



**BOAB**  
METALS LIMITED

FORMERLY  
PACIFICO MINERALS LIMITED

**2021 ANNUAL REPORT**

# CORPORATE DIRECTORY

## **DIRECTORS**

Gary Comb (Chairman)  
Simon Noon (Managing Director & CEO)  
Richard Monti (Non-Executive Director)  
Andrew Parker (Non-Executive Director)

## **COMPANY SECRETARY**

Jerry Monzu

## **REGISTERED OFFICE**

Level 1, 105 St Georges Terrace  
PERTH WA 6000

## **SHARE REGISTRY**

Automic Group Pty Ltd  
Level 2, 267 St Georges Terrace  
PERTH WA 6000

## **BANKERS**

Australian and New Zealand Banking Group Limited  
Level 1, 1275 Hay Street  
WEST PERTH WA 6005

## **AUDITOR**

Stantons International Audit and Consulting Pty Ltd  
Level 2, 1 Walker Avenue  
WEST PERTH WA 6005

## **STOCK EXCHANGE LISTING**

Boab Metals Limited shares are listed on the  
Australian Stock Exchange under the ticker code 'BML'.

## **WEBSITE ADDRESS**

[www.boabmetals.com](http://www.boabmetals.com)

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## FORWARD LOOKING STATEMENTS

*This Annual Report may contain forward looking statements. Such statements are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement. The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward-looking statements will be or are likely to be fulfilled. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document (subject to securities exchange disclosure requirements). The information in this document does not consider the objectives, financial situation or needs of any person. Nothing contained in this document constitutes investment, legal, tax, or other advice.*



# CHAIRMAN'S REPORT

Dear Shareholders,

On behalf of your Board of Directors, I am delighted to present the 2021 Annual Report and recap on the significant progress that Boab Metals has made over the past financial year.

In January 2021, the company was pleased to bring into effect a name change from Pacifico Minerals Ltd to Boab Metals Ltd. The change of company name was not a decision taken lightly, but was made in order to reflect our commitment to the Sorby Hills Project and to align our company to a symbol which connects to the Kimberley community in which we plan to operate for many years.

The 2021 financial year began with the delivery of a Pre-Feasibility Study (PFS) for Sorby Hills confirming a project with robust economic outcomes and it ended with a Definitive Feasibility Study (DFS) well underway and due for delivery in the first half of CY 2022.

We were able to establish a financial platform to execute the extensive work for delivering the DFS by successfully completing a strongly supported \$12m capital raise in September 2020. This funding has enabled Boab and our Joint Venture partner, Yuguang, to embark on a Phase V drilling program which is designed to increase the mineral inventory at Sorby Hills. Pleasingly, the success of this drilling program to date may allow the JV to consider an increase in the project's overall scale.

From a project funding perspective, Boab has advanced discussions with key Australian Government debt funding organisations, whilst also progressing discussions with several commercial banks to ensure the project's capital requirements are underwritten for a financial investment decision in Q2 CY 2022.

During the financial year we've welcomed several new highly experienced professionals to complement a team and a project in which I have great confidence will develop a base metal mine with attractive C1 costs and significant returns to shareholders.

The Board is grateful for the support of all shareholders and would like to commend all staff on their hard work and dedication during the year.

We look forward to a year of substantial milestones for Boab as the company progresses the Sorby Hills project towards a development outcome.



Gary Comb  
Chairman



# MANAGING DIRECTOR'S REPORT

I'm pleased to report that financial year 2021 was an extremely successful period for Boab Metals with our committed team pushing to progress our 75% owned Sorby Hills Project to become a long-term and highly profitable mining company.

In August 2020, we were delighted to report an updated Pre-Feasibility Study (PFS) on the Sorby Hills Project which confirmed the following robust financial outcomes:

- Pre-production capital spend of \$183m to be paid back from outstanding early cash flows within 1.6 years.
- A project NPV of \$303m and IRR of 46% using conservative assumptions for commodity prices.
- A project life of 10 years with an average of \$127m EBITDA over the first two years of operations.

These outstanding PFS results have given your Board and our JV partner confidence to progress to a Definitive Feasibility Study (DFS) which is fully funded for completion and due to be delivered in 1H CY 2022.

In April 2021 we announced an interim Mineral Resource Estimate (44.9Mt at 3.2% Pb, 0.5% Zn and 37g/t Ag) following a very successful Phase IV drilling program which mostly focussed on securing metallurgical and geotechnical samples to support the DFS. The results from this program also confirmed several material extensions outside of the proposed open pits in the PFS. These results gave us confidence to include a further phase V drilling program to investigate the potential to expand the mining and processing capacity in our DFS. Post 2021 FY, the company has been able to report encouraging drilling results from the Phase V campaign (still ongoing at time of writing) which are expected to contribute to an increased mining inventory at Sorby Hills.

Boab was able to add to our asset portfolio by acquiring the Manbarrum Zinc-Silver-Lead Project in July 2021. The 100% owned Manbarrum Project is located approximately 25km east of the Sorby Hills Project and the company will investigate how Manbarrum may be incorporated into Boab's regional production strategy.

The Board was pleased to acquire the services of Mr David English as Chief Operating Officer during the financial year. David brings extensive experience from his time working in senior roles in the development of some of Australia's premier mining operations such as Sandfire's Dugrussa Mine and IGO's Nova Bollinger Mine.

Corporately, the Company is fully funded to deliver the Sorby Hills DFS. Boab is actively engaged with government funding agencies (such as NAIF and EFA) and commercial banks alongside advanced negotiations with several potential off-take partners as the Sorby Hills Project moves rapidly towards a final investment decision in 1H CY 2022.

We were pleased to have effected a name change to Boab Metals Ltd during FY 2021, which better reflects our commitment to the Kimberley region in which we operate. Coinciding with the name change, Boab also conducted a capital reconstruction.

From a community perspective, Boab was delighted to be able to secure the naming rights of the Ord Valley Muster. Our sponsorship of this iconic event underlines our company's commitment to the town of Kununurra and the broader Kimberley community.

I'd like to take this opportunity to acknowledge all of our staff and their families for their continued hard work and extend my appreciation to my fellow Board members for their invaluable guidance over the 2021 financial year. Lastly, I express a deep thanks to our loyal shareholders as we look forward to a rewarding financial year ahead for Boab Metals.



Simon Noon  
Managing Director & CEO





# OPERATIONS REVIEW

## OVERVIEW

The Financial Year 30 June 2021 has seen Boab Metals Limited (“Boab”) or the (“Company”) take significant steps towards reaching a Decision to Mine at its 75% owned Sorby Hills Project (“Sorby Hills” or “the Project”), located within the Kimberley Region of Western Australia.

The Company undertook a range of Technical, Project Execution and Corporate activities that have laid a solid foundation to leverage into what is shaping to be a transformational FY22.

*Key Technical activities completed during period include:*

- release of an optimised Pre-Feasibility Study on the Sorby Hills Project (“PFS”);
- commencement of the Sorby Hills Definitive Feasibility Study (“DFS”);
- completion of a Phase IV drilling program aimed obtaining metallurgical and geotechnical samples and further de-risking the existing Sorby Hills mining inventory ahead the DFS;
- commencement of the DFS Metallurgical Testwork program;
- release of an updated Mineral Resource Estimate incorporating the Phase IV drilling results; and
- commencement of a high impact Phase V drilling program aimed at expanding Sorby Hills mining inventory and increasing the proposed processing plant capacity adopted in the DFS;

*Key Project Execution activities completed during the period include:*

- successful progression to the Due Diligence stage of the financing approval and assessment process of the Northern Australia Infrastructure Facility (“NAIF”);
- receipt of a Letter of Support from Export Finance Australia (“EFA”) with respect to the provision of debt finance for the Sorby Hills Project;
- the appointment of highly experienced Mr David English as the Companies inaugural Chief Operating Officer;
- agreement with Joint Venture partner Henan Yuguang Gold and Lead Co., Ltd to fast track the finalisation of a Mining Joint Venture Agreement to govern the development and operation of Sorby Hills following a Decision to Mine;
- productive initial soundings with Tier 1 offtakers confirming the high saleability of the Lead-Silver concentrate to be produced from Sorby Hills; and
- successful Lender engagement where Boab presented and received positive feedback from potential Commercial Bank financiers on the Sorby Hills Project and indicative financing structure.

# OPERATIONS REVIEW

*Key Corporate activities completed during the period include:*

- a A\$15 million Placement, Share Purchase Plan (“SPP”) and Option Exercise Program to fully fund the Company to a Decision to Mine at Sorby Hills;
- undertaking a Company name change from Pacifico Minerals Limited to Boab Metals Limited (ASX: BML);
- undertaking 25 to 1 consolidation of share capital reducing outstanding shares from 3.8 billion to 152 million;
- becoming the naming rights sponsor of the renowned Ord Valley Muster; and
- subsequent to the year end, undertaking the strategic acquisition of the Manbarrum Zinc-Silver-Lead Project located 25km east of Sorby Hills.

## Technical Activities

### Release of the Sorby Hills Pre-Feasibility Study

On 25 August 2020, the Company released the results of the Optimised PFS on the Project. The PFS confirmed the Project is technically and economically robust, underpinned by detailed test work and growing demand for Lead and Silver as part of the global transition to clean energy. The PFS findings strengthen the Company’s conviction to develop the deposit into a profitable mine.

Highlights of the PFS included:

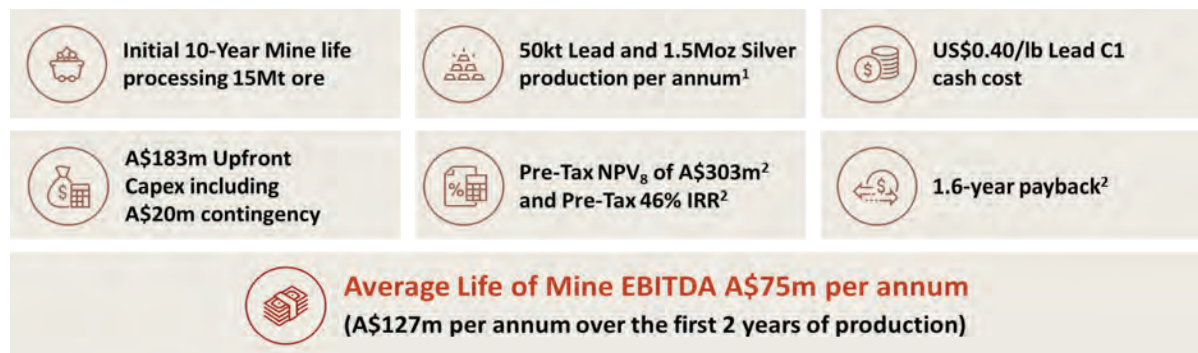
- Low-risk Open Pit project underpinned by a well-defined large-scale Mineral Resource, 92% Ore Reserves and conventional crush-mill-float processing circuit delivering high metal recoveries;
- Mining and processing of 14.8Mt of ore from four deposits at a rate of 1.5Mt per annum over an initial 10-year mine life producing an average 50kt Lead and 1.5Moz of Silver per annum in a high quality 62% Lead concentrate product;
- Gross Revenue of A\$1.85 billion with revenues from Lead and Silver contributing approximately 77% and 23% respectively over the Life of Mine (‘LoM’);
- C1 cash costs of US\$0.40/lb payable Pb (including a net Silver credit of US\$0.27lb/ payable Pb) delivering a LoM operating margin of 40%;
- Total LoM operating cash flow of A\$747 million and average EBITDA of A\$75 million per annum (including A\$127 million per annum over the first 2 years of production);
- Upfront Capex of A\$183 million comprising:
  - Pre-Production Mining capex of A\$24 million;
  - Process Plant and Infrastructure of A\$126 million;
  - Owners Costs of A\$13 million; and
  - Contingency of A\$20 million.

# OPERATIONS REVIEW

- Strong Pre-Tax NPV8 of A\$303 million, generating an IRR of 46% with a payback period of ~1.6 years (assuming conservative average 10-year Lead (US\$2,095/t) and Silver (US\$21.1/oz) prices and an A\$:US\$ exchange rate of 0.70).

Following the positive PFS results, the Company decided to immediately commence workstreams related to the completion of a DFS on the Sorby Hills Project.

**Figure 1: Sorby Hills PFS Base Case key metrics.**



1) Life on mine average

2) NPV based on 10-year average commodity prices. Lead US\$0.95/lb, Silver US\$21.10/oz. AUDUSD FX rate of 0.70

## Phase IV Drilling Program

On the back of the positive PFS result, a Phase IV drilling program comprising 4,803m was undertaken to advance the Project towards DFS status. The bulk of the Phase V drilling (3,340m) was apportioned to generating material for metallurgical and geotechnical testwork with the balance targeting Resource extensions and brown-fields exploration (~1,460m).

Assay results from the Phase IV drilling not only achieved the primary DFS objectives but also confirmed up and down-dip extensions of mineralisation outside the existing Mineral Resource envelope and open pit designs. The new results allowed previously excluded historic intercepts to be incorporated into the Sorby Hills Mineral Resource and encourage the Company to embark on a Phase V program to further assess high impact opportunities revealed by the Phase IV program.

## Updated Mineral Resource Estimate

In April 2021, an updated Mineral Resource Estimate was undertaken by CSA Global incorporating the results of the Phase IV drill program.

The updated Mineral Resource Estimate comprised 44.9Mt at 3.2% Pb, 0.5% Zn and 37g/t Ag using a cut-off of 1% Pb. A comprehensive breakdown of the Mineral Resource by Resource classification and deposit is shown in Table 1.

The updated estimate resulted in an increase in Measured and Indicated Tonnes of 1.3Mt (6%), 24Kt contained Lead (3%) and 1.2Moz contained Silver (5%).

Importantly, the update saw the conversion of 4.0Mt of Indicated Resources to Measured Resources (an increase of 56%) and a significant increase in shallow Resource tonnes (<60m).

# OPERATIONS REVIEW

Table 1: Updated Sorby Hills Mineral Resource Estimate – Pb Domains only.

| Classification by Deposit | Mt          | Grade       |             |           |             | Contained Metal |            |               |              |
|---------------------------|-------------|-------------|-------------|-----------|-------------|-----------------|------------|---------------|--------------|
|                           |             | Pb %        | Zn %        | Ag g/t    | Pb Eq. %    | Pb kt           | Zn kt      | Ag koz        | Pb Eq. kt    |
| <b>A</b>                  |             |             |             |           |             |                 |            |               |              |
| Inferred                  | 0.6         | 5.1%        | 0.9%        | 22        | 5.7%        | 30              | 5          | 411           | 34           |
| <b>Sub Total</b>          | <b>0.6</b>  | <b>5.1%</b> | <b>0.9%</b> | <b>22</b> | <b>5.7%</b> | <b>30</b>       | <b>5</b>   | <b>411</b>    | <b>34</b>    |
| <b>B</b>                  |             |             |             |           |             |                 |            |               |              |
| Measured                  | 1.0         | 4.0%        | 0.3%        | 21        | 4.6%        | 40              | 3          | 673           | 45           |
| Indicated                 | 1.3         | 3.8%        | 0.3%        | 22        | 4.4%        | 51              | 5          | 936           | 59           |
| <b>Sub Total</b>          | <b>2.3</b>  | <b>3.9%</b> | <b>0.3%</b> | <b>22</b> | <b>4.5%</b> | <b>91</b>       | <b>7</b>   | <b>1,608</b>  | <b>105</b>   |
| <b>Omega</b>              |             |             |             |           |             |                 |            |               |              |
| Measured                  | 7.3         | 3.4%        | 0.4%        | 36        | 4.4%        | 250             | 26         | 8,517         | 324          |
| Indicated                 | 6.5         | 3.5%        | 0.4%        | 33        | 4.4%        | 225             | 28         | 6,760         | 283          |
| Inferred                  | 2.9         | 3.0%        | 0.5%        | 32        | 3.9%        | 85              | 15         | 2,956         | 111          |
| <b>Sub Total</b>          | <b>16.7</b> | <b>3.4%</b> | <b>0.4%</b> | <b>34</b> | <b>4.3%</b> | <b>560</b>      | <b>69</b>  | <b>18,233</b> | <b>718</b>   |
| <b>Norton</b>             |             |             |             |           |             |                 |            |               |              |
| Measured                  | 2.8         | 4.1%        | 0.3%        | 76        | 6.2%        | 114             | 9          | 6,745         | 173          |
| Indicated                 | 2.2         | 3.2%        | 0.5%        | 37        | 4.2%        | 71              | 10         | 2,606         | 94           |
| Inferred                  | 15.0        | 2.4%        | 0.5%        | 28        | 3.2%        | 360             | 70         | 13,716        | 479          |
| <b>Sub Total</b>          | <b>20.0</b> | <b>2.7%</b> | <b>0.4%</b> | <b>36</b> | <b>3.7%</b> | <b>545</b>      | <b>89</b>  | <b>23,067</b> | <b>745</b>   |
| <b>Alpha</b>              |             |             |             |           |             |                 |            |               |              |
| Indicated                 | 1.0         | 2.8%        | 0.6%        | 50        | 4.2%        | 28              | 6          | 1,627         | 42           |
| Inferred                  | 1.0         | 3.4%        | 1.4%        | 85        | 5.8%        | 33              | 13         | 2,625         | 56           |
| <b>Sub Total</b>          | <b>2.0</b>  | <b>3.1%</b> | <b>1.0%</b> | <b>67</b> | <b>5.0%</b> | <b>61</b>       | <b>19</b>  | <b>4,251</b>  | <b>98</b>    |
| <b>Beta</b>               |             |             |             |           |             |                 |            |               |              |
| Inferred                  | 3.3         | 4.6%        | 0.4%        | 61        | 6.3%        | 152             | 14         | 6,476         | 208          |
| <b>Sub Total</b>          | <b>3.3</b>  | <b>4.6%</b> | <b>0.4%</b> | <b>61</b> | <b>6.3%</b> | <b>152</b>      | <b>14</b>  | <b>6,476</b>  | <b>208</b>   |
| <b>Total Resource</b>     |             |             |             |           |             |                 |            |               |              |
| Measured                  | 11.1        | 3.6%        | 0.3%        | 45        | 4.9%        | 404             | 38         | 15,934        | 542          |
| Indicated                 | 11.0        | 3.4%        | 0.4%        | 34        | 4.3%        | 375             | 49         | 11,929        | 478          |
| Inferred                  | 22.8        | 2.9%        | 0.5%        | 36        | 3.9%        | 660             | 117        | 26,184        | 887          |
| <b>Total</b>              | <b>44.9</b> | <b>3.2%</b> | <b>0.5%</b> | <b>37</b> | <b>4.3%</b> | <b>1,438</b>    | <b>203</b> | <b>54,046</b> | <b>1,907</b> |

Note: Tonnes and Grade are rounded. Reported at a 1.0% Pb Cut-Off.

Discrepancy in calculated Contained Metal is due to rounding.  
See Compliance Statements for Metal Equivalent calculation method.  
Lead Equivalent calculation excludes Zinc.

The Mineral Resource associated with the Zinc domains of the Alpha deposit (Table 2) was not included in the latest Mineral Resource update and remains as previously released (ASX release 2 June 2020).

# OPERATIONS REVIEW

**Table 2: Sorby Hills Mineral Resource Estimate – Alpha Deposit Zn Domains only.**

| Classification by Deposit | Mt         | Pb %       | Zn %       | Ag g/t    | Pb kt     | Zn kt      | Ag Moz     |
|---------------------------|------------|------------|------------|-----------|-----------|------------|------------|
| <b>Alpha</b>              |            |            |            |           |           |            |            |
| Indicated                 | 1.7        | 0.3        | 2.5        | 21        | 5         | 43         | 1.1        |
| Inferred                  | 3.4        | 0.5        | 2.9        | 31        | 17        | 105        | 3.4        |
| <b>Sub Total</b>          | <b>5.1</b> | <b>0.5</b> | <b>2.7</b> | <b>28</b> | <b>22</b> | <b>148</b> | <b>4.5</b> |

*Note: Tonnes and Grade are rounded. Reported at a 1.0% Zn Cut-Off (ASX release 2 June 2020). Discrepancy in calculated Contained Metal is due to rounding.*

## Phase V Drilling Program

On the back of positive results from the Phase IV drilling program, Boab formed the view that a significant opportunity existed to materially expand the Sorby Hills mining inventory ahead of the DFS through a high impact Phase V drilling program.

The Phase V drilling program commenced in May 2021 with a planned objective of completing a minimum of 4,200m across 48 holes with specific targets including:

- high impact targets identified in the Phase IV drilling program located proximal to the current Sorby Hills open-pit designs;
- infill and extensional drilling of the Zinc-rich Alpha and high Silver Beta deposits for the first time since Boab's acquisition of the Project in 2018;
- further drill testing of the Lead mineralisation previously intersected at the Wildcat target; and
- inaugural testing of the highly prospective Eight Mile Creek Project, located immediately south of Sorby Hills.

Preliminary results encouraged the Company to extend the Phase V drilling program with a total of 59 diamond drill holes ultimately being completed for a total of 5,284m.

Initial assay results from 24 of the Phase V diamond drills holes have confirmed observed mineralisation in the drill core with selected results including:

- SHMD070: 17m @ 3.39% Pb & 15g/t Ag from 58m
- SHMD073: 17m @ 3.02% Pb & 13g/t Ag from 75m
- SHMD066: 5m @ 6.77% Pb & 26g/t Ag from 100m
- SHMD066: 4.5m @ 2.39% Pb & 102g/t Ag from 31m
- SHMD074: 5m @ 7.08% Pb & 91g/t Ag from 108m

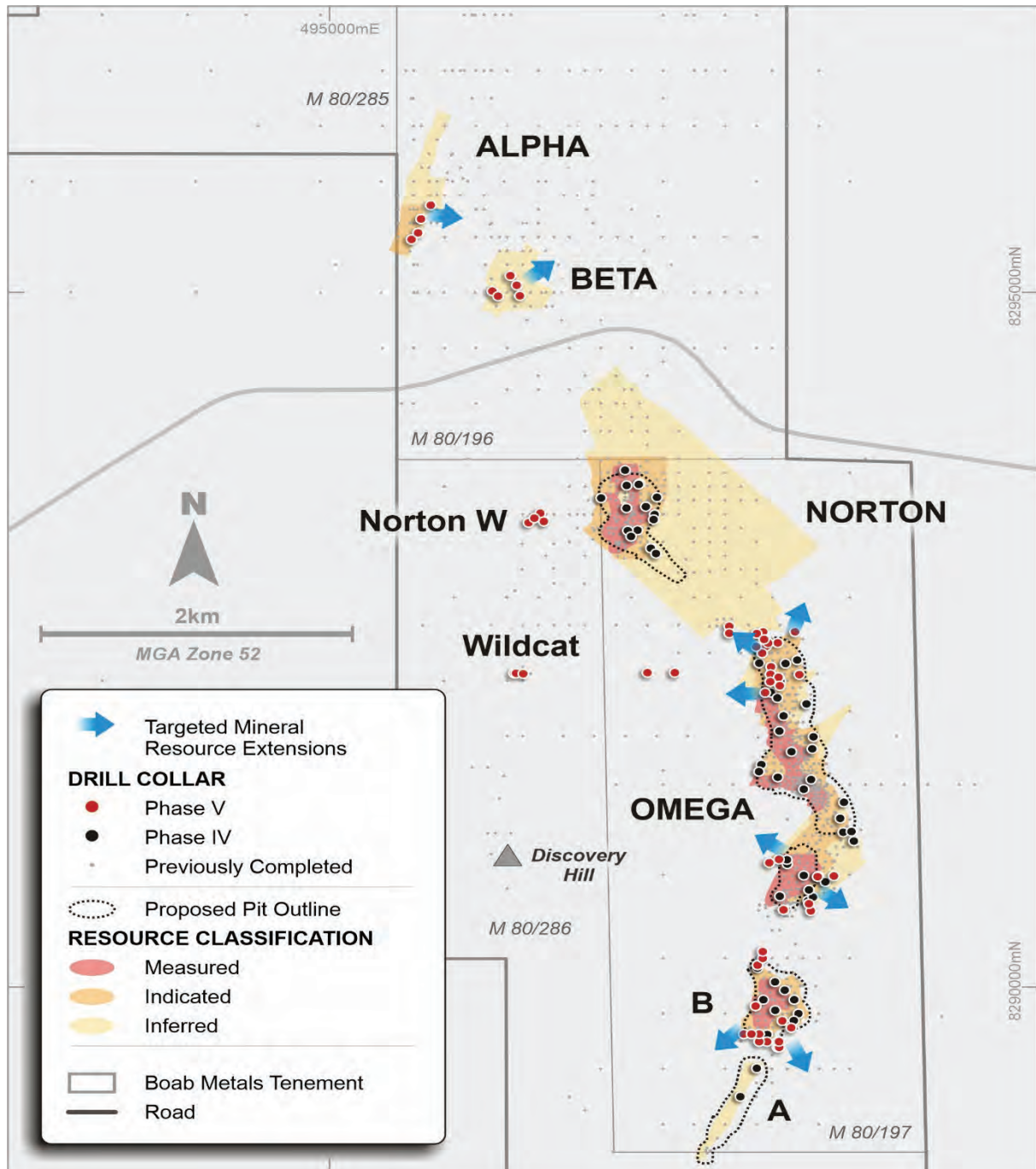
Results from the remaining 29 diamond drill holes are pending at this point in time.

# OPERATIONS REVIEW

Following the release of the diamond drill rig, Boab made the decision to undertake an addition 15 reverse circulation holes to tighten drill spacing aimed at increasing Resource confidence at the Beta Deposit and test conceptual targets at the Eight Mile Creek (E80/5317) immediately south and along strike of Sorby Hills.

The results of the Phase V diamond drill program will dovetail with those of the ongoing DFS Metallurgical program and act as inputs to an investigation into the potential to expand the currently proposed processing capacity at Sorby Hills.

**Figure 2: Drill hole locations**



# OPERATIONS REVIEW

## DFS Metallurgical Test work

In February 2021, Boab commenced the DFS Metallurgical Testwork Program. Key activities of the program have included:

- Materials Handling testwork – to define bulk solids flow properties to provide materials handling design details.
- Comminution testwork - to define crushing and grinding characteristics as a function of ore type and location in the processing schedule.
- Heavy Liquid Separation testwork - to define optimum crush size for DMS beneficiation of lower grade ore and variability response.
- Flotation testwork - to define optimal grind size, reagent regime and flotation circuit design as a function of ore type and location in the processing schedule, including locked cycle tests for the schedule composites.
- Dewatering testwork - including tailings and concentrate thickening and filtration vendor equipment selection/sizing testwork.
- Lead-Silver Concentrate testwork - including Transportable Moisture Limit measurement and the provision of concentrate product to support the securing of binding Offtake agreements.

Results of the Metallurgical Testwork Program are expected to be finalised during September 2021.

## Project Execution Activities

### Appointment of Chief Operations Officer

On 12 January 2021, Mr David English was appointed as the inaugural Chief Operating Officer of the Company. The appointment represented a significant milestone in the progress towards a decision to mine and is a testament to the ambition and ongoing growth of the Company.

Mr English brings to Boab a wealth of experience gained from nearly 40 years in operations and project development across some of Western Australia's most prominent resource projects and processing operations including Independence Group's Nova Nickel Project, Sandfire's Degussa Project and BHP Billiton-Nickel West Mount Keith Operation.

### Engagement with NAIF

On 14 September 2020, Boab announced they had engaged with NAIF in regard to debt financing for the development of Sorby Hills. NAIF is an Australian Federal Government organisation with an aggregate of A\$5 billion of debt finance which may be lent on concessional terms to support infrastructure development that generates public benefit for northern Australia.

Sorby Hills Project, located 50 kilometres north-east of Kununurra in the Kimberley Region of Western Australia, will deliver employment opportunities and economic activity to the Kimberley region, with a peak of 200 plus construction personnel and over 170 operations personnel during the life of the Project.

# OPERATIONS REVIEW

Sorby Hills has passed through the Stage 1 Initial Review of NAIF's Assessment and Approval process and continues to have an open dialogue with NAIF as the Project advances the Sorby Hills DFS and toward the Stage 2 Detailed Review.

## Engagement with EFA

During the period, Boab received a Letter of Support confirming that, subject to further due diligence and credit assessment, EFA would consider participating in the project financing of Sorby Hills.

EFA is Australia's export credit agency. It provides financial solutions to support Australian exporters, including loans, bonds and guarantees. EFA finance complements debt finance from commercial lenders and works alongside other Commonwealth financing bodies to fund commercially viable projects.

Projects which boost the ability to extract and process minerals in Australia for export, such as the Sorby Hills Project, may be eligible for support from EFA.

## Engagement with Commercial Banks

During the final quarter of the period, Boab undertook a Lender Roadshow where the Sorby Hills Project was introduced to a suite of Commercial Banks.

Presentations involved showcasing the results of the PFS, outlining the Companies pathway to a Decision to Mine and discussing indicative debt financing structures.

The response from Commercial Banks was very positive and provided an opportunity for early feedback for Boab to consider incorporating into the DFS and project execution workstreams.

## Offtake Discussions

During the period, Boab undertook Preliminary Offtake Soundings process with a suite of leading base metals customers with respect to Boab's 75% share of the Lead-Silver concentrate to be produced at Sorby Hills. The purpose of the Preliminary Offtake Soundings was:

- to build relationships between Boab and a range of Tier-1 offtake partners;
- to receive indicative offtake terms for the concentrate to be produced from Sorby Hills; and
- canvas customer feedback to inform the ongoing Sorby Hills Definitive Feasibility Study.

The preliminary soundings were extremely positive and demonstrated significant demand for the Lead-Silver concentrate to be produced at Sorby Hills.

The Company intends to undertake a competitive offtake tender for the Offtake Rights over the coming months with the aim of concluding a binding offtake agreement ahead of release the Sorby Hills DFS.

## Joint Venture Discussions

The Sorby Hills Project is a Joint Venture with Henan Yuguang Gold and Lead Co., Ltd, ("Yuguang") the largest Lead smelting company and Silver producer in China.



# OPERATIONS REVIEW

During the period, Boab and Yuguang agreed to accelerate finalisation of the Mining Joint Venture Agreement that will replace the existing Joint Venture agreement and govern the development and operation of Sorby Hills following a Decision to Mine.

Advancing the Mining Joint Venture Agreement will help facilitate engagement with potential financiers and enable smooth transition from the DFS project development and construction.

## Corporate Activities

### Name Change and Share Consolidation

The Company held its AGM on 23 December 2020. Key Shareholder Approvals from the AGM were received for:

- the change of Company name to Boab Metals Limited (previously Pacifico Minerals) with a new ASX ticker code of ASX: BML – the new name was chosen to better reflect the location of the Company's flagship Sorby Hills Project, located in the Kimberley Region of Western Australia; and
- the consolidation of share capital on a twenty-five (25) to one (1) basis resulting in a capital structure better suited for the financing of the Sorby Hills Project.

### Naming Rights Sponsor of the Ord Valley Muster

Boab was announced as the naming rights sponsorship for the Ord Valley Muster in 2022 and 2023.

The iconic Kimberley event, which celebrated its 20th year in 2021, brings together the vibrant Kununurra community and attracts thousands of visitors to experience the stunning landscape, cultural diversity and famous Kimberley hospitality. Taking on the naming rights sponsorship from Rio Tinto and the Argyle Diamond Mine is a big step for Boab Metals and one that the Company is incredibly proud of.

### Strategic Acquisition of Manbarrum Zinc-Silver-Lead Project

Post the financial year end, Boab announced it had entered into a binding agreement with Todd River Metals Pty Ltd to acquire the Manbarrum Zinc-Silver-Lead Project for a total consideration of:

- A\$500,000 in Boab shares at an issue price of A\$0.4214 per share (30 day VWAP); and
- a Net Smelter Return Royalty of 1.25% on future revenue generated from minerals extracted from the Manbarrum Project.

Boab has the right to buy-back the Royalty at market value following the completion of a Pre-Feasibility Study on the Manbarrum Project.

The Manbarrum Project is located 25km east of Sorby Hills and covers geology that is genetically related to that found at Sorby Hills allowing for an effective transfer of technical knowledge to maximise exploration and Resource development potential. The Manbarrum Project comprises four tenements including 2 granted mining leases and multiple deposits that have been the subject of Mineral Resource Estimates (see Todd River Resources prospectus dated 4 April 2017) and conceptual open pit mining studies (see Todd River Resources announcement dated 10 April 2018).

# OPERATIONS REVIEW

While the Company remains focussed on the development of the Sorby Hills Project, the strategic acquisition of the Manbarrum Project provides an opportunity to investigate a broader regional production strategy that leverages the clear synergies between the two projects.

No exploration activities were carried out during the financial year at the Borroloola West JV project in the Northern Territory or at the company's 100% owned exploration projects in Colombia.

## Share Placement and Option Exercise Program

On 18 September 2020, the Company announced that it had received firm commitments from sophisticated and professional investors to raise A\$10 million (before costs) through the issue of 555,555,920 ordinary shares at 1.8 cents per Share, the placement was completed on 24 September 2020.

Furthermore, on 9 October 2020 the Company announced that it had raised A\$240,000 from a SPP, through the issue of 13,333,322 ordinary shares at 1.8 cents per share. An Option Exercise Program was also completed during the period whereby A\$4.8 million was raised.

Funds raised from the Placement, options exercise and SPP have and will be used to execute the DFS workstreams and focus on further de-risking, value-adding and exploration opportunities aimed at progressing Sorby Hills toward a Decision to Mine.

## Conclusion

The Company finished Financial Year 2021 with a cash position of A\$12.9 million and is well placed to continue the execution of Project workstreams aimed at delivering a high-quality DFS in early 2022 and moving swiftly toward a Decision to Mine.

## Compliance Statements

Information included in this Annual Report relating to Exploration Results has been extracted from the ASX Announcement titled "Assays Confirm Success at Sorby Hills" dated 25 August 2021 and available to view at [www.boabmetals.com](http://www.boabmetals.com). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Mineral Resource Estimate.

Information included in this Annual Report relating to Mineral Resources has been extracted from the Mineral Resource Estimate dated 6 April 2021, available to view at [www.boabmetals.com.au](http://www.boabmetals.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Mineral Resource Estimate and that all material assumptions and technical parameters underpinning the estimates, continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Mineral Resource Estimate.

Information included in this Annual Report relating to Ore Reserves, Production Targets and Financial Forecasts has been extracted from the Pre-Feasibility Report and Ore Reserve Statement dated 25 August 2020, available to view at [www.boabmetals.com.au](http://www.boabmetals.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Ore Reserve Statement and that all material assumptions and technical parameters underpinning the estimates, production targets and financial forecasts continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Ore Reserves Statement.

# OPERATIONS REVIEW

## Metal Equivalent Calculation Method

The contained metal equivalence formula is based on the Sorby Hills PFS including:

- Lead Price US\$2,095/t;
- Lead recovery of 93.3% (weighted average of oxide and fresh Pb recoveries);
- Lead Payability rate of 95%;
- Silver Price US\$21.1/oz;
- Silver recovery of 80.3% (weighted average of oxide and fresh Ag recoveries); and
- Silver Payability rate of 95%.

It is Boab's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold.

The formula used to calculate lead equivalent grade is:

$$\text{MetalEq (\%)} = G_{\text{pri}} + (G_{\text{pri}} \times [\sum_i R_i S_i V_i G_i] / (R_{\text{pri}} S_{\text{pri}} V_{\text{pri}} G_{\text{pri}}))$$

where R is the respective metallurgical metal recovery rate, S is the respective smelter return rate, V is metal price/tonne or ounce, and G is the metal commodity grade for the suite of potentially recoverable commodities (i) relative to the primary metal (pri).

Metal equivalents are highly dependent on the metal prices used to derive the formula. Boab notes that the metal equivalence method used above is a simplified approach. The metal prices are based on the PFS values adopted and do not reflect the metal prices that a smelter would pay for concentrate nor are any smelter penalties or charges included in the calculation. Owing to limited metallurgical data, zinc grades are not included at this stage in the lead equivalent grade calculation.



# DIRECTORS' REPORT

Your Board of Directors ("Board" or "Directors") present their report on the consolidated entity (referred to hereafter as the Group) consisting of Boab Metals Limited and the entities it controlled at the end of, or during, the year ended 30 June 2021.

## FINANCIAL AND OPERATING REVIEW

### FINANCIAL REVIEW

The Group began the financial year with a cash reserve of \$2,908,551. During the year total exploration expenditure incurred by the Group amounted to \$3,822,870 (2020: \$2,124,010). In line with the Group's accounting policies, all exploration expenditure incurred in the ordinary course of operations was expensed. The result for the year was an operating loss after income tax of \$5,038,982 (2020: \$3,132,179). During the year, Boab completed capital raisings for \$15,360,929 before costs. As at 30 June 2021, available cash funds totalled \$12,896,960 (2020: \$2,908,551).

### OPERATING RESULTS

Summarised operating results for the year are as follows:

|  | 2021           |                    |  |
|--|----------------|--------------------|--|
|  | Revenues       | Results            |  |
|  | \$             | \$                 |  |
| <b>Geographic Segments</b>   |                |                    |  |
| <b>Australia</b>   |                |                    |  |
| Revenues and (loss) from ordinary activities before income tax expense | 515,622        | (5,055,394)        |  |
| <b>Colombia</b>  |                |                    |  |
| Revenues and profit from ordinary activities before income tax expense | 6              | 16,412             |  |
| <b>Revenue/(Loss before income tax)</b>                                | <b>515,628</b> | <b>(5,038,982)</b> |  |
|  |                |                    |  |
| <b>Shareholder Returns</b>   | <b>2021</b>    | <b>2020</b>        |  |
| Basic Loss per share (cents per share)                                 | (3.55)         | (2.81)             |  |

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year there were no significant changes in the state of affairs of the Group other than as disclosed in this report.

# DIRECTORS' REPORT

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 21 July 2021, Boab announced that it had signed a Binding Agreement with Todd River Metals Pty Ltd to acquire 100% of the Manbarrum Project including associated mining leases, mining lease applications, exploration licences, and mining information ("Sale Assets").

Consideration for the purchase of the Sales Assets comprises:

- a) The issue and allotment by Boab to Todd River (or its nominee) of A\$500,000 of fully paid ordinary shares ("Consideration Shares") in the Company upon Completion of the transaction at an issue price of A\$0.4214 per share (being equal to the 30 day VWAP prior to the execution of the Binding Agreement);
- b) The Consideration Shares will be issued out of the Company's existing capacity in accordance with ASX Listing Rule 7.1 and will be subject to a voluntary escrow period of 12 months; and
- c) Net Smelter Return (NSR) Royalty of 1.25% payable on future revenue generated from the sale of minerals extracted from the Manbarrum Project. The royalty will be secured by a mining mortgage over the Manbarrum Project tenements that may be subordinated to potential project financiers provided certain conditions are met. Boab has retained the right to buy-back the royalty at market value subject to the completion of a Pre-Feasibility Study on the Manbarrum Project.

On 31 August 2021, the Company announced that all conditions precedent had been met and that the Manbarrum acquisition was now complete. The Company has settled the consideration for the purchase being A\$500,000 in the form of 1,186,521 fully paid ordinary shares ("Consideration Shares"). The Consideration Shares have been issued out of the Company's existing capacity in accordance with ASX Listing Rule 7.1 and are subject to a voluntary escrow period of 12 months.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group will continue exploration and development activities and to assess commercial opportunities for corporate growth, including the acquisition of interests in projects, as they arise. Due to the unpredictable nature of these opportunities, developments may occur at short notice.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to substantial environmental regulation regarding its exploration activities. The Group endeavours to maintain an appropriate standard of environmental care through awareness of, and compliance with, new and existing environmental legislation. The Directors are not aware of any breach of environmental legislation for the year under review.

# DIRECTORS' REPORT

## RISK MANAGEMENT

The Board is responsible for ensuring that risks and opportunities are identified on a timely basis and that activities are aligned with these. The Board has not established a separate risk management committee under the belief that it is crucial for all Board members to be a part of this process. The Board has several mechanisms in place to ensure that managements' objectives are aligned with Board identified risks. Mechanisms include board approval of a strategic plan (designed to meet stakeholders' needs and reduce business risk), and Board approved operating plans and budgets (with progress monitored by the Board).

## CORPORATE GOVERNANCE

The Directors support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. The Directors are focused on fulfilling their responsibilities individually, and as a Board, for the benefit of all Company stakeholders. That involves recognition of, and a need to adopt, principles of good corporate governance. The Board supports the guidelines on the '*Principles of Good Corporate Governance and Recommendations – 4<sup>th</sup> Edition*' established by the ASX Corporate Governance Council. Given the size and structure of the Group, the nature of its business activities, the stage of its development and the cost of strict and detailed compliance with all of the recommendations, it has adopted a range of modified systems, procedures and practices which enable it to meet the principles of good corporate governance. The Groups' practices are consistent with the guidelines and where these do not directly relate to the recommendations in the guidelines the Group considers that its adopted practices are appropriate. Corporate Governance policies can be found on the Company website.

## INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Group has paid an insurance premium in respect of a Directors' and Officers' Liability insurance contract. The insurance premium relates to liabilities that may arise from an officer's position, except for conduct involving a wilful breach of duty or improper use of information or position to gain personal advantage. The contract of insurance prohibits the disclosure of the nature of the liabilities and the amount of premium.

## DIRECTORS MEETINGS

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director while they held the position. During the financial year, 5 board meetings were held (2020: 4).

| Directors     | Board of Directors |          |
|---------------|--------------------|----------|
|               | Eligible           | Attended |
| Gary Comb     | 5                  | 5        |
| Simon Noon    | 5                  | 5        |
| Richard Monti | 5                  | 5        |
| Andrew Parker | 5                  | 5        |

# DIRECTORS' REPORT

## INFORMATION ON DIRECTORS

**GARY COMB** *BE(Mech), BSc, Dip Ed.*

**Chairman**

Gary was appointed 9 March 2020. Gary is an engineer with over 30 years' experience in the Australian mining industry, with a strong track record in successfully commissioning and operating base metal mines.

### Interests in Shares, Options and Performance Rights (Post-consolidation)

560,237 Ordinary Shares.

120,000 Class "B" Unlisted Performance Rights

140,000 Class "C" Unlisted Performance Rights

160,000 Class "D" Unlisted Performance Rights

### Other Directorships in Listed Entities in the past three years

Ironbark Zinc Limited and Cyprium Metals Limited.

**SIMON NOON** *MAICD, AFAIM*

**Managing Director & CEO**

Simon was appointed 19 October 2013. Simon is an experienced executive having spent the past 10 years' managing listed resources companies. Simon has a strong background in strategic management, business planning, finance and capital raising, and experience with a variety of commodities.

Simon's career highlights include managing Groote Resources Limited from a market capitalisation of less than \$5M, to market highs in excess of \$100M as the Executive Director. After leaving Groote, Simon co-founded West Rock Resources Limited where he held the position of Managing Director until the company was acquired by Boab in 2013. While managing West Rock, Simon secured and operated joint ventures and strategic alliances with mid and top tier miners.

As Boab's Managing Director & CEO, Simon has led the company from a greenfields explorer to a company that has the potential to become a significant global lead and silver producer.

Simon is a passionate member of the WA resources industry, a member of the Australian Institute of Company Directors and an Associate Fellow of the Australian Institute of Management.

### Interests in Shares, Options and Performance Rights (Post-consolidation)

1,817,119 Ordinary Shares

480,000 Class "B" Unlisted Performance Rights.

480,000 Class "C" Unlisted Performance Rights.

### Other Directorships in Listed Entities in the past three Years

Nil.



# DIRECTORS' REPORT

## **RICHARD MONTI**

*BSc (Hons), Grad Dip AppFin., MAusIMM*

### **Non-Executive Director**

Richard was appointed 12 October 2009 and resigned as Non-Executive Chairman on 6 March 2020, from this date Richard assumed the role of Non-Executive Director. Richard is a geologist with a successful career of over thirty years in the international mineral resource industry resulting in broad industry knowledge and strong strategic planning capabilities. Richard has over forty-six director-years' experience on thirteen ASX and TSX listed mining and exploration companies from micro-caps through to mid-size miners and has built and managed teams of up to seventy personnel. Richard was principal of a corporate advisory firm, Ventnor Capital, from 2005 to 2010 and is currently principal of Terracognita which supplies advice to resource industry companies.

#### Interests in Shares, Options and Performance Rights (Post-consolidation)

1,324,982 Ordinary Shares.

100,000 Class "B" Unlisted Performance Rights.

100,000 Class "C" Unlisted Performance Rights.

#### Other Directorships in Listed Entities in the past three years

Zinc of Ireland NL, Black Dragon Gold, Alto Metals Limited and Caravel Minerals Limited.

## **ANDREW PARKER LLB**

### **Non-Executive Director**

Andrew was appointed 12 October 2009, and holds a law degree from the University of Western Australia and has significant experience in the exploration and mining industry and a wealth of expertise in corporate advisory, strategic consultancy, and capital raisings. Before joining Boab, he co-founded Trident Capital Pty Ltd, a corporate advisory and venture capital firm where he held the position of Managing Director until 2008.

#### Interests in Shares, Options and Performance Rights (Post-consolidation)

369,005 Ordinary Shares.

80,000 Class "B" Unlisted Performance Rights.

80,000 Class "C" Unlisted Performance Rights.

#### Other Directorships in Listed Entities in the past three years

Nil.

## **JERRY MONZU FGIA, CPA, Bbus**

### **Company Secretary**

Jerry is a corporate executive with over 25 years' experience in corporate governance, finance and accounting across various industry sectors globally acting as Company Secretary, Chief Financial Officer and Director of several private and listed ASX, JSE and AIM companies throughout his career.

# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED)

Our remuneration report is set out under the following main headings:

- A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION;
- B. DETAILS OF REMUNERATION;
- C. SERVICE AGREEMENTS;
- D. SHARE-BASED COMPENSATION; and
- E. ADDITIONAL INFORMATION.

The information provided under headings A-E includes disclosures that are required under Accounting Standard AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report and have been audited.

### A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

#### ***Remuneration Policy***

The remuneration policy of the Group aligns Directors and executives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board believes the policy is appropriate and effective in its ability to attract and retain high calibre executives and Directors.

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

- All executives receive a base salary (based on factors such as experience) plus statutory superannuation.
- The Board reviews executive packages with reference to the Group's performance, executive performance and information from relevant industry sectors and comparable listed companies. Independent external advice is sought where required.
- The Board may exercise discretion in relation to approving incentives, bonuses, and the issue of options.
- All remuneration paid to Directors and executives is valued at the cost to the Group and expensed.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting (currently \$200,000). Director fees are not linked to the performance of the Group however, to align Director and shareholder interests, the Directors are encouraged to hold Company shares.

#### ***Performance Based Remuneration***

The Group has issued performance rights which form part of the Directors and Executive remuneration packages. These performance rights have various vesting conditions based on market and operational hurdles being met.

#### ***Group Performance, Shareholder Wealth and Directors' and Executives' Remuneration***

The Group's remuneration policy encourages the alignment of personal and shareholder interests through the issue of options to Directors and executives. The Board believes this policy is effective in increasing shareholder wealth. The Group currently benchmarks remuneration paid against other peer group companies and the Board acts in its capacity as the Remuneration Committee in assessing Executive remuneration, the Company did not use any external remuneration consultants in the financial year.

# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### *Voting and comments on the Remuneration Report at the 2020 Annual General Meeting*

At the Company's 2020 Annual General Meeting ("AGM"), a resolution to adopt the 2020 remuneration report was put to a vote and passed unanimously on a show of hands with proxies received also indicating majority. 99.98% of validly appointed proxies were in favour of adopting the remuneration report. No comments were made on the remuneration report at the AGM.

### B. DETAILS OF REMUNERATION

Details of the remuneration of the Directors and Key Management Personnel as defined in AASB 124 *Related Party Disclosures* of the Group are set out in the following table. Given the size and nature of operations of the Group, no other employees are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

| Director          | Salary & Fees<br>\$ | Non-Monetary<br>(1,2)<br>\$ | Superannuation<br>\$ | Options/<br>Performance<br>Rights<br>\$ | Total<br>\$ | Proportion of<br>remuneration<br>performance<br>related |
|-------------------|---------------------|-----------------------------|----------------------|---|-------------|---|
| <b>G. Comb</b>    |                     |                             |                      |   |             |   |
| 2021              | 50,000              | 50,000 <sup>(1)</sup>       | 4,750                | 8,040                                   | 112,790     | 7%  |
| 2020              | 31,666              | -                           | 3,008                | 14,079                                  | 48,753      | 29%   |
| <b>S. Noon</b>    |                     |                             |                      |   |             |   |
| 2021              | 283,539             | 56,280 <sup>(2)</sup>       | 25,935               | 91,339                                  | 457,093     | 20%   |
| 2020              | 240,000             | 15,037                      | 22,800               | 83,888                                  | 361,725     | 23%   |
| <b>R. Monti</b>   |                     |                             |                      |   |             |   |
| 2021              | 40,200              | -                           | 3,819                | 29,401                                  | 73,420      | 40%   |
| 2020              | 40,842              | -                           | 4,121                | 17,476                                  | 62,439      | 28%   |
| <b>A. Parker</b>  |                     |                             |                      |   |             |   |
| 2021              | 40,200              | -                           | 3,819                | 28,480                                  | 72,499      | 39%   |
| 2020              | 32,677              | -                           | 3,335                | 13,981                                  | 49,993      | 28%   |
| <b>D. English</b> |                     |                             |                      |   |             |   |
| 2021              | 169,615             | 9,581 <sup>(2)</sup>        | 16,113               | 9,340                                   | 204,649     | 5%  |
| 2020              | -                   | -                           | -                    | -                                       | -           | -   |
| <b>Totals</b>     |                     |                             |                      |   |             |   |
| 2021              | 583,554             | 115,861                     | 54,436               | 166,600                                 | 920,451     |   |
| 2020              | 345,185             | 15,037                      | 33,264               | 129,424                                 | 522,910     |   |

<sup>(1)</sup> Relates to compensation paid through shares, 126,903 shares were issued to Gary Comb in lieu of directors fees.

<sup>(2)</sup> Relates to the movement in leave provisions for the period.

No retirement benefits are payable post-employment under the Group's executive services agreements.

# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### C. SERVICE AGREEMENTS

Material terms of the Executives service agreements are as follows:

Gary Comb – Executive Chairman

- Remuneration payable of \$100,000 per annum plus statutory superannuation;
- At the Boards discretion up to 50% of the Executive Chairman's remuneration may be payable in shares, subject to shareholder approval;
- The right to participate in the Company's Employee Share Incentive Plan as approved by the Board; and
- The right to resign with no formal resignation period.

Simon Noon – Managing Director

- Remuneration payable of \$320,000 per annum plus statutory superannuation;
- Either party may terminate the agreement without cause on three months' written notice;
- The right to participate in the Company's Employee Share Incentive Plan as approved by the Board; and
- The Managing Director will not be paid a separate Director's fee for service to the Board.

Richard Monti – Non-Executive Director

- Remuneration payable of \$48,000 per annum plus statutory superannuation;
- The right to participate in the Company's Employee Share Incentive Plan as approved by the Board; and
- The right to resign with no formal resignation period.

Andrew Parker – Non-Executive Director

- Remuneration payable of \$48,000 per annum plus statutory superannuation;
- The right to participate in the Company's Employee Share Incentive Plan as approved by the Board; and
- The right to resign with no formal resignation period.

David English – Chief Operating Officer

- Remuneration payable of \$350,000 per annum plus statutory superannuation;
- Either party may terminate the agreement without cause on three months' written notice;
- The right to participate in the Company's Employee Share Incentive Plan as approved by the Board.

### D. SHARE-BASED COMPENSATION

During the year 280,000 performance rights were issued to Directors and Key Management Personnel (2020: 2,740,000 post consolidation). 142,699 shares were issued to Directors upon exercise of remuneration options during the year (2020: Nil).

Performance Rights granted during the year:

| KMP                 | Grant Date  | Number Granted | Grant Date Fair Value \$ | Expiry Date   | Vesting Date  |
|---------------------|-------------|----------------|--------------------------|---------------|---------------|
| D English (Class B) | 16 Jan 2021 | 120,000        | 30,000                   | 30 June 2022  | 30 June 2022  |
| D English (Class D) | 16 Jan 2021 | 160,000        | 80,000                   | 06 March 2025 | 06 March 2025 |
|                     |             | <b>280,000</b> | <b>110,000</b>           |               |               |

# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### Performance Income as a Proportion of Total Compensation

No performance-based bonuses were paid during the period (2020: Nil).

## E. ADDITIONAL INFORMATION

### Movements in Shares (Post-consolidation)

Movement in the number of ordinary shares in the Company held (directly, indirectly or beneficially) by each Director, including their related parties, is shown below. There were 126,903 shares issued as part of Director remuneration during the year (2020: Nil).

| KMP        | Held at 1 July 2020 | Movement         | Held at 30 June 2021 |
|------------|---------------------|------------------|----------------------|
| G Comb     | 200,000             | 360,237          | 560,237              |
| R. Monti   | 1,108,751           | 216,231          | 1,324,982            |
| S. Noon    | 1,160,000           | 657,119          | 1,817,119            |
| A. Parker  | 215,370             | 153,634          | 369,004              |
| D. English | -                   | -                | -                    |
|            | <b>2,684,121</b>    | <b>1,387,221</b> | <b>4,071,342</b>     |

| KMP        | Held at 1 July 2019 | Movement       | Held at 30 June 2020 |
|------------|---------------------|----------------|----------------------|
| G Comb     | -                   | 200,000        | 200,000              |
| R. Monti   | 908,751             | 200,000        | 1,108,751            |
| S. Noon    | 1,056,000           | 104,000        | 1,160,000            |
| A. Parker  | 215,370             | -              | 215,370              |
| P. Harold* | 170,020             | (170,020)      | -                    |
|            | <b>2,350,141</b>    | <b>333,980</b> | <b>2,684,121</b>     |

\*Number of ordinary shares held by Mr P Harold up to the date of his resignation on the 7 April 2020.

### Movements in Options (Post-consolidation)

Movement in the number of options in the Company held (directly, indirectly or beneficially) by Directors and Key Management Personnel, including their related parties, during the reporting period is as follows:

| KMP         | Held at<br>1 July 2020 | Other Changes <sup>(1)</sup> | Held at<br>30 June 2021 | Vested at<br>30 June 2021 |
|-------------|------------------------|------------------------------|-------------------------|---------------------------|
| G. Comb     | -                      | -                            | -                       | -                         |
| R. Monti    | 237,669                | (237,669)                    | -                       | -                         |
| S. Noon     | 424,000                | (424,000)                    | -                       | -                         |
| A. Parker   | 193,333                | (193,333)                    | -                       | -                         |
| D. English* | -                      | -                            | -                       | -                         |
|             | <b>855,002</b>         | <b>(855,002)</b>             | <b>-</b>                | <b>-</b>                  |

# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### Fair Value of options exercised

| KMP         | No of options<br>Exercised | No of shares<br>Issued | Amount Paid<br>\$ | Fair Value on<br>Exercise<br>\$ |
|-------------|----------------------------|------------------------|-------------------|---------------------------------|
| G Comb      | -                          | -                      | -                 | -                               |
| R. Monti    | 237,669                    | 116,231                | 29,126            | 23,178                          |
| S. Noon     | 424,000                    | 177,118                | 35,250            | 44,453                          |
| A. Parker   | 193,333                    | 73,633                 | 12,500            | 20,635                          |
| D. English* | -                          | -                      | -                 | -                               |
|             | <b>855,002</b>             | <b>366,982</b>         | <b>76,876</b>     | <b>88,266</b>                   |

The value of options exercised during the year is calculated at the market price on the date of exercise after deducting the price paid on the exercise the options.

The number of shares issued differs from options exercised due to the cashless issue of shares.

| KMP       | Held at 1 July 2019 | Other Changes            | Held at 30 June 2019 | Vested at<br>30 June 2020 |
|-----------|---------------------|--------------------------|----------------------|---------------------------|
| G. Comb   | -                   | -                        | -                    | -                         |
| R. Monti  | 237,669             | -                        | 237,669              | 237,669                   |
| S. Noon   | 424,000             | -                        | 424,000              | 424,000                   |
| A. Parker | 193,333             | -                        | 193,333              | 193,333                   |
| P. Harold | 160,000             | (160,000) <sup>(2)</sup> | -                    | -                         |
|           | <b>1,015,002</b>    | <b>(160,000)</b>         | <b>855,002</b>       | <b>855,002</b>            |

\*Mr. English joined as Chief Operating Officer on the 6<sup>th</sup> of January 2021.

<sup>(1)</sup> Shows options converted to ordinary shares in the year.

<sup>(2)</sup> Shows number of options held by Mr P. Harold at the date of resignation 7 April 2020.

# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### Movements in Performance Rights (Post -consolidation)

Movement in the number of Performance Rights in the Company held (directly, indirectly or beneficially) by Directors and Key Management Personnel, including their related parties, during the reporting period is as follows:

| KMP         | Held at<br>1 July 2020 | Other Changes <sup>(1)</sup> | Held at<br>30 June 2021 | Vested at<br>30 June 2021 |
|-------------|------------------------|------------------------------|-------------------------|---------------------------|
| G. Comb     | 520,000                | (100,000)                    | 420,000                 | -                         |
| R. Monti    | 300,000                | (100,000)                    | 200,000                 | -                         |
| S. Noon     | 1,440,000              | (480,000)                    | 960,000                 | -                         |
| A. Parker   | 240,000                | (80,000)                     | 160,000                 | -                         |
| D. English* | -                      | 280,000                      | 280,000                 | -                         |
|             | <b>2,500,000</b>       | <b>(480,000)</b>             | <b>2,020,000</b>        | -                         |

\*Mr. English joined as Chief Operating Officer on the 6<sup>th</sup> of January 2021. During the period, Mr. English was issued Performance Rights with various vesting conditions.

<sup>(1)</sup> Negative movements in Performance Rights are due to Performance Rights being exercised on achievement of milestones.

| KMP                      | Held at<br>1 July 2019 | Other Changes    | Held at<br>30 June 2020 | Vested at<br>30 June 2020 |
|--------------------------|------------------------|------------------|-------------------------|---------------------------|
| G. Comb                  | -                      | 520,000          | 520,000                 | -                         |
| R. Monti                 | -                      | 300,000          | 300,000                 | -                         |
| S. Noon                  | -                      | 1,440,000        | 1,440,000               | -                         |
| A. Parker                | -                      | 240,000          | 240,000                 | -                         |
| P. Harold <sup>(1)</sup> | -                      | -                | -                       | -                         |
|                          | -                      | <b>2,500,000</b> | <b>2,500,000</b>        | -                         |

<sup>(1)</sup> Mr P Harold held 6,000,000 Performance Rights up to the date of his resignation on 7 April 2020, these Performance rights were cancelled on his resignation date.

| KMP        | Number Granted | Exercise Price | Grant Date | Fair Value at<br>Grant Date \$ | Expiry Date |
|------------|----------------|----------------|------------|--------------------------------|-------------|
| D. English | 280,000        | Nil            | 16/01/2021 | 110,000                        | Various     |

A total of 280,000 Performance Rights (2020:2,500,000) were issued during the period with variable vesting conditions based on the achievement of Performance milestones.

END OF THE REMUNERATION REPORT

# DIRECTORS' REPORT

## OPTIONS OVER ORDINARY SHARES

No Options were issued in 2021 (2020: Nil).

Options on issue at the date of the Directors Report had the following expiry dates and exercise prices:

| Expiry Date | Status   | Exercise Price | Options No. |
|-------------|----------|----------------|-------------|
| 16/10/2021  | Unlisted | \$0.50         | 400,000     |

## Performance Rights

Performance rights on issue at the date of the Directors Report had the following expiry dates and exercise prices:

| Details                      | Performance Rights | Exercise Price | Grant Date | Expiry Date |
|------------------------------|--------------------|----------------|------------|-------------|
| Class "B" Performance Shares | 900,000            | Nil            | 29/11/2019 | 30/06/2022  |
| Class "C" Performance Shares | 800,000            | Nil            | 29/11/2019 | 30/06/2022  |
| Class "D" Performance Shares | 320,000            | Nil            | Various    | 6/03/2025   |
|                              | <b>2,020,000</b>   |                |            |             |

## NON-AUDIT SERVICES

No non-audit services were provided by the auditor of the Group, Stantons International Audit and Consulting Pty Ltd during the financial year.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Signed in accordance with a resolution of the Directors.



**Gary Comb**  
Chairman  
21 September 2021





# AUDITOR'S INDEPENDENCE DECLARATION



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www.stantons.com.au

21 September 2021

Board of Directors  
Boab Metals Limited  
Level 1, 105 St Georges Terrace  
PERTH. WA. 6000.

Dear Directors,

**RE: BOAB METALS LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Boab Metals Limited.

As Audit Director for the audit of the financial report of Boab Metals Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
(An Authorised Audit Company)

**Martin Michalik**  
Director

*Liability limited by a scheme approved under Professional Standards Legislation*



Stantons is a member of the Russell Bedford International network of firms



# FINANCIAL REPORT

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

|  | Notes | 2021<br>\$         | 2020<br>\$         |
|--|-------|--------------------|--------------------|
| <b>Revenue from Continuing Operations</b>  | 5     | 515,628            | 291,906            |
| <b>Expenditure</b>   |       |                    |                    |
| Exploration Expenses   | 6     | (3,822,870)        | (2,124,010)        |
| Salaries and Employee Benefits Expenses  |       | (638,661)          | (530,323)          |
| Depreciation Expenses  | 6,12  | (11,908)           | (8,552)            |
| Corporate Expenses   |       | (181,548)          | (147,147)          |
| Occupancy Expenses   |       | (33,522)           | (53,451)           |
| Consulting Expenses  |       | (269,364)          | (6,879)            |
| Administration Expenses  |       | (390,464)          | (203,548)          |
| Share Based Payments   | 29    | (186,114)          | (129,426)          |
| Depreciation of Right of Use Assets  | 6,13  | (53,598)           | (9,019)            |
| Interest paid on leased liabilities  | 13    | (2,850)            | (681)              |
| Stamp Duty   |       | -                  | (211,049)          |
| Gain on sale of subsidiary   |       | 36,289             | -                  |
| <b>(Loss) Before Income Tax</b>  |       | <b>(5,038,982)</b> | <b>(3,132,179)</b> |
| <b>Income Tax</b>  | 7     | -                  | -                  |
| <b>Total (Loss) for the Year</b>   |       | <b>(5,038,982)</b> | <b>(3,132,179)</b> |
| Other Comprehensive Income   |       | -                  | -                  |
| Items That Will Not be Reclassified to Profit or Loss  |       | -                  | -                  |
| Items That May be Reclassified Subsequently to Profit or Loss  |       | -                  | -                  |
| Movement in Foreign Exchange Translation Reserve   | 20    | (280,852)          | (4,268)            |
| <b>Total Comprehensive (Loss)</b>  |       | <b>(5,319,834)</b> | <b>(3,136,447)</b> |
| <b>(Loss) Attributed to the Members</b>  |       | <b>(5,038,982)</b> | <b>(3,132,179)</b> |
| <b>Total Comprehensive (Loss) Attributed to the Members</b>  |       | <b>(5,319,834)</b> | <b>(3,136,447)</b> |
| Basic and Diluted Loss per Share for Loss Attributable to the Ordinary Equity Holders of the Company (Cents per Share) | 28    | (3.55)             | (2.81)             |

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

# FINANCIAL REPORT

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

|                                      | Notes | 2021<br>\$        | 2020<br>\$       |
|--------------------------------------|-------|-------------------|------------------|
| <b>Current Assets</b>                |       |                   |                  |
| Cash and Cash Equivalents            | 8     | 12,896,960        | 2,908,551        |
| Trade and Other Receivables          | 9     | 362,118           | 188,932          |
| Other Assets                         | 9     | 12,778            | 17,521           |
| <b>Total Current Assets</b>          |       | <b>13,271,856</b> | <b>3,115,004</b> |
| <b>Non-Current Assets</b>            |       |                   |                  |
| Exploration and Evaluation Assets    | 10    | 5,160,560         | 5,170,320        |
| Investments                          |       | 60,000            | -                |
| Other Assets                         | 11    | 84,849            | 85,462           |
| Plant and Equipment                  | 12    | 42,380            | 10,076           |
| ROU Asset                            | 13    | 44,237            | 99,206           |
| <b>Total Non-Current Assets</b>      |       | <b>5,392,026</b>  | <b>5,365,064</b> |
| <b>Total Assets</b>                  |       | <b>18,663,882</b> | <b>8,480,068</b> |
| <b>Current Liabilities</b>           |       |                   |                  |
| Trade and Other Payables             | 14    | 1,291,781         | 492,800          |
| Provisions                           | 15    | 175,879           | 95,905           |
| Lease liability                      | 16    | 45,531            | 52,922           |
| <b>Total Current Liabilities</b>     |       | <b>1,513,191</b>  | <b>641,627</b>   |
| <b>Non-Current Liabilities</b>       |       |                   |                  |
| Lease liability                      | 16    | -                 | 46,719           |
| Deferred tax liability               | 17    | 169,153           | 178,913          |
| <b>Total Non-Current Liabilities</b> |       | <b>169,153</b>    | <b>225,632</b>   |
| <b>Total Liabilities</b>             |       | <b>1,682,344</b>  | <b>867,259</b>   |
| <b>Net Assets</b>                    |       | <b>16,981,538</b> | <b>7,612,809</b> |
| <b>Equity</b>                        |       |                   |                  |
| Contributed Equity                   | 18    | 47,698,398        | 32,980,318       |
| Reserves                             | 20    | 1,290,053         | 1,600,422        |
| Accumulated Losses                   |       | (32,006,913)      | (26,967,931)     |
| <b>Total Equity</b>                  |       | <b>16,981,538</b> | <b>7,612,809</b> |

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

# FINANCIAL REPORT

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 30 JUNE 2021

|   | Issued<br>Capital | Share /<br>Option<br>Reserve | Foreign<br>Currency<br>Translation<br>Reserve | Accumulated<br>Losses | Total             |
|---|-------------------|------------------------------|---|-----------------------|-------------------|
| 2021  | \$                | \$                           | \$  | \$                    | \$                |
| Balance at 1 July 2020                                | 32,980,318        | 1,653,328                    | (52,906)                                      | (26,967,931)          | 7,612,809         |
| (Loss) for the Year                                   | -                 | -                            | -   | (5,038,982)           | (5,038,982)       |
| Other Comprehensive<br>(Loss) for the Year            | -                 | -                            | (280,852)                                     | -                     | (280,852)         |
| Total Comprehensive<br>(Loss) for the Year            | -                 | -                            | (280,852)                                     | (5,038,982)           | (5,319,834)       |
| Issue of Shares/Options                               | 15,145,298        | -                            | -   | -                     | 15,145,298        |
| Share/Option Issue<br>Expense                         | (642,849)         | -                            | -   | -                     | (642,849)         |
| Performance Rights<br>converted to Ordinary<br>Shares | 115,200           | (115,200)                    | -   | -                     | -                 |
| Share Based Payments                                  | 100,431           | 85,683                       | -   | -                     | 186,114           |
| Balance at 30 June 2021                               | <b>47,698,398</b> | <b>1,623,811</b>             | <b>(333,758)</b>                              | <b>(32,006,913)</b>   | <b>16,981,538</b> |
| <b>2020</b>   |                   |                              |   |                       |                   |
| Balance at 1 July 2019                                | 28,705,740        | 1,523,902                    | (48,638)                                      | (23,835,752)          | 6,345,252         |
| (Loss) for the Year                                   | -                 | -                            | -   | (3,132,179)           | (3,132,179)       |
| Other Comprehensive<br>(Loss) for the Year            | -                 | -                            | (4,268)                                       | -                     | (4,268)           |
| Total Comprehensive<br>(Loss) for the Year            | -                 | -                            | (4,268)                                       | (3,132,179)           | (3,136,447)       |
| Issue of Shares                                       | 4,600,000         | -                            | -   | -                     | 4,600,000         |
| Share/Option Issue<br>Expense                         | (325,422)         | -                            | -   | -                     | (325,422)         |
| Share Based Payments                                  | -                 | 129,426                      | -   | -                     | 129,426           |
| Balance at 30 June 2020                               | <b>32,980,318</b> | <b>1,653,328</b>             | <b>(52,906)</b>                               | <b>(26,967,931)</b>   | <b>7,612,809</b>  |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

# FINANCIAL REPORT

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

|   | Notes | 2021<br>\$         | 2020<br>\$         |
|---|-------|--------------------|--------------------|
| <b>Cash Flows from Operating Activities</b>                       |       |                    |                    |
| Expenditure on Mining Interests                                   |       | (3,104,780)        | (2,551,427)        |
| Payments to Suppliers and Employees                               |       | (1,710,704)        | (923,367)          |
| Receipts from Federal Government "Cash Flow Boost"                |       | 67,648             | 50,000             |
| Interest Received   |       | 21,598             | 33,811             |
| Management fees   |       | 172,721            | 123,732            |
| <b>Net Cash (Outflow) from Operating Activities</b>               | 27    | <b>(4,553,517)</b> | <b>(3,267,251)</b> |
| <b>Cash Flows from Investing Activities</b>                       |       |                    |                    |
| Proceeds from disposal of assets - Colombia                       |       | 164,985            | -                  |
| Proceeds from sale of assets - Colombia                           |       | 27,190             | -                  |
| Cash transferred into Security deposits                           |       | 436                | (60,948)           |
| Payments for Purchase of Tenements/Projects                       |       | -                  | (1,829)            |
| Payments for Purchase of Property, Plant and Equipment            |       | (44,212)           | (5,825)            |
| <b>Net Cash Inflow/(Outflow) from Investing Activities</b>        |       | <b>148,399</b>     | <b>(68,602)</b>    |
| <b>Cash Flows from Financing Activities</b>                       |       |                    |                    |
| Proceeds from Issues of Shares                                    |       | 10,240,007         | 4,600,000          |
| Proceeds from conversion of options                               |       | 4,851,958          | -                  |
| Payment of Share Issue Costs                                      |       | (642,849)          | (325,422)          |
| Payments on lease liability                                       |       | (55,589)           | (9,265)            |
| <b>Net Cash Inflow from Financing Activities</b>                  |       | <b>14,393,527</b>  | <b>4,265,313</b>   |
| <b>Net Increase in Cash and Cash Equivalents</b>                  |       |                    |                    |
| Cash and Cash Equivalents at the Beginning of the Financial Year  |       | 2,908,551          | 1,983,359          |
| Effects of Foreign Exchange                                       |       | -                  | (4,268)            |
| <b>Cash and Cash Equivalents at the End of the Financial Year</b> | 8     | <b>12,896,960</b>  | <b>2,908,551</b>   |

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all years presented unless otherwise stated. The financial report includes the financial statements for Boab Metals Limited (“Parent” or “Company”) and its subsidiaries (the “Group”) for the year ended 30 June 2021. The financial report was authorised for issue in accordance with a resolution of the Board of Directors of Boab Metals Limited on 21 September 2021. Boab Metals Limited is a company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group is exploration of mineral tenements in Australia and Latin America.

### (a) BASIS OF PREPARATION

This general-purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Interpretations, and the Corporations Act 2001.

#### (i) *Compliance with IFRS*

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (“AIFRS”). Compliance with AIFRS ensures that the financial statements and notes of Boab Metals Limited comply with International Financial Reporting Standards (“IFRS”).

#### (ii) *Historical Cost Convention*

Financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment.

#### (iii) *Going Concern Basis*

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The going concern of the Group is dependent upon maintaining enough funds for its operations and commitments. The Directors continue to monitor the funding requirements of the Group and are confident that funding can be secured as required to enable the Group to continue as a going concern and are of the opinion that the financial report has been appropriately prepared on a going concern basis.

### (b) PRINCIPLES OF CONSOLIDATION

#### (i) *Subsidiaries*

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 1(d)). Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with policies adopted by the Group.



# NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (ii) *Investment in Joint Ventures*

A joint venture is an arrangement under which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint control is defined as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Interests in joint ventures are accounted for using the equity method.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not amortised or tested individually for impairment. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in the joint venture. An impairment loss is measured by comparing the recoverable amount of the investment with the carrying amount. An impairment loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Upon loss of significant influence over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### (iii) *Investment in Joint Operations*

A joint arrangement occurs whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When a group entity undertakes its activities under a joint arrangement, the Group as operator, recognises in relation to its interest in a joint arrangement its:

- assets, including its share of any assets held jointly;
- liabilities, including its share of any liabilities incurred jointly;
- revenue from the sale of its share of the output arising from the joint operation;
- share of the revenue from the sale of the output by the joint operation; and
- expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues, and expenses relating to its interest in a joint operation in accordance with the Australian Accounting Standards applicable to the certain assets, liabilities, revenues, and expenses. When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation. When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

### (c) FOREIGN CURRENCY TRANSLATION

#### (i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars, Boab's functional and presentation currency, unless otherwise stated.

#### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses relating to borrowings are presented in the income statement within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (iii) Group companies

The results and financial position of foreign operations that have a functional currency other than the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate.

### (d) BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Excess consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate (rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions). Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) SEGMENT REPORTING

Operating segments are identified, and segment information disclosed based on internal reports received by the Board.

### (f) REVENUE RECOGNITION

Interest revenue is recognised on a time proportionate basis that considers the effective yield on the financial assets. Grant income received from Governments is recognised on a cash basis upon receipt. This includes grants received from the ATO from the Cashflow Boost during 2021. The Group recognised revenue from the Sorby Hills Joint Venture in accordance with its proportional holding.

### (g) INCOME TAX

The income tax expense or revenue for the year is the tax payable on the current periods taxable income (based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses). Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax laws and rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

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 offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### (h) IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. To assess impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) CASH AND CASH EQUIVALENTS

For presentation purposes on the cash flow statement, cash and cash equivalents includes cash on hand and deposits held by financial institutions.

### (j) TRADE AND OTHER RECEIVABLES

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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 for goods and services are generally due for settlement within 30 days from date of invoice.

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 would be grouped based on days overdue.

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

### (k) FINANCIAL INSTRUMENTS

#### *(i) Recognition, Initial Measurement and Derecognition*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### *(ii) Classification and Subsequent Measurement*

##### Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

# NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classifications are determined by both:

- The contractual cash flow characteristics of the financial assets; and
- The entities business model for managing the financial asset.

### *Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

### *Financial assets at fair value through other comprehensive income (Equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading.

### *Financial assets at fair value through profit or loss (FVPL)*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

### Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

### (iii) *Impairment*

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### (iv) *Valuation Techniques*

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (v) Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

#### Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

#### Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

## (I) PLANT AND EQUIPMENT

All plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation of plant and equipment is calculated using the straight-line method to allocate their cost (net of their residual values) over their estimated useful lives. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.



# NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) EXPLORATION AND EVALUATION COSTS

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current, and they are expected to be recouped through sale or successful development and exploration of the area of interest, or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Where an area of interest is abandoned, or the Directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

### (n) TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Group during the financial year which remain unpaid at the end of the period. The amounts are unsecured and are paid on standard commercial terms.

### (o) EMPLOYEE BENEFITS

#### (i) *Wages and Salaries, Leave and Other Employee Benefits*

Provisions are made for employee benefits for services rendered during the period. These benefits include salaries and leave benefits. Liabilities arising in respect of employee benefits are measured at their nominal amounts based on remuneration rates to be paid when the liability is settled.

#### (ii) *Share-Based Payments*

The Group provides benefits to employees (including Directors) and consultants of the Group in the form of share-based payments whereby employees and contractors render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of options that the Directors think will vest ultimately. This opinion is formed based on the information available at balance date.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction (net of tax) from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

### (q) EARNINGS PER SHARE

#### (i) *Basic Earnings Per Share*

Basic earnings per share are calculated by dividing the profit attributable to equity holders 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 year.

#### (ii) *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.

### (r) GOODS AND SERVICES TAX ('GST')

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

### (s) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

#### (i) *Deferred Taxation*

The potential deferred tax asset arising from the tax losses and temporary differences has not been recognised as an asset because recovery of the tax losses is not yet considered probable.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (ii) Capitalised Exploration Costs

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether future economic benefits are likely, either from exploration or sale, or where activities have not reached a stage which permits reasonable assessment.

### (iii) Share-Based Payments

The Group measures the cost of equity-settled and cash-settled transactions by reference to the fair value of the goods and services received or, if this cannot be reliably measured, the fair value of the equity instruments at the date at which they are granted. The fair value of the equity instruments is determined by using the Black-Scholes model and the assumptions and carrying amount at the reporting date is disclosed in Note 29.

## (t) LEASES

### The Group as lessee

At inception of a contract the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows;

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

### The Group as lessor

The Group does not have any property which has been leased out, and therefore not applicable.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. NEW STANDARDS AND INTERPRETATIONS ADOPTED AND NOT YET ADOPTED

The Group has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period.

### **Initial adoption of AASB 2020-04: COVID-19-Related Rent Concessions**

AASB 2020-4: *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions* amends AASB 16 by providing a practical expedient that permits lessees to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and, if certain conditions are met, account for those rent concessions as if they were not lease modifications.

### **Initial adoption of AASB 2018-6: Amendments to Australian Accounting Standards – Definition of a Business**

AASB 2018-6 amends and narrows the definition of a business specified in AASB 3: *Business Combinations*, simplifying the determination of whether a transaction should be accounted for as a business combination or an asset acquisition. Entities may also perform a calculation and elect to treat certain acquisitions as acquisitions of assets.

### **Initial adoption of AASB 2018-7: Amendments to Australian Accounting Standards – Definition of Material**

This amendment principally amends AASB 101 and AASB 108 by refining the definition of material by improving the wording and aligning the definition across the standards issued by the AASB.

### **Initial adoption of AASB 2019-3: Amendments to Australian Accounting Standards – Interest Rate Benchmark**

This amendment amends specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by interest rate benchmark reform.

### **Initial adoption of AASB 2019-1: Amendments to Australian Accounting Standards – References to the Conceptual Framework**

This amendment amends Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of Conceptual Framework for Financial Reporting by the AASB.

The standards listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

## 3 FINANCIAL RISK MANAGEMENT

### FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Various methods are used to measure risks to which the Group is exposed, including sensitivity analysis for interest rate, foreign exchange and other price risks, and ageing analysis for credit risk.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk management is carried out by the accounting team under Board approved policies covering identification and analysis of risk exposure, risk limits, and appropriate procedures and controls. Reporting is provided to the Board on a monthly basis.

### MARKET RISK

#### (i) *Foreign Currency Risk*

The Group completes certain transactions denominated in foreign currency and is exposed to foreign currency risk through exchange rate fluctuations. Foreign currency risk arises from future commercial transactions and recognised financial assets and financial liabilities in a currency other than the Group's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Based on the net exposure to foreign currencies, a change in the foreign exchange rate as at the end of the year would not have a significant effect the Group's financial results.

#### (ii) *Price Risk*

Presently, the Group is not directly exposed to commodity price risk as it is in the exploration phase. The Group is indirectly exposed to price movements for commodities such as gold, copper and silver as these may affect the Group's ability to access capital markets.

#### (iii) *Interest Rate Risk*

The Group's main interest rate risk arises from cash and term deposits held at variable interest rates as term deposits issued at fixed rates expose the Group to fair value risk. The Group's policy is to maximise interest rate returns, having regard to the cash requirements of the business.

#### (iv) *Credit Risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount (net of any provisions for impairment of those assets) as disclosed in the statement of financial position and notes to the financial statements.

#### (v) *Liquidity Risk*

Liquidity risk management requires the Group to maintain enough liquid assets to pay debts as and when they fall due. The Group manages liquidity risk by maintaining adequate cash reserves through continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

### INTEREST RATE RISK

The Group is exposed to market interest rate movements on short-term deposits. Group policy is to monitor the interest rate yield curve to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. At 30 June 2021, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, pre-tax loss would have been \$114,575 lower/higher (2020 – change of 100 bps: \$20,125 lower/higher) as a result of lower interest income. The Group's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

| Financial Instrument                                     | Floating<br>Interest Rate<br>\$ | Fixed Interest Rate Maturing in: |                      |                | Non-<br>Interest<br>Bearing<br>\$ | Total<br>Carrying<br>Amount<br>\$ |
|--|---------------------------------|----------------------------------|----------------------|----------------|-----------------------------------|-----------------------------------|
|  |                                 | >1 Year<br>\$                    | 1 - 5<br>Years<br>\$ | <5 Years<br>\$ |                                   |                                   |
| <b>2021</b>  |                                 |                                  |                      |                |                                   |                                   |
| <i>Financial Assets</i>                                  |                                 |                                  |                      |                |                                   |                                   |
| Cash and Cash Equivalents                                | 11,451,486                      | -                                | -                    | -              | 1,445,474                         | 12,896,960                        |
| Trade & Other Receivables                                | -                               | -                                | -                    | -              | 362,118                           | 362,118                           |
| Investments  | -                               | -                                | -                    | -              | 60,000                            | 60,000                            |
| Deposits   | -                               | 60,534                           | -                    | -              | 24,315                            | 84,849                            |
| <b>Total Financial Assets</b>                            | <b>11,451,486</b>               | <b>60,534</b>                    | <b>-</b>             | <b>-</b>       | <b>1,891,907</b>                  | <b>13,403,927</b>                 |
| <i>Financial Liabilities</i>                             |                                 |                                  |                      |                |                                   |                                   |
| Trade Creditors  | -                               | -                                | -                    | -              | 1,230,961                         | 1,230,961                         |
| Other Creditors and<br>Accruals                          | -                               | -                                | -                    | -              | 60,820                            | 60,820                            |
| Lease Liabilities  | -                               | 45,531                           | -                    | -              | -                                 | 45,531                            |
| <b>Total Financial Liabilities</b>                       | <b>-</b>                        | <b>45,531</b>                    | <b>-</b>             | <b>-</b>       | <b>1,291,781</b>                  | <b>1,337,312</b>                  |
| <i>Weighted average effective interest rate is 0.31%</i> |                                 |                                  |                      |                |                                   |                                   |
| <b>2020</b>  |                                 |                                  |                      |                |                                   |                                   |
| <i>Financial Assets</i>                                  |                                 |                                  |                      |                |                                   |                                   |
| Cash and Cash Equivalents                                | 1,992,492                       | -                                | -                    | -              | 916,059                           | 2,908,551                         |
| Trade & Other Receivables                                | -                               | -                                | -                    | -              | 188,932                           | 188,932                           |
| Deposits   | -                               | 20,000                           | -                    | -              | 65,462                            | 85,462                            |
| <b>Total Financial Assets</b>                            | <b>1,992,492</b>                | <b>20,000</b>                    | <b>-</b>             | <b>-</b>       | <b>1,170,453</b>                  | <b>3,182,945</b>                  |
| <i>Financial Liabilities</i>                             |                                 |                                  |                      |                |                                   |                                   |
| Trade Creditors  | -                               | -                                | -                    | -              | 448,491                           | 448,491                           |
| Other Creditors and<br>Accruals                          | -                               | -                                | -                    | -              | 44,309                            | 44,309                            |
| Lease Liabilities  | -                               | 52,922                           | 46,719               | -              | -                                 | 99,641                            |
| <b>Total Financial Liabilities</b>                       | <b>-</b>                        | <b>52,922</b>                    | <b>46,719</b>        | <b>-</b>       | <b>492,800</b>                    | <b>592,441</b>                    |

# NOTES TO THE FINANCIAL STATEMENTS

## 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

### NET FAIR VALUES

All financial assets and liabilities have been recognised at the balance date at amounts approximating their carrying value.

### CREDIT RISK EXPOSURES

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision for doubtful debts) of those assets as disclosed in the balance sheet and notes to the financial statements. A formal credit risk management policy is not maintained.

## 4. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified based on internal reports provided to the Board in order to allocate resources to the segments and assess performance. Information reported to the Board is based on exploration in the principal locations of the Group's projects, Australia and Colombia. The revenues and profit generated by each of the Group's operating segments, assets and liabilities are summarised as follows:

|                            | Australia   |             | Colombia |          | Elimination  |             | Total       |             |
|----------------------------|-------------|-------------|----------|----------|--------------|-------------|-------------|-------------|
|                            | 2021        | 2020        | 2021     | 2020     | 2021         | 2020        | 2021        | 2020        |
|                            | \$          | \$          | \$       | \$       | \$           | \$          | \$          | \$          |
| Segment Revenues           | 1,033,786   | 667,138     | 6        | 154      | (518,164)    | (375,386)   | 515,628     | 291,906     |
| Segment Operating (Losses) | (5,055,395) | (3,073,688) | 16,413   | (58,491) | -            | -           | (5,038,982) | (3,132,179) |
| Segment Assets             | 38,009,998  | 14,974,840  | 10,860   | 9,802    | (19,356,976) | (6,504,576) | 18,663,882  | 8,480,068   |
| Segment Liabilities        | 2,720,462   | 1,818,142   | 1,982    | 4,319    | (1,040,100)  | (955,202)   | 1,682,344   | 867,259     |

## 5. REVENUE

### From Continuing Operations

Sorby Hills Project Revenue  
Interest  
Other Income

|                             | Consolidated   |                |
|-----------------------------|----------------|----------------|
|                             | 2021           | 2020           |
|                             | \$             | \$             |
| Sorby Hills Project Revenue | 122,435        | 123,732        |
| Interest                    | 21,598         | 33,811         |
| Other Income                | 371,595        | 134,363        |
|                             | <b>515,628</b> | <b>291,906</b> |

## 6. EXPENSES

### Loss Before Income Tax Includes the Following Expenses:

Depreciation of Plant and Equipment  
Depreciation of ROU Asset  
Exploration and Evaluation Expenditure  
Gain of sale of subsidiary

|  | Consolidated |           |
|--|--------------|-----------|
|  | 2021         | 2020      |
|  | \$           | \$        |
| Depreciation of Plant and Equipment    | 11,908       | 8,552     |
| Depreciation of ROU Asset              | 53,598       | 9,019     |
| Exploration and Evaluation Expenditure | 3,822,870    | 2,124,010 |
| Gain of sale of subsidiary             | (36,289)     | -         |

# NOTES TO THE FINANCIAL STATEMENTS

## 7. INCOME TAX

|   | Consolidated       |                  |
|---|--------------------|------------------|
|   | 2021               | 2020             |
|   | \$                 | \$               |
| <b>Income Tax Expense/(Benefit)</b>   |                    |                  |
| Current Tax   | -                  | -                |
| Deferred Tax  | -                  | -                |
| Adjustments for Current Tax of Prior Years  | -                  | -                |
|   | -                  | -                |
| <b>Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable</b>          |                    |                  |
| Loss from Continuing Operations Before Income Tax Expense                                 | (5,038,982)        | (3,132,179)      |
| Prima Facie Tax Benefit at the Australian Tax Rate of 26% (2020: 27.5%)                   | (1,310,135)        | (861,349)        |
| Tax Effect of Amounts Which are not Deductible (Taxable) in Calculating Taxable Income:   |                    |                  |
| Other Items   | 30,809             | 53,294           |
|   | <b>(1,279,326)</b> | <b>(808,055)</b> |
| Unrecognised Temporary Differences  |                    | (140,932)        |
| Tax Effect of Current Year Tax Losses for Which no Deferred Tax Asset Has Been Recognised | 1,279,326          | 948,987          |
| Income Tax Expense/(Benefit)  | -                  | -                |
| <b>Unrecognised Temporary Differences</b>   |                    |                  |
| <b>Deferred Tax Assets</b>  |                    |                  |
| <i>On Income Tax Account</i>  |                    |                  |
| S. 40-880 Deductions  | 267,894            | 130,108          |
| Write off Acquired Tenement Costs over 15 years   | 1,395,275          | 1,686,596        |
| Accruals and Provisions for Employee Entitlements   | 58,016             | 27,008           |
| Carry Forward Tax Losses  | 6,319,796          | 4,927,701        |
|   | <b>8,040,981</b>   | <b>6,771,413</b> |
| Deferred Tax Liabilities Prepayments  | -                  | (216)            |
| Total Unrecognised Temporary Differences  | <b>8,040,981</b>   | <b>6,771,197</b> |
| <b>Deferred Tax Liabilities</b>   |                    |                  |
| Beginning Exploration and Evaluation on Acquisition                                       | 178,913            | 221,008          |
| Reduction of Deferred Tax Liability Due to Impairment                                     | (9,760)            | (42,095)         |
| Deferred Tax Liability - Exploration and Evaluation Assets                                | <b>169,153</b>     | <b>178,913</b>   |

The deferred tax assets have not been brought to account, as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.



# NOTES TO THE FINANCIAL STATEMENTS

## 8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

|   | Consolidated      |                  |
|---|-------------------|------------------|
|   | 2021              | 2020             |
|   | \$                | \$               |
| Cash at Bank  | 12,896,960        | 2,908,551        |
| Cash and Cash Equivalents as Shown in the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows | <b>12,896,960</b> | <b>2,908,551</b> |

## 9. CURRENT ASSETS - OTHER

|                   | Consolidated   |                |
|-------------------|----------------|----------------|
|                   | 2021           | 2020           |
|                   | \$             | \$             |
| Other Receivables | 362,118        | 188,932        |
| Prepayments       | 12,778         | 17,521         |
|                   | <b>374,896</b> | <b>206,453</b> |

The above receivables are within initial trade terms and therefore have not been impaired.

## 10. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION ASSETS

|                                     | Consolidated     |                  |
|-------------------------------------|------------------|------------------|
|                                     | 2021             | 2020             |
|                                     | \$               | \$               |
| Balance at Beginning of the Year    | 5,170,320        | 5,210,586        |
| Additions/(disposal)                | -                | 1,829            |
| Reduction of Deferred Tax Liability | (9,760)          | (42,095)         |
| Balance at the End of the Year      | <b>5,160,560</b> | <b>5,170,320</b> |

## 11. NON-CURRENT ASSETS – OTHER

|                             | Consolidated  |               |
|-----------------------------|---------------|---------------|
|                             | 2021          | 2020          |
|                             | \$            | \$            |
| Bonds and Security Deposits | 84,849        | 85,285        |
| VAT Receivable              | -             | 177           |
|                             | <b>84,849</b> | <b>85,462</b> |

Bonds and security deposits of \$84,849 (2020: \$85,285), are in relation to a credit card facility and office lease obligations.

# NOTES TO THE FINANCIAL STATEMENTS

## 12. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

|                                       | Consolidated  |               |
|---------------------------------------|---------------|---------------|
|                                       | 2021          | 2020          |
|                                       | \$            | \$            |
| <b>Plant and Equipment</b>            |               |               |
| Cost                                  | 87,288        | 132,929       |
| Accumulated Depreciation              | (44,908)      | (122,853)     |
| Net Carrying Amount                   | <b>42,380</b> | <b>10,076</b> |
| <b>Plant and Equipment - Movement</b> |               |               |
| Opening Net Book Amount               | 10,076        | 19,238        |
| Additions                             | 44,212        | 15,090        |
| Depreciation Charge                   | (11,908)      | (8,552)       |
| Foreign Exchange Translation          | -             | (15,700)      |
| Closing Net Carrying Amount           | <b>42,380</b> | <b>10,076</b> |

## 13. RIGHT OF USE ASSETS

|  | Consolidated  |               |
|--|---------------|---------------|
|  | 2021          | 2020          |
|  | \$            | \$            |
| <b>ROU Asset - Building Lease</b>                |               |               |
| Building Lease at cost                           | 106,854       | 108,225       |
| Accumulated Depreciation                         | (62,617)      | (9,019)       |
| Net Carrying Amount                              | <b>44,237</b> | <b>99,206</b> |
| <b>ROU Asset - Movement</b>                      |               |               |
| Opening Net Book Amount                          | 99,206        | 108,225       |
| Depreciation Charge                              | (53,598)      | (9,019)       |
| Adjustments on leasing cost                      | (1,371)       | -             |
| Closing Net Carrying Amount                      | <b>44,237</b> | <b>99,206</b> |
| <b>Amounts recognised in the Profit and Loss</b> |               |               |
| Depreciation Expense on Right of Use Asset       | (53,598)      | (9,019)       |
| Interest Paid on lease liabilities               | (2,850)       | (681)         |

In the prior year, the Group entered into a lease of the premises at Level 1, 105 St George's Terrace, Perth. The estimated remaining life is 10 months. Discounted cashflows were calculated using the Group's incremental borrowing rate of 3.5%.

## 14 LIABILITIES - TRADE AND OTHER PAYABLES

|                             | Consolidated     |                |
|-----------------------------|------------------|----------------|
|                             | 2021             | 2020           |
|                             | \$               | \$             |
| Trade Payables              | 1,230,961        | 448,491        |
| Other Payables and Accruals | 60,820           | 44,309         |
|                             | <b>1,291,781</b> | <b>492,800</b> |

The above payables are within initial trade terms and therefore are not past due.

# NOTES TO THE FINANCIAL STATEMENTS

## 15. PROVISIONS

|                                  | <b>Consolidated</b> |               |
|----------------------------------|---------------------|---------------|
|                                  | <b>2021</b>         | <b>2020</b>   |
|                                  | \$                  | \$            |
| Current                          |                     |               |
| Provision for Annual Leave       | 127,409             | 61,830        |
| Provision for Long Service Leave | 48,470              | 34,075        |
|                                  | <b>175,879</b>      | <b>95,905</b> |

## 16. LEASE LIABILITIES

|                     | <b>Consolidated</b> |             |
|---------------------|---------------------|-------------|
|                     | <b>2021</b>         | <b>2020</b> |
|                     | \$                  | \$          |
| Maturity Analysis   |                     |             |
| Less than 1 year    | 45,531              | 52,922      |
| Greater than 1 year | -                   | 46,719      |

The Group has a lease for its main office premise at Level 1, 105 St. Georges Terrace Perth, which has been included in the Right-of-use asset (Note 13). The remaining lease is payable within 12 months.

## 17. NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

|  | <b>Consolidated</b> |                |
|--|---------------------|----------------|
|  | <b>2021</b>         | <b>2020</b>    |
|  | \$                  | \$             |
| Deferred Tax Liabilities Comprise Temporary Differences Attributable to: |                     |                |
| Beginning Exploration and Evaluation on Acquisition                      | 178,913             | 221,008        |
| Movement as a Result of Change in Tax Rate from 27.5% to 26%             | (9,760)             | (42,095)       |
| Deferred Tax Liability   | <b>169,153</b>      | <b>178,913</b> |

# NOTES TO THE FINANCIAL STATEMENTS

## 18. CONTRIBUTED EQUITY

### SHARE CAPITAL

|                            | 2021               |                   | 2020                 |                   |
|----------------------------|--------------------|-------------------|----------------------|-------------------|
|                            | Shares             | \$                | Shares               | \$                |
| Ordinary Shares Fully Paid | 152,307,006        | 47,698,398        | 2,888,104,604        | 2,980,318         |
| Total Contributed Equity   | <b>152,307,006</b> | <b>47,698,398</b> | <b>2,888,104,604</b> | <b>32,980,318</b> |

### MOVEMENTS IN ORDINARY SHARE CAPITAL

|   | 2021               |                   | 2020                 |                   |
|---|--------------------|-------------------|----------------------|-------------------|
|   | Shares             | \$                | Shares               | \$                |
| Beginning of the Financial Year                               | 2,888,104,604      | 32,980,318        | 2,313,104,604        | 28,705,740        |
| Issued during the year:                                       |                    |                   |                      |                   |
| 09 Sep 2019 Placement at \$0.008                              | -                  | -                 | 575,000,000          | 4,600,000         |
| 02 Sep 2020 Reclassification of converted Performance Rights  | 19,000,000         | 115,200           |                      |                   |
| 10 Sep 2020 Conversion of Options @\$.015                     | 69,210             | 1,038             |                      |                   |
| 24 Sep 2020 Placement @ \$0.018                               | 555,555,920        | 10,000,007        |                      |                   |
| 09 Oct 2020 Placement @ \$0.018                               | 13,333,322         | 240,000           |                      |                   |
| 20 Oct 2020 Exercise of Options @ \$0.015                     | 1,941,729          | 29,126            |                      |                   |
| 20 Oct 2020 Cashless issue                                    | 1,446,034          | 28,578            |                      |                   |
| 28 Oct 2020 Exercise of Options @ \$0.015                     | 4,013,333          | 60,200            |                      |                   |
| 28 Oct 2020 Cashless issue                                    | 3,085,460          | 61,864            |                      |                   |
| 28 Oct 2020 Exercise of Options @ \$0.015                     | 250,000            | 3,750             |                      |                   |
| 03 Nov 2020 Exercise of Options @ \$0.015                     | 3,798,420          | 56,976            |                      |                   |
| 11 Nov 2020 Exercise of Options @ \$0.015                     | 30,899,003         | 463,485           |                      |                   |
| 16 Nov 2020 Exercise of Options @ \$0.015                     | 96,746,862         | 1,451,203         |                      |                   |
| 16 Nov 2020 Cashless issue                                    | 499,602            | 9,989             |                      |                   |
| 19 Nov 2020 Exercise of Options @ \$0.015                     | 127,797,511        | 1,916,963         |                      |                   |
| 24 Nov 2020 Exercise of Options @ \$0.015                     | 57,947,810         | 869,217           |                      |                   |
| 24 Dec 2020 Share consolidation adjustments (25 for 1)        | (3,652,308,717)    | -                 |                      |                   |
| 20 Jan 2021 Shares issued in lieu of director fees at \$0.398 | 71,278             | 28,333            |                      |                   |
| 07 Apr 2021 Shares issued in lieu of director fees at \$0.450 | 55,625             | 25,000            |                      |                   |
| Less Transaction costs  | -                  | (642,849)         | -                    | (325,422)         |
|   | <b>152,307,006</b> | <b>47,698,398</b> | <b>2,888,104,604</b> | <b>32,980,318</b> |

### ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Parent entity proportionate to the number of and amounts paid for 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.

### CAPITAL RISK MANAGEMENT

Safeguarding its ability to continue as a going concern is the Group's objective when it comes to managing capital in order to provide benefits to both shareholders and stakeholders and maintain an optimal capital structure to reduce cost of capital. When an opportunity to invest in, or explore, a project is seen as value adding relative to the share price at the time of investment, the Group will seek to raise capital if required.

# NOTES TO THE FINANCIAL STATEMENTS

## 19. DIVIDENDS

No recommendation for payment of dividends or dividend payments were made during the report period.

## 20. RESERVES

Share/option reserve is used to recognise the fair value of shares and options issued.

|                                      | <b>Consolidated</b> |                  |
|--------------------------------------|---------------------|------------------|
|                                      | <b>2021</b>         | <b>2020</b>      |
|                                      | <b>\$</b>           | <b>\$</b>        |
| Share/Option Reserve                 | 1,623,811           | 1,653,328        |
| Foreign Currency Translation Reserve | (333,758)           | (52,906)         |
|                                      | <b>1,290,053</b>    | <b>1,600,422</b> |

## SHARE/OPTION RESERVE

|   | <b>Consolidated</b> |                  |
|---|---------------------|------------------|
|   | <b>2021</b>         | <b>2020</b>      |
|   | <b>\$</b>           | <b>\$</b>        |
| Balance at Beginning of Year  | 1,653,328           | 1,523,902        |
| Reclassification of Performance Rights upon conversion to ordinary shares | (115,200)           | -                |
| Issue of Options / Performance Rights                                     | 85,683              | 129,426          |
| Balance at End of Year  | <b>1,623,811</b>    | <b>1,653,328</b> |

## Details of movement in share options (Post-consolidation)

|                                      | <b>2021</b>                |  | <b>2020</b>                |  |
|--------------------------------------|----------------------------|--|----------------------------|--|
|                                      | <b>No of share Options</b> | <b>Weighted Average Exercise Price</b> | <b>No of share Options</b> | <b>Weighted Average Exercise Price</b> |
| Outstanding at beginning of the year | 15,510,879                 | 0.325                                  | 18,090,879                 | 0.378                                  |
| Granted during the year              | -                          | -                                      | -                          | -                                      |
| Forfeited during the year            | -                          | -                                      | -                          | -                                      |
| Exercised during the year            | (13,908,555)               | 0.375                                  | -                          | -                                      |
| Expired during the year              | (1,202,324)                | 0.375                                  | (2,580,000)                | 0.379                                  |
| Outstanding at the end of the year   | <b>400,000</b>             | <b>0.500</b>                           | <b>15,510,879</b>          | <b>0.325</b>                           |

## Details of movement in performance rights (Post-consolidation)

|                              | <b>2021</b>                         | <b>2020</b>                         |
|------------------------------|-------------------------------------|-------------------------------------|
|                              | <b>Number of Performance Rights</b> | <b>Number of Performance Rights</b> |
| Balance at Beginning of Year | 2,500,000                           | -                                   |
| Granted during the year      | 280,000                             | 2,500,000                           |
| Forfeited during the year    | -                                   | -                                   |
| Converted during the year    | (760,000)                           | -                                   |
| Expired during the year      | -                                   | -                                   |
| Balance at End of Year       | <b>2,020,000</b>                    | <b>2,500,000</b>                    |

# NOTES TO THE FINANCIAL STATEMENTS

## FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve is used to recognise exchange differences arising from the translation of financial statements of foreign operations that do not use Australian dollars as their functional currency.

|   | <b>Consolidated</b> |                 |
|---|---------------------|-----------------|
|   | <b>2021</b>         | <b>2020</b>     |
|   | \$                  | \$              |
| Balance at Beginning of Year                                      | (52,906)            | (48,638)        |
| Exchange Differences Arising on Translation of Foreign Operations | (280,852)           | (4,268)         |
| Balance at End of Year  | <b>(333,758)</b>    | <b>(52,906)</b> |

## 21. PARENT ENTITY INFORMATION

|                                       | <b>Parent</b>     |                    |
|---------------------------------------|-------------------|--------------------|
|                                       | <b>2021</b>       | <b>2020</b>        |
|                                       | \$                | \$                 |
| Total Current Assets                  | 11,981,411        | 2,200,965          |
| Total Non-Current Assets              | 10,798,170        | 6,197,729          |
| Total Assets                          | <b>22,779,581</b> | <b>8,398,694</b>   |
| Total Current Liabilities             | 2,008,773         | 1,613,757          |
| Total Non-Current Liabilities         | -                 | -                  |
| Total Liabilities                     | <b>2,008,773</b>  | <b>1,613,757</b>   |
| Equity                                |                   |                    |
| Issued Capital                        | 47,698,398        | 32,980,318         |
| Share Based Payments Reserve          | 1,623,811         | 1,653,328          |
| Accumulated Losses                    | (28,551,401)      | (27,848,709)       |
| Total Equity                          | <b>20,770,808</b> | <b>6,784,937</b>   |
| <b>Results of The Parent Entity</b>   |                   |                    |
| Loss for the Year                     | (702,692)         | (6,211,589)        |
| Other Comprehensive Income            | -                 | -                  |
| Total Comprehensive Loss for the Year | <b>(702,692)</b>  | <b>(6,211,589)</b> |

## CAPITAL AND CONTINGENT LIABILITIES

The parent entity had no capital or contingent liabilities as at 30 June 2021 (2020: Nil).

## SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 1, except for investments in subsidiaries being accounted for at cost (less any impairment) in the parent entity.

# NOTES TO THE FINANCIAL STATEMENTS

## 22. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned subsidiaries in accordance with the accounting policy described in Note 1b(i):

| Subsidiary                                   | Incorporated | Ownership |      |
|--|--------------|-----------|------|
|  |              | 2021      | 2020 |
| West Rock Resources Pty Ltd                  | Australia    | 100%      | 100% |
| Sorby Hills Pty Ltd                          | Australia    | 100%      | 100% |
| Sorby Management Pty Ltd                     | Australia    | 100%      | 100% |
| West Rock Resources Panama Corp.             | Panama       | 100%      | 100% |
| Pacifico Minerals Sucursal Colombia (Branch) | Colombia     | 100%      | 100% |
| Golden Pacifico Exploration SAS*             | Colombia     | 0%        | 100% |
| Pacifico Holdings SAS                        | Colombia     | 100%      | 100% |

\*The Company entered into a Share and Asset Sale Agreement with Quimbaya Gold Inc. on 10 November 2020 to dispose of a Colombian subsidiary being Golden Pacifico Exploration SAS which held interests in various minor exploration tenements in Colombia. The consideration received was a total of \$225,000, which consisted of \$165,000 in cash and \$60,000 in shares (1,120,000 Combia Gold Inc shares valued at Canadian \$0.05 at exchange rate of CAN/AUD of 0.9333).

## 23. REMUNERATION OF AUDITORS

During the period the following fees were paid, or payable, for services provided by the auditors of the Group.

|  | Consolidated  |               |
|--|---------------|---------------|
|  | 2021          | 2020          |
|  | \$            | \$            |
| <b>Audit Services</b>                          |               |               |
| Stantons Audit and Review of Financial Reports | 53,141        | 40,378        |
| Total Remuneration for Audit Services          | <b>53,141</b> | <b>40,378</b> |
| <b>Non-Audit Services</b>                      |               |               |
| Technical Valuation - Performance Rights       | -             | 750           |

# NOTES TO THE FINANCIAL STATEMENTS

## 24. COMMITMENTS AND CONTINGENCIES

The Group plans to conduct exploration work on its tenements to meet obligations and retain rights of tenure. If required, the Group can reduce these expenditure obligations by establishing joint venture agreements, applications for expenditure exemptions, or selective relinquishment of exploration tenements. Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast future expenditure. The annual commitment across the Group for the next year is \$2,222,694 (2020: \$230,094).

| Exploration Commitments                           | Consolidated     |                  |
|---|------------------|------------------|
|   | 2021             | 2020             |
|   | \$               | \$               |
| Within One Year                                   | 2,222,694        | 230,094          |
| Later than One Year But Not Later Than Five Years | 2,124,654        | 920,375          |
| Over Five Years                                   | 1,271,286        | -                |
|   | <b>5,618,634</b> | <b>1,150,469</b> |

There are no material contingent assets of the Group at balance date (2020: Nil). In 2019 the acquisition of the Sorby Hills Project included a provision for a 1% net smelter royalty payable to Quintana MH Holding Company LLC that has been classified as a material Contingent Liability, this is still in existence in 2021.

## 25. INTERESTS IN JOINT OPERATIONS

The Group recognises its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated into the financial statements under the appropriate classifications. Information relating to joint operations that are material to the Group are set out below:

- Borroloola West Project (Boab 51%). Net assets carried as at 30 June 2021 are \$1,024,672 (2020: \$982,532).
- Mt Jukes Project (Boab 14.8%). Net assets carried as at 30 June 2021 are nil (2020: Nil).
- Sorby Hills Project (Boab 75%). Net assets carried as at 30 June 2021 are \$8,864,418 (2020: \$4,187,787).

## 26. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 21 July 2021, Boab announced that it had signed a Binding Agreement with Todd River Metals Pty Ltd to acquire 100% of the Manbarrum Project including associated mining leases, mining lease applications, exploration licences, and mining information ("Sale Assets").

Consideration for the purchase of the Sales Assets comprises:

- a) The issue and allotment by Boab to Todd River (or its nominee) of A\$500,000 of fully paid ordinary shares ("Consideration Shares") in the Company upon Completion of the transaction at an issue price of A\$0.4214 per share (being equal to the 30 day VWAP prior to the execution of the Binding Agreement);
- b) The Consideration Shares will be issued out of the Company's existing capacity in accordance with ASX Listing Rule 7.1 and will be subject to a voluntary escrow period of 12 months; and



# NOTES TO THE FINANCIAL STATEMENTS

## 26. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE (CONTINUED)

- c) Net Smelter Return (NSR) Royalty of 1.25% payable on future revenue generated from the sale of minerals extracted from the Manbarrum Project. The royalty will be secured by a mining mortgage over the Manbarrum Project tenements that may be subordinated to potential project financiers provided certain conditions are met. Boab has retained the right to buy-back the royalty at market value subject to the completion of a Pre-Feasibility Study on the Manbarrum Project.

On 31 August 2021, the Company announced that all conditions precedent had been met and that the Manbarrum acquisition was now complete. The Company has settled the consideration for the purchase being A\$500,000 in the form of 1,186,521 fully paid ordinary shares ("Consideration Shares"). The Consideration Shares have been issued out of the Company's existing capacity in accordance with ASX Listing Rule 7.1 and are subject to a voluntary escrow period of 12 months.

## 27. CASH FLOW RECONCILIATION

### RECONCILIATION OF NET LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

|  | <b>Consolidated</b> |                    |
|--|---------------------|--------------------|
|  | <b>2021</b>         | <b>2020</b>        |
|  | <b>\$</b>           | <b>\$</b>          |
| Net Loss for the Year  | (5,038,982)         | (3,132,179)        |
| <b>Non-Cash Items</b>  |                     |                    |
| Depreciation of Non-Current and ROU Assets                                   | 65,506              | 8,552              |
| Interest on lease liabilities  | 2,850               | -                  |
| Share Based Payments - Director/Staff Options                                | 186,114             | 129,426            |
| Sale of Investments (Non-Cash)   | (96,289)            | -                  |
| Sale of Investment (consideration received included in investing activities) | (192,175)           | -                  |
| Foreign Exchange (Gain)/Loss   | -                   | -                  |
| <b>Change in Operating Assets and Liabilities</b>                            |                     |                    |
| (Increase)/Decrease in Trade and Other Receivables                           | (173,186)           | 197,472            |
| Decrease/(Increase) in Prepayments   | 4,743               | (5,088)            |
| Increase/(Decrease) in Operating, Trade and Other Payables                   | 607,928             | (477,827)          |
| Increase/(Decrease) in Provisions  | 79,974              | 12,393             |
| Net Cash Outflow from Operating Activities                                   | <b>(4,553,517)</b>  | <b>(3,267,251)</b> |

# NOTES TO THE FINANCIAL STATEMENTS

## 28. LOSS PER SHARE (POST CONSOLIDATION)

### RECONCILIATION OF EARNINGS USED IN CALCULATING LOSS PER SHARE

|  | Consolidated |             |
|--|--------------|-------------|
|  | 2021         | 2020        |
|  | \$           | \$          |
| Loss attributable to the ordinary equity holders of the Parent Entity used in calculating basic and diluted loss per share | (5,038,982)  | (3,132,179) |

### WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

|  | Number of Shares |             |
|--|------------------|-------------|
|  | 2021             | 2020        |
| Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share | 141,759,237      | 111,366,716 |

## 29. SHARE BASED PAYMENTS

### ORDINARY SHARES (Post-consolidation)

#### Share Based Payments

|                                    | Consolidated   |                |
|------------------------------------|----------------|----------------|
|                                    | 2021           | 2020           |
|                                    | \$             | \$             |
| Issued to Directors                | 176,774        | 129,426        |
| Issued to Key Management Personnel | 9,340          | -              |
|                                    | <b>186,114</b> | <b>129,426</b> |

During the year 201,244 shares were issued to Directors or consultants as part of the cashless exercise of options (2020: Nil). There were 126,903 ordinary shares issued to Directors in lieu of cash payments (2020: Nil).

### OPTIONS OVER ORDINARY SHARES (Post-consolidation)

No Options were issued in 2021 (2020: Nil).

Options on issue at the end of the period had the following expiry dates and exercise prices:

| Expiry Date | Status   | Exercise Price | Options |
|-------------|----------|----------------|---------|
| 16/10/2021  | Unlisted | \$0.50         | 400,000 |

Options on issue at the end of the period had a weighted average exercise price of \$0.50 cents and a weighted average expiry period of 0.29 years.

# NOTES TO THE FINANCIAL STATEMENTS

## 29. SHARE BASED PAYMENTS (CONTINUED)

### Performance Rights (Post-consolidation)

A total of 280,000 Performance Rights (2020: 2,740,000) were granted during the year to Directors and Key Management Personnel with variable vesting conditions based on the achievement of performance milestones. During the year, a total of 760,000 Class "A" Performance Rights were converted to ordinary shares as a result of performance hurdles being met. Performance Rights on issue at the end of the period had the following expiry dates and exercise prices:

| Details                      | Performance Rights | Exercise Price | Grant Date | Expiry Date |
|------------------------------|--------------------|----------------|------------|-------------|
| Class "B" Performance Shares | 900,000            | Nil            | 29/11/2019 | 30/06/2022  |
| Class "C" Performance Shares | 800,000            | Nil            | 29/11/2019 | 30/06/2022  |
| Class "D" Performance Shares | 320,000            | Nil            | Various    | 6/03/2025   |
|                              | <b>2,020,000</b>   |                |            |             |

## 30. RELATED PARTY TRANSACTIONS

There were no related party transactions to report for the period.

### KEY MANAGEMENT PERSONNEL COMPENSATION

|                             | Consolidated   |                |
|-----------------------------|----------------|----------------|
|                             | 2021           | 2020           |
|                             | \$             | \$             |
| Short Term Employee Benefit | 699,415        | 360,222        |
| Share Based Payments        | 166,600        | 129,424        |
| Post-Employment Benefit     | 54,436         | 33,264         |
|                             | <b>920,451</b> | <b>522,910</b> |



# DIRECTORS' DECLARATION

The Directors of the Group declare that:

1. The financial statements accompanying the notes are in accordance with the Corporations Act 2001, and:
  - a. Comply with Accounting Standards, the Corporations Act 2001 and other mandatory professional reporting requirements;
  - b. Give a true and fair view of the financial position as at 30 June 2021 and of the performance for the report period for the consolidated entity.
2. In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. In the Directors' opinion, the financial statements and notes are prepared in compliance with IFRS and interpretations issued by the International Accounting Standards Board.
4. The remuneration disclosures as set out on pages 26 to 31 of the Directors' Report comply with Accounting Standards AASB 124 *Related Party Disclosures* and section 300A of the Corporations Act 2001.
5. The Directors have been given the declarations required under section 295A of the Corporations Act 2001.

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



**Gary Comb**  
Chairman  
21 September 2021



# INDEPENDENT AUDITOR'S REPORT



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOAB METALS LIMITED

### Report on the Audit of the Financial Report

#### Opinion

We have audited the consolidated financial report of Boab Metals 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 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 then ended; 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Key Audit Matters

We have determined the matters described below to be key audit matters to be communicated in our report.

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. This matter was 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 this matter.

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# INDEPENDENT AUDITOR'S REPORT



| Key Audit Matters   | How the matter was addressed in the audit  |
|---|--|
| <p data-bbox="226 353 790 414"><b>Carrying Value of Exploration and Evaluation Assets</b></p> <p data-bbox="226 443 790 526">As at 30 June 2021, the carrying value of the Group's Exploration and Evaluation Assets totalled \$5,160,560, as disclosed in Note 10.</p> <p data-bbox="226 560 790 616">The carrying value of the Exploration and Evaluation Assets is a key audit matter due to:</p> <ul data-bbox="226 649 790 1008" style="list-style-type: none"><li data-bbox="226 649 790 705">• The significance of the total balance (28% of total assets);</li><li data-bbox="226 739 790 896">• The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and</li><li data-bbox="226 929 790 1008">• The assessment of significant judgements made by management in relation to the Exploration and Evaluation Assets.</li></ul> | <p data-bbox="790 353 1337 414">Inter alia, our audit procedures included the following:</p> <ol data-bbox="790 448 1337 1332" style="list-style-type: none"><li data-bbox="790 448 1337 649">i. Assessing the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third-party documentation;</li><li data-bbox="790 683 1337 862">ii. Examined the directors' assessment of the carrying value of the exploration and evaluation expenditure, ensuring the veracity of the data presented and that management has considered the effect of potential impairment indicators, commodity prices and the stage of the Group's projects against AASB 6;</li><li data-bbox="790 896 1337 1220">iii. Evaluation of Group documents for consistency with the intentions for the continuation of exploration and evaluation activities in certain areas of interest and corroborated with enquiries of management. Inter alia, the documents we evaluated included:<ul data-bbox="861 1052 1337 1220" style="list-style-type: none"><li data-bbox="861 1052 1337 1108">▪ Minutes of meetings of the board and management;</li><li data-bbox="861 1131 1337 1187">▪ Announcements made by the Group to the Australian Securities Exchange; and</li><li data-bbox="861 1209 1337 1220">▪ Cash flow forecasts; and</li></ul></li><li data-bbox="790 1265 1337 1332">iv. Assessed the financial statements to ensure appropriate disclosures are made.</li></ol> |
| <p data-bbox="226 1355 790 1400"><b>Accounting for Joint Operations</b></p> <p data-bbox="226 1400 790 1433"><i>Refer to note 1(b)(iii)</i></p> <p data-bbox="226 1456 790 1590">The Group has a joint arrangement with a 3<sup>rd</sup> party over the Sorby Hills Project. Under the arrangement, the Group owns 75% of the Project. Boab Metals Limited, through its wholly owned subsidiary, Sorby Hills Pty Ltd, manages the Project's activities.</p> <p data-bbox="226 1624 790 1780">Management have determined that the arrangement constitutes a joint operation and therefore, the Group has rights to the assets, and obligations for the liabilities of the joint arrangement. On consolidation, the Group accounts for its proportionate share of the assets and liabilities of the project.</p>  | <p data-bbox="790 1355 1337 1411">Inter alia, our audit procedures included the following:</p> <ol data-bbox="790 1444 1337 1904" style="list-style-type: none"><li data-bbox="790 1444 1337 1657">i. Assessing the management's assessment and judgement of concluding that the arrangement is a joint operation and the accounting treatment relative to the relevant account standards and ensuring the correct treatment is adopted;</li><li data-bbox="790 1691 1337 1904">ii. Reviewing the consolidation worksheets to ensure that Sorby Hills Project has been accounted for as a joint operation and therefore, the Group has accounted for their share of the assets and liabilities (proportionate basis) of the Sorby Hills Project;</li></ol>   |



# INDEPENDENT AUDITOR'S REPORT



Accounting for the Sorby Hills Project is a key audit matter due to:

- The significance of the total assets and liabilities of the joint venture; and
- The nature and complexities involved in accounting as well as the judgement in the determination of whether the Group has an interest in the net assets or rights to the assets and obligations for liabilities and therefore, the accounting treatment in accordance with the relevant accounting standards. Under AASB 11 Joint Arrangements ("AASB 11"), if a party has the rights to the assets and the obligations for the liabilities of a joint arrangement, then the joint arrangement is considered to be a "joint operation" and those assets and liabilities should be recognised by the parties to the joint arrangement.

- iii. We have tested the controls over expenditure in the joint operation and appropriate substantive audit procedures in relation to assets, liabilities and expenses of the joint operation; and
- iv. Assessed the financial statements to ensure adequacy of the disclosures made.

## Other Information

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

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

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

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance

# INDEPENDENT AUDITOR'S REPORT



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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion..

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITOR'S REPORT



## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 21 to 26 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Boab Metals 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.

## STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD (An Authorised Audit Company)

*Stantons International Audit & Consulting Pty Ltd*

**Martin Michalik**  
Director

West Perth, Western Australia  
21 September 2021



# SHAREHOLDER INFORMATION

Additional information is set out below in accordance with the listing rules of the Australian Stock Exchange Limited and is current as at 10 September 2021.

## 1. STATEMENT OF ISSUED CAPITAL

Distribution of holdings for Ordinary Shares on Issue 'BML':

| Number of Holders by Holding Size | Holders      | Total Units        | % of Issued Capital |
|-----------------------------------|--------------|--------------------|---------------------|
| 1 - 1,000                         | 148          | 42,673             | 0.03%               |
| 1,001 - 5,000                     | 1,300        | 3,532,596          | 2.30%               |
| 5,001 - 10,000                    | 576          | 4,508,036          | 2.94%               |
| 10,001 - 100,000                  | 1,093        | 35,725,846         | 23.28%              |
| 100,001 and over                  | 206          | 109,684,376        | 71.46%              |
| <b>Total</b>                      | <b>3,323</b> | <b>153,493,527</b> | <b>100.00%</b>      |

Ordinary shares carry one vote per share without restriction. The number of fully paid ordinary shareholdings held in less than marketable parcels is 342 (based on a share price of \$0.38).

Distribution of holdings for Unlisted Option Holders Ex Price \$0.050, Exp 16 October 2021 is as follows:

| Number of Holders by Holding Size | Holders  | Total Units      | % of Issued Capital |
|-----------------------------------|----------|------------------|---------------------|
| 1 - 1,000                         | 0        | 0                | 0.00%               |
| 1,001 - 5,000                     | 0        | 0                | 0.00%               |
| 5,001 - 10,000                    | 0        | 0                | 0.00%               |
| 10,001 - 100,000                  | 0        | 0                | 0.00%               |
| 100,001 and over                  | 1        | 400,000          | 100.00%             |
| <b>Total</b>                      | <b>1</b> | <b>400,000 *</b> | <b>100.00%</b>      |

\*Unlisted Options do not carry any voting rights until they are exercised and converted into Ordinary Fully Paid shares

Distribution of holdings for Performance Rights on issue, Performance Rights have various expiry dates and vesting conditions. Each Performance Right vests into one Ordinary Fully Paid Share on conversion.

| Number of Holders by Holding Size | Holders  | Total Units       | % of Issued Capital |
|-----------------------------------|----------|-------------------|---------------------|
| 1 - 1,000                         | 0        | 0                 | 0.00%               |
| 1,001 - 5,000                     | 0        | 0                 | 0.00%               |
| 5,001 - 10,000                    | 0        | 0                 | 0.00%               |
| 10,001 - 100,000                  | 0        | 0                 | 0.00%               |
| 100,001 and over                  | 5        | 2,020,000         | 100.00%             |
| <b>Total</b>                      | <b>5</b> | <b>2,020,000*</b> | <b>100.00%</b>      |

\*Performance Shares do not carry any voting rights until they vest and are converted into Ordinary Fully Paid shares.

- 900,000 class "B" Performance Rights are on issue and they are held by 5 holders with Mr Simon Noon holding 53% of this class.
- 800,000 class "C" Performance Rights are on issue and they are held by 4 holders with Mr Simon Noon holding 60% of this class.
- 320,000 class "D" Performance Rights are on issue and they are held by 2 holders with Bluedale Pty Ltd and Mr David English holding these securities equally.

# SHAREHOLDER INFORMATION

## On-Market Buy back

There is no current on-market buy back.

## Restricted Securities

The Company has issued 1,186,521 ordinary shares to Todd River Metals Pty Ltd, these shares are under a voluntary escrow agreement and are in escrow until 30 August 2022.

## SUBSTANTIAL SHAREHOLDERS

| Holder**                | Number     | %     |
|-------------------------|------------|-------|
| VILLIERS QUEENSLAND PL* | 16,194,661 | 10.55 |
| ZERO NOMINEES PTY LTD   | 12,833,334 | 8.36  |

\* Denotes merged holders.

\*\* The holders detailed above held more than 5% of the Issued Capital of the Company as at the date of this additional Shareholder information.

## 2. QUOTATION

Fully paid ordinary shares are quoted on the Australian Stock Exchange Limited. There is a total of 153,493,527 shares on issue. The top twenty shareholders, as listed below, hold 45.62% of these shares:

| Position | Holder Name   | Holding            | %              |
|----------|---|--------------------|----------------|
| 1        | VILLIERS QUEENSLAND PL*                                       | 16,194,661         | 10.55%         |
| 2        | ZERO NOMINEES PTY LTD   | 12,833,334         | 8.36%          |
| 3        | CITICORP NOMINEES PTY LIMITED                                 | 5,394,747          | 3.51%          |
| 4        | BRENT CONNOLLY*   | 4,481,740          | 2.92%          |
| 5        | AIGLE ROYAL SUPER FUND PL*                                    | 3,400,000          | 2.22%          |
| 5        | CRAIG CHAPMAN*  | 3,400,000          | 2.22%          |
| 6        | EQUITY TRUSTEES LIMITED<br><LOWELL RESOURCES FUND A/C>        | 3,261,659          | 2.12%          |
| 7        | MR GRAHAM CHARLES POWELL                                      | 2,500,000          | 1.63%          |
| 8        | MATORICZ SUPER PTY LTD<br><MATORICZ SUPER FUND A/C>           | 2,000,000          | 1.30%          |
| 9        | SIMON NOON*   | 1,817,119          | 1.18%          |
| 10       | LADAKH PTY LTD  | 1,773,182          | 1.16%          |
| 11       | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                     | 1,714,556          | 1.12%          |
| 12       | MIEI RAGAZZI PTY LTD<br><UGUCCIONI S/F A/C>                   | 1,520,000          | 0.99%          |
| 13       | SURPION PTY LTD<br><M W SUHR & CO A/C>                        | 1,500,000          | 0.98%          |
| 14       | RICHARD MONTI*  | 1,324,982          | 0.86%          |
| 15       | TODD RIVER METALS PTY LTD                                     | 1,186,521          | 0.77%          |
| 16       | BNP PARIBAS NOMINEES PTY LTD<br><IB AU NOMS RETAILCLIENT DRP> | 1,122,798          | 0.73%          |
| 17       | JACANA GLEN PTY LTD<br><LARKING SUPER FUND NO 2 A/C>          | 1,000,000          | 0.65%          |
| 17       | MR WARWICK DYSON  | 1,000,000          | 0.65%          |
| 18       | BOLTON & LING SUPER PTY LTD<br><THE BOLTON LING S/F A/C>      | 937,888            | 0.61%          |
| 19       | TRAVIS CLARK*   | 860,000            | 0.56%          |
| 20       | BOXWOOD PTY LTD*  | 799,563            | 0.52%          |
|          | <b>Total</b>  | <b>70,022,750</b>  | <b>45.62%</b>  |
|          | <b>Total Issued Capital - Ordinary Shares</b>                 | <b>153,493,527</b> | <b>100.00%</b> |

\*Denotes merged holders.

# SHAREHOLDER INFORMATION

## 3. UNQUOTED SECURITIES

Holders with more than 20% of any unlisted class of security, other than those acquired under an employee incentive scheme, are listed below:

| Holder                         | 50c Options Expiring<br>16-Oct-21 |
|--------------------------------|-----------------------------------|
| Quintana Resources Holdings LP | 400,000                           |
| <b>Total</b>                   | <b>400,000</b>                    |
| <i>Total holders</i>           | <b>1</b>                          |

## 4. SCHEDULE OF INTERESTS IN MINING TENEMENTS HELD AT BALANCE SHEET DATE

| Farm-In Agreements/<br>Projects/Tenements | Location          | Held at Start of<br>Quarter | Held at End of<br>Quarter |
|---|-------------------|-----------------------------|---------------------------|
| <b>Sorby Hills Project</b>                |                   |                             |                           |
| M80/196                                   | WA,<br>Australia  | 75%                         | 75%                       |
| M80/197                                   |                   | 75%                         | 75%                       |
| M80/285                                   |                   | 75%                         | 75%                       |
| M80/286                                   |                   | 75%                         | 75%                       |
| M80/287                                   |                   | 75%                         | 75%                       |
| E80/5317                                  |                   | 100%                        | 100%                      |
| <b>Borroloola West Project</b>            |                   |                             |                           |
| EL31354                                   | NT,<br>Australia  | 100%                        | 100%                      |
| EL26938                                   |                   | 51%                         | 51%                       |
| EL26939                                   |                   | 51%                         | 51%                       |
| EL28508                                   |                   | 51%                         | 51%                       |
| EL28658                                   |                   | 51%                         | 51%                       |
| EL30305                                   |                   | 51%                         | 51%                       |
| MLN624                                    |                   | 51%                         | 51%                       |
| <b>Mount Jukes Project</b>                |                   |                             |                           |
| EL51/2008                                 | TAS,<br>Australia | 13.74%                      | 13.74%                    |
| EL12/2009                                 |                   | 13.74%                      | 13.74%                    |
| <b>Urrao Project</b>                      |                   |                             |                           |
| 2791                                      | Colombia          | 100%                        | 100%                      |



**BOAB**  
METALS LIMITED

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