000	US$200,000

1. Success defined as a minimum 40 gram-metre zone (Au equivalent) within each drill hole for 70% of non-condemnation holes drilled.
2. The milestone satisfaction date is the date on which the Company announces to the Australian Securities Exchange that it has commenced a pre-feasibility study on the relevant mining claims or permits. "Pre-feasibility Study" is as defined in the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition).

Phase 1 drilling commenced at the Silver Mountain Project on 1 October 2018 and ended in early June 2019. On this basis, the first criterion listed above has not been met. The Group does not currently foresee a preliminary feasibility study covering the claims held by Silver Mountain Mining LLC commencing in the near future.

Other than the above, the Group has no contingent assets or liabilities outstanding at the end of the year.

22. COMMITMENTS

(a) Exploration Expenditure

In order to maintain the current tenure status of its exploration assets, the Group has certain obligations and minimum expenditure requirements with respect to unpatented claims and Arizona state exploration permits located in Arizona in the United States of America, as follows:

	30 June 2021 A$	30 June 2020 A$
Within 1 year	**495,458**	464,192
After 1 year but not more than 5 years	**1,886,060**	1,943,611
Total	**2,381,518**	2,407,803

(b) Asset Acquisition

The Group has no commitments for asset acquisitions at 30 June 2021 or 30 June 2020.

(c) Other Commitments

A 30-day notice period is required under the drilling contract with Boart Longyear during which time Boart Longyear is entitled to claim standby rates. The estimated commitment, should the contract be terminated, is approximately US$500,000.

22. COMMITMENTS (continued)

(c) Other Commitments (continued)

In April 2021 the Company acquired the remaining 20% of the issued capital of Wedgetail Operations LLC ("WTO") (refer Note 25). Having completed that acquisition and with the Group considering requirements for development it notes the existence of a Reversionary Interest in the Mineral Rights held by Marble Mountain Ventures LLC (MMV) over certain of the Patented Claims covering the mine and also related to surface access rights as noted in an Industrial Property Lease agreement (Lease Agreement). In order to maintain access to the surface infrastructure and undertake the current drill program the Company makes lease payments of approximately US$160,000 per annum to MMV pursuant to the Lease Agreement (refer Note 22(a)) together with additional access payments for drilling.

The Company was of the view that the Reversionary Interest (being the reversion back to MMV of all rights to minerals in the mine area) may have been extinguished through the Receivership process which took place. However recent legal advice has confirmed that the Reversionary Interest is likely to have survived. The Reversionary Interest is provided for in a deed dated 18 February 2010, with reversion set to occur on 18 February 2025, unless an Extension Option is exercised by WTO. In order to exercise the Extension Option WTO needs to provide 30 days written Notice; make an Extension Payment in the order of US$3 million adjusted for CPI; and remain in compliance with various related agreements. Should WTO agree to exercise the Extension Option, WTO's interest in the mineral rights related to certain of the Patented Claims will be extended to 18 February 2040.

23. FINANCIAL RISK MANAGEMENT

The Group has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Company's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board of Directors has the overall responsibility for the risk management framework and has adopted a Risk Management Policy.

(a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

Trade and Other Receivables

The nature of the business activity of the Group does not result in trading receivables. The receivables that the Group does experience through its normal course of business are short term and the most significant recurring by quantity is receivable from the Australian Taxation Office. The risk of non-recovery of receivables from this source is considered to be negligible.

Cash Deposits

The Directors believe any risk associated with the use of predominantly one bank is addressed through the use of at least an A-rated bank as a primary banker. Except for this matter the Group currently has no significant concentrations of credit risk.

(b) Liquidity Risk

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

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Company's current and future operations, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment.

23. FINANCIAL RISK MANAGEMENT (continued)

(c) Market Risk

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

Interest Rate Risk

The Group has cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the Group requires the cash assets to be sufficiently liquid to cover any planned or unforeseen future expenditure, which prevents the cash assets being committed to long term fixed interest arrangements, the Group does mitigate potential interest rate risk by entering into short to medium term fixed interest investments.

Equity Risk

The Group has no direct exposure to equity risk.

Foreign Exchange Risk

The Group holds a portion of its cash assets in US dollar denominated bank accounts and bank deposits. The Group is also significantly exposed to foreign exchange risk through transactions and arrangements in respect of its US based operations.

Other than the above, the Group does not have any direct contact with foreign exchange fluctuations other than their effect on the general economy.

The Group seeks to mitigate foreign exchange risk by considering capital requirements and foreign exchange rates when undertaking treasury transactions, such as utilising US dollar denominated term deposits.

24. FINANCIAL INSTRUMENTS

Credit Risk

The Directors do not consider that the Group's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made (refer note 23(a)).

Impairment Losses

The Directors do not consider that any of the Group's financial assets are subject to impairment at the reporting date. No impairment expense or reversal of impairment charge has occurred during the financial year.

Interest Rate Risk

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

	Carrying amount ($) 2021	Carrying amount ($) 2020
Fixed rate instruments		
Financial liabilities	(8,992,048)	(10,926,618)
Variable rate instruments		
Financial assets	9,119,371	507,750

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2021

24. FINANCIAL INSTRUMENTS (continued)

Cash Flow Sensitivity Analysis for Variable Rate Instruments
A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
2021				
Variable rate instruments	91,193	(91,193)	91,193	(91,193)
2020				
Variable rate instruments	5,077	(5,077)	5,077	(5,077)

Foreign Exchange Risk
At the reporting date the Australian dollar equivalent of amounts recognised by the Group in US dollars were as follows:

	Carrying amount ($) 2021	Carrying amount ($) 2020
Financial assets		
Cash at bank	5,306,502	302,637
Deposits at call	-	-
	5,306,502	302,637
Financial liabilities		
Trade and other payables	(962,703)	(93,695)
Borrowings	(12,347,010)	(10,926,618)
	(13,309,713)	(11,020,313)

Cash Flow Sensitivity Analysis for Foreign Exchange
A change in foreign exchange rates of 5% at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	5% increase	5% decrease	5% increase	5% decrease
2021				
Financial assets	217,134	(217,134)	48,191	(48,191)
Financial liabilities	665,486	(665,486)	665,486	(665,486)
2020				
Financial assets	-	-	15,132	(15,132)
Financial liabilities	551,016	(551,016)	551,016	(551,016)

24. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements (refer note 23(b)):

Consolidated	Carrying amount	Contractual cash flows	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
	$	$	$	$	$	$	$
2021							
Non-Derivatives							
Trade and other payables	1,073,654	1,073,654	1,073,654	-	-	-	-
Borrowings	9,049,419	9,050,483	1,335,618	5,477	3,745	-	7,705,643
Lease liabilities	551,908	551,908	101,174	109,953	195,370	145,411	-
	10,674,981	10,676,045	2,510,446	115,430	199,115	145,411	7,705,643
Derivatives							
Derivative liability	3,297,591	3,297,591	-	-	-	-	3,297,591
	3,297,591	3,297,591	-	-	-	-	3,297,591
2020							
Non-Derivatives							
Trade and other payables	179,444	179,444	179,444	-	-	-	-
Borrowings	9,791,974	9,794,013	1,475,436	6,000	167,762	4,102	8,140,713
Lease liabilities	229,210	229,210	60,396	50,918	77,067	40,829	-
	10,200,628	10,202,667	1,715,276	56,918	244,829	44,931	8,140,713
Derivatives							
Derivative liability	1,134,644	1,134,644	-	-	-	-	1,134,644
	1,134,644	1,134,644	-	-	-	-	1,134,644

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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24. FINANCIAL INSTRUMENTS (continued)

Fair Values

Fair Values Versus Carrying Amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Consolidated 2021 Carrying amount $	Consolidated 2021 Fair value $	Consolidated 2020 Carrying amount $	Consolidated 2020 Fair value $
Cash and cash equivalents	9,119,371	9,119,371	507,750	507,750
Trade and other payables	(1,073,654)	(1,073,654)	(179,444)	(179,444)
Borrowings	(12,347,010)	(12,347,010)	(10,926,618)	(10,926,618)
Lease liabilities	(551,908)	(551,908)	(229,210)	(229,210)
	(4,853,201)	(4,853,201)	(10,827,522)	(10,827,522)

The Group's policy for recognition of fair values is disclosed at note 1(w).

25. ACQUISITIONS

In the prior financial year, the purchase of the Oracle Ridge Copper Mine in Arizona in the United States of America was completed. The mine is held 100% within Wedgetail Operations LLC, which, at the beginning of the current reporting period, was held 80% by Wedgetail Holdings LLC, a wholly owned subsidiary of the Company. The non-controlling interest of 20% was held by Vincere Resource Holdings LLC ("Vincere"). Management accounted for this transaction as an acquisition of assets and not as a business combination since, at the date of acquisition, the Oracle Ridge Copper Mine did not have the processes and outputs expected of an operating business.

On 4 May 2021, Wedgetail Holdings LLC acquired the remaining 20% of the share capital of Wedgetail Operations LLC from Vincere. The Company issued 10,000,000 fully paid ordinary shares to Vincere as consideration for the additional 20% interest. At acquisition date, the fair value of the shares issued was $10,900,000. AASB 10 Consolidated Financial Statements states that changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions (ie transactions with owners in their capacity as owners). As such, the consideration and the change in non-controlling interest were transferred to accumulated losses.

26. CONTROLLED ENTITIES

Eagle Mountain Mining Limited is the ultimate parent entity of the Group.

The following were controlled entities at the end of the financial year and have been included in the consolidated financial statements:

Name	Country of Incorporation	Date acquired/incorporated	Percentage Interest Held 2021	Percentage Interest Held 2020
Silver Mountain Mining Pty Ltd	Australia	7 December 2017	100%	100%
Silver Mountain Mining LLC	United States of America	7 December 2017	100%	100%
Silver Mountain Mining Operations Inc	United States of America	18 January 2018	100%	100%
Wedgetail Arizona Pty Ltd	Australia	18 July 2019	100%	100%
Wedgetail Holdings LLC	United States of America	25 June 2019	100%	100%
Wedgetail Operations LLC	United States of America	18 July 2019	100%	80%

Silver Mountain Mining LLC and Silver Mountain Mining Operations Inc are both 100% owned subsidiaries of Silver Mountain Mining Pty Ltd.
Wedgetail Operations LLC and Wedgetail Holdings LLC are both 100% owned subsidiaries of Wedgetail Arizona Pty Ltd.

The following amounts are payable by subsidiary companies to the parent company at the reporting date:

Name	Amount due to Eagle Mountain Mining Limited 2021 A$	2020 A$
Silver Mountain Mining Pty Ltd	70,183	69,727
Silver Mountain Mining LLC	528,472	528,472
Silver Mountain Mining Operations Inc	9,073,422	8,670,459
Wedgetail Holdings LLC	22,154,520	1,909,877

The loans to subsidiary companies are non-interest bearing and the Directors of Eagle Mountain Mining Limited do not intend to call for repayment within 12 months.

27. NON-CONTROLLING INTEREST

During the financial year, Wedgetail Holdings LLC, a wholly owned subsidiary of the Company, increased its interest in Wedgetail Operations LLC from 80% to 100%. The non-controlling interest ("NCI") of 20% was previously held by Vincere Resource Holdings LLC.

The following table summarises the NCI information relating to Wedgetail Operations LLC before any intra-group eliminations.

Summarised Statement of Financial Position	30 June 2021 A$	30 June 2020 A$
NCI Percentage	0%	20%
Assets		
Current assets	-	12,113
Non-current assets	-	10,147,738
Total Assets	-	10,159,851
Liabilities		
Current liabilities	-	692,309
Non-current liabilities	-	9,275,357
Total Liabilities	-	9,967,666
Net Assets	-	192,185

Summarised Statement of Profit and Loss and Other Comprehensive Income	A$	A$
Revenue	-	-
Loss before income tax	(11,938,703)	(1,915,403)
Other comprehensive income	33,780	46,236
Total comprehensive loss for the year	(11,904,923)	(1,869,167)
Loss allocated to NCI	(1,870,962)	(383,080)
Other comprehensive income allocated to NCI	18,273	9,247

Summarised Statement of Cash Flows	A$	A$
Cash flows from operating activities	(8,736,291)	(1,158,696)
Cash flows from investing activities	(249,050)	(754,569)
Cash flows from financing activities	5,656,454	1,171,090
Net decrease in cash and cash equivalents	(3,328,887)	(742,175)

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For the Year Ended 30 June 2021

28. LOSS PER SHARE

	30 June 2021	30 June 2020
Loss used in calculation of loss per share	$(19,199,277)	$(3,985,856)
Weighted average number of shares used in the calculation of loss per share	158,953,944	108,321,041
Basic and diluted loss per share	(12.1 cents)	(3.7 cents)

Options and performance rights to acquire ordinary shares granted by the Company and not exercised at the reporting date are included in the determination of diluted loss per share, to the extent that they are considered dilutive.

There are 29,452,780 options and 35,000 performance rights on issue at 30 June 2021 (2020: 26,409,716 options and 245,000 performance rights) that have not been considered in calculating diluted loss per share as they are not considered to be dilutive to the reported earnings per share.

29. PARENT ENTITY INFORMATION

	Parent 30 June 2021 A$	Parent 30 June 2020 A$
Assets		
Current assets	8,246,999	226,699
Non-current assets[1]	-	2,981,224
Total Assets	8,246,999	3,207,923
Liabilities		
Current liabilities	1,539,720	1,662,667
Non-current liabilities	125,436	117,895
Total Liabilities	1,665,156	1,780,562
Net Assets	6,581,843	1,427,361
Equity		
Issued capital	45,601,593	15,322,265
Option capital	4,500	4,500
Reserves	8,268,608	1,105,348
Accumulated losses	(47,292,858)	(15,004,752)
Total Equity	6,581,843	1,427,361
Loss for the period[1]	(21,070,239)	(3,875,208)
Other comprehensive income	-	-
Total comprehensive loss for the period	(21,070,239)	(3,875,208)

[1]The Company has recognised a provision against the investment in subsidiary holdings to the extent that parent company net assets exceed those of the Group.

29. PARENT ENTITY INFORMATION (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity is the guarantor in relation to the US$6,423,000 loan from Vincere Resource Holdings LLC ("Vincere"). In addition, the parent entity has entered into a Guarantee of Performance with Vincere under which the parent entity guarantees the full and timely performance of the conversion obligations under the note with Vincere. Refer to note 13.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Commitments
The parent had no exploration or capital commitments as at 30 June 2021 and 30 June 2020.

Accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1.

DIRECTORS' DECLARATION

In the opinion of the Directors of Eagle Mountain Mining Limited ("the Company")

(a) the financial statements and notes set out on pages 20 to 56 are in accordance with the Corporations Act 2001, including:

   (i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
   (ii) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Group.

(b) the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, The Corporations Act 2001 and the Corporations Regulations 2001.

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

(d) the financial statements comply with International Financial Reporting Standards as set out in note 1.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2021.

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

Signed at Perth this 20th day of September 2021.

Rick Crabb
Chairman

Eagle Mountain Mining Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

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

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

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

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

ACCOUNTANTS & ADVISORS
Level 3, 15 Labouchere Road
South Perth WA 6151
PO Box 748
South Perth WA 6951
Telephone: +61 8 6436 2888
williambuck.com

Independent auditor's report to members (continued)

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

Key Audit Matters

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

Acquisition of the remaining 20% interest in Wedgetail Operations LLC	
Area of focus **Refer also to note 25**	**How our audit addressed it**
During the current financial year, Wedgetail Holdings LLC acquired the remaining 20% of the share capital of Wedgetail Operations LLC. The Directors determined in accordance with AASB 10 Consolidated Financial Statements, as there was no change in control of the entity acquired, the transaction should be treated as an equity transaction. The Directors performed their assessment in line with AASB 10 paragraph 23 which states that changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions (i.e. transactions with owners in their capacity as owners).	Our audit procedures included: — A review of the purchase and transfer of membership agreement for the acquisition of the remaining 20% interest in Wedgetail Operations LLC to evaluate the nature of the acquisition. — An evaluation of the Directors assessment that the acquisition falls under paragraph 23 of AASB 10. — An assessment of the adequacy of the Group's disclosures in respect of the acquisition. We concluded that the treatment of the acquisition of the remaining 20% of Wedgetail Operations LLC as an equity transaction was appropriate and in accordance with the relevant Australian Accounting Standards.

Independent auditor's report to members (continued)

Exploration costs capitalised	
Area of focus **Refer also to notes 1(b), 1v(ii) and 8**	**How our audit addressed it**
The Group have recognised exploration costs in relation the Group's exploration programs at the Silver Mountain Project and Oracle Ridge Copper Mine Project located in Arizona, USA. There is a risk that the capitalisation of exploration and evaluation expenditure may exceed the value in use. An impairment review is only required if an impairment trigger is identified. Due to the nature of the resources industry, indicators of impairment applying the value in use model could include: — Viability of the projects — Changes to exploration plans and permits — Loss of rights to tenements — Changes to reserve estimates — Costs of extraction and production	Our audit procedures included: — A review of the directors' assessment of the criteria for the capitalisation of exploration expenditure and evaluation as to whether there are any indicators of impairment of capitalised costs. — An assessment of viability of the tenements and whether there were any indicators of impairment of those costs capitalised in the current period. — An assessment of the adequacy of the Group's disclosures in respect of the transactions. We concluded that the recognition treatment and impairment assessment were in accordance with the relevant Australian Accounting Standards.

Share based payments	
Area of focus **Refer also to notes 1(t), 1v(ii) and 14**	**How our audit addressed it**
The Group has entered into share-based payment arrangements during the year. The options were issued to provide long term incentives for executives and consultants to deliver long term shareholder returns. Participation in the plan was at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. This was a key audit matter because the arrangements required significant judgements and estimations by management, including the following:	Our audit procedures included: — Evaluating the grant dates based on the terms and conditions of the share-based payment arrangements; — Evaluating the fair values of share-based payment arrangements by understanding and documenting the assumptions used; and — For the specific application of the Black Scholes model, we assessed the experience of Management in preparing these calculations. We retested some of the assumptions

— The evaluation of the grant date of each arrangement, and the evaluation of the fair value of the underlying share price of the Company as at the grant date; — The evaluation of key inputs into the Black Scholes option pricing model, including the significant judgment of the forecast volatility of the share option over its exercise period. The results of these share-based payment arrangements materially affect the disclosures.	used in the model and recalculated those fair values using volatility applied in the model to be appropriately reasonable and within industry norms. We also reconciled the vesting of the share-based payment arrangements to disclosures made in both the key management personnel compensation note and the disclosures in the Remuneration Report.

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Independent auditor's report to members (continued)

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 17 of the directors' report for the year ended 30 June 2021.

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

Responsibilities

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

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

CM

Conley Manifis
Director
Date this day 20th of September 2021