



# **2021 ANNUAL REPORT**

**E79 GOLD MINES LIMITED**

**(Previously Zamanco Minerals Limited)**

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# CORPORATE DIRECTORY

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## Directors

Geoffrey Donohue  
Peter McIntyre  
Peter Ironside

## Company Secretary

Peter Ironside

## Registered Office

First Floor, 168 Stirling Highway  
NEDLANDS WA 6009  
Telephone: (08) 9287 7625  
Web Page: [www.e79gold.com](http://www.e79gold.com)  
Email: [info@e79gold.com](mailto:info@e79gold.com)

## Solicitors

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

## Share Registry

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

## Auditor

BDO Audit (WA) Pty Ltd  
38 Station Street  
SUBIACO WA 6008

## Bankers

ANZ Bank  
32 St Quentins Avenue  
CLAREMONT WA 6010

# REVIEW OF OPERATIONS

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## OVERVIEW

During the year, the Board continued to review suitable operations for the Company to acquire.

On 27 May 2021, the Company entered into an Acquisition Agreement with E79 Exploration Pty Ltd (E79 Exploration) and its major shareholders to acquire 100% of the issued capital of E79 Exploration, an entity that is the legal and beneficial owner of, or has earn-in and joint venture rights in, the tenements comprising the Projects (Acquisition).

Upon Completion of the Acquisition, the Company will be an active gold exploration company.

The Company will hold interests in the following projects:

- (a) the Laverton South Project with 346 km<sup>2</sup> of tenure in the Laverton Tectonic Zone - one of the world's most prolific gold belts with in excess of 30Moz of gold historic production, Mineral Resources and Ore Reserves (Laverton South Project); and
- (b) the Jungar Flats Project with 337km<sup>2</sup> of tenure in the Murchison Belt with in excess of 25Moz of published gold historic production, Mineral Resources and Ore Reserves (Jungar Flats Project).

The material terms and conditions of the Acquisition Agreement are summarised below:

### *Consideration*

In consideration for the Acquisition, and subject to satisfaction or waiver of certain conditions precedent, the Company has agreed to issue to the shareholders of E79 Exploration (Vendors) 15,000,000 fully paid ordinary shares in the capital of the Company (Consideration Shares). The Consideration Shares are the subject of the Consideration Offer.

### *Conditions Precedent*

The conditions precedent for the completion of the Acquisition are:

- (a) the Company raising a minimum of \$4,000,000 under the Offer;
- (b) the Company receiving a letter from ASX confirming that ASX will grant conditional quotation of the Company's Shares on ASX, on terms acceptable to the Company;
- (c) the Company preparing a full form prospectus for the Offer;
- (d) there being no material adverse change in the circumstances of E79 Exploration prior to Completion in the sole opinion of the Company;
- (e) the Company appointing a Chief Executive Officer agreed to by E79 Exploration and entering into a services agreement with the Chief Executive Officer on standard terms and conditions;
- (f) the Major Shareholders having procured that the minority shareholders of E79 Exploration accept the minority holder offer; and

## REVIEW OF OPERATIONS

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- (g) there being no material adverse change in the circumstances of the Company prior to Completion in the sole opinion of E79 Exploration, including the Company's cash and investments balance, net of liabilities, being at least \$2,500,000 (other than from costs related to the transaction).

The parties have until 30 September 2021 to satisfy the conditions above or such later date as agreed between the parties.

### *Completion*

Completion of the Acquisition will occur on that date which is five (5) business days after the satisfaction (or waiver) of the conditions precedent (or such other date as the parties may agree).

### *Directors' Interest*

Director Peter Ironside (or his nominee), as one of the Vendors, will be entitled to receive 3,173,428 Consideration Shares pursuant to the Acquisition Agreement.

As at 30 June 2021, the Company had \$2.67m in cash, standing it in a sound financial position.

Subsequent to the year end:

- on 9 July 2021, the Company changed its name to E79 Gold Mines Limited;
- on 12 July 2021, a share consolidation took place on the basis of one share for each 4.3033333 shares resulting in consolidated shares on issue of 14,999,824; and.
- on 17 August 2021, a prospectus was lodged with ASIC for an Initial Public Offering which opened on 25 August 2021.

# DIRECTORS' REPORT

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Your Director's submit their report for the year ended 30 June 2021.

## DIRECTORS

The Directors in office at the date of this report and at any time during the year are as follows. Directors were in office for the entire period unless otherwise stated.

Geoffrey Donohue  
Peter McIntyre  
Peter Ironside

## INFORMATION ON DIRECTORS

**Geoffrey Donohue (B.Com, CPA)**

**Chairman and Non-executive Director**

Mr Geoff Donohue has over 30 years' experience at both board and senior management level within public companies and the securities industry.

Mr Donohue holds a Bachelor of Commerce from James Cook University of North Queensland, Graduate Diploma in Financial Analysis from the Securities Institute of Australia and is a Certified Practicing Accountant.

*Other Current Directorships of Listed Companies:* Aspermont Limited.

*Former Directorships of Listed Companies in last three years:* None.

**Peter McIntyre (BSc, MBA, FIEAust)**

**Non-executive Director**

Mr Peter McIntyre has been in the mining industry for over 35 years.

As an engineer, he has been involved with the development of a number of major projects, and at a corporate level he has established and steered various companies through their early stages into significant companies.

As the Managing Director, he established Extract Resources Limited and grew the company from a junior explorer to an ASX100 company with a +A\$2B market capitalisation at the time of his departure. Extract's success was founded on the discovery of the world-class Rossing South uranium project in Namibia, which is ranked as one of the largest uranium projects in the world.

He was a founding director of Kalahari Minerals (AIM-listed) and was a non-executive director of Carbon Energy Ltd (an ASX listed company).

Mr McIntyre is a chartered Civil Engineer and a Fellow, Institution of Engineers, Australia. He also completed an MBA program at the Massachusetts Institute of Technology in Boston.

*Other Current Directorships of Listed Companies:* Alligator Energy Limited & Copper Search Limited.

*Former Directorships of Listed Companies in last three years:* None.

## DIRECTORS' REPORT

**Peter Ironside (B.Com, CA)**

**Non-executive Director and Company Secretary**

Mr Peter Ironside has a Bachelor of Commerce Degree and is a Chartered Accountant and business consultant with over 30 years' experience in the exploration and mining industry. Mr Ironside has a significant level of accounting, financial compliance and corporate governance experience including corporate initiatives and capital raisings. Mr Ironside has been a Director and/or Company Secretary of several ASX listed companies including Integra Mining Limited and Extract Resources Limited (before \$2.18Bn takeover) and is currently a non-executive director of Stavely Minerals Limited.

*Other Current Directorships of Listed Companies:* Stavely Minerals Limited.

*Former Directorships of Listed Companies in last three years:* None.

### MEETINGS OF THE COMPANY'S DIRECTORS

There was one meeting of the Company's Directors held during the year ended 30 June 2021 and the attendance by each Director was:

	Meetings Held	Meetings Attended
Geoff Donohue	1	1
Peter McIntyre	1	-
Peter Ironside	1	1

In addition to formal Board Meetings, the Directors held regular discussions throughout the year. Resolutions during the year were passed by a circulating resolution.

### DIRECTORS' SHAREHOLDING INTERESTS

The interest of each Director in the share capital of the Company at the date of this report is as follows:

	Fully Paid Ordinary Shares	
	Direct Interest	Indirect Interest
Geoffrey Donohue	-	2,701,398
Peter McIntyre	-	1,458,155
Peter Ironside	199,601	2,022,772

# DIRECTORS' REPORT

## DIVIDENDS

No dividend has been paid or declared by the Company up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend.

## CORPORATE INFORMATION

### Corporate Structure

E79 Gold Mines Limited is a company limited by shares that is incorporated and domiciled in Australia. E79 Gold Mines Limited had no entities under its control as at year end and the financial report has been prepared on that basis.

### Nature of Operations and Principal Activities

The principal activities of the Company during the financial year were:

- to seek a transaction of merit capable of becoming the major undertaking of the Company.

### Review of Operations

Refer to the Review of Operations preceding this Directors' Report.

## SUMMARY OF FINANCIAL POSITION, ASSET TRANSACTIONS AND CORPORATE ACTIVITIES

A summary of key financial indicators for E79 Gold, with prior period comparison, is set out in the following table:

	30 June 2021	30 June 2020
	\$	\$
Cash and cash equivalents held at year end	2,673,644	2,663,464
Net profit/(loss) for the year after tax	22,731	(159,329)
Basic profit/(loss) per share	0.04 cents	(0.25) cents
Net cash used in operating activities	(101,833)	(175,492)
Net cash provided by investing activities	132,263	-
Net cash provided by financing activities	(20,250)	-

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the financial year ended 30 June 2021, other than entering into the Acquisition Agreement referred to in the Review of Operations section.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Upon Completion of the Acquisition summarised in the Review of Operations section above, the Company will be an active gold exploration company.



# DIRECTORS' REPORT

## ENVIRONMENTAL REGULATIONS

The Company currently has no environmental obligations.

## EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the year end:

- on 9 July 2021, the Company changed its name to E79 Gold Mines Limited;
- on 12 July 2021, a share consolidation took place on the basis of one share for each 4.3033333 shares resulting in consolidated shares on issue of 14,999,824; and
- on 17 August 2021, a prospectus was lodged with ASIC for an Initial Public Offering which opened on 25 August 2021.

On 5 July 2021, the Board resolved the following, subject to the effective date of settlement of the Acquisition Agreement:

1. to approve the following changes in the Board of Directors and Company Secretary:
  - Appointment of Christopher Cairns as the non-executive Chair
  - Appointment of Deborah Lord as a non-executive director
  - Appointment of Amanda Sparks as company secretary
  - Resignation of Peter Ironside as company secretary
  - Resignation of Geoff Donohue as director
  - Resignation of Peter McIntyre as director

The remuneration to be paid is \$50,000 for the Non-Executive Chairman and \$40,000 for each Non-Executive Director (plus superannuation).

2. to approve the following unlisted options to be granted:

Name	Options exercisable at \$0.27 each on or before the date which is two years from the date of issue	Options exercisable at \$0.30 each on or before the date which is four years from the date of issue
Christopher Cairns	250,000	250,000
Peter Ironside	250,000	250,000
Deborah Lord	250,000	250,000
Amanda Sparks	250,000	250,000
Consultant	250,000	250,000
Edward Summerhayes (CEO)	500,000	500,000
Lead Manager for the IPO	500,000	1,000,000
Total Options to Issue	2,250,000	2,750,000

# DIRECTORS' REPORT

## COVID-19

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential future impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There are no other matters or circumstances that have arisen since 30 June 2021 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

## SHARES UNDER OPTION

There are no unissued ordinary shares of the Company under option at the date of this report.

## INDEMNIFICATION AND INSURANCE OF OFFICERS

Subsequent to year end, the Company paid a premium to insure the Directors and Officers of the Company and its controlled entities. Details of the premium are subject to a confidentiality clause under the contract of insurance.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Company.

## PROCEEDINGS ON BEHALF OF THE COMPANY

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

## AUDITOR'S INDEPENDENCE

The auditor's independence declaration as required by Section 307C of the Corporations Act 2001 for the year ended 30 June 2021 has been received and can be found on page 10.

## AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with Section 327 of the Corporations Act 2001.

## NON-AUDIT SERVICES

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

Associated entities of BDO Audit (WA) Pty Ltd received or are due to receive the following amounts for the provision of non-audit services:

	2021	2020
	\$	\$
Tax Compliance Services	4,500	4,074
Other	9,270	-
	<u>13,770</u>	<u>4,074</u>

## DIRECTORS' REPORT

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### CORPORATE GOVERNANCE

The directors of the Company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the Company's website for details of corporate governance policies:

<https://e79gold.com.au/corporate-governance/>

Signed in accordance with a resolution of the Directors.



Geoffrey Donohue  
Chairman  
Perth, Western Australia  
17 September 2021

# AUDITOR'S INDEPENDENCE DECLARATION

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38 Station Street  
Subiaco, WA 6008  
PO Box 700 West Perth WA 6872  
Australia

## DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF E79 GOLD MINES LIMITED

As lead auditor of E79 Gold Mines Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of E79 Gold Mines Limited.



**Dean Just**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth, 17 September 2021

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

# Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2021

	Note	Year Ended 30 June 2021 \$	Year Ended 30 June 2020 \$
<b>Revenue and income</b>			
Interest revenue		7,386	27,252
Gain on sale of equity investments	2	132,263	-
Other		5,441	4,597
Total revenue and income		145,090	31,849
<b>Expenses</b>			
Compliance costs		(14,759)	(39,751)
Accommodation & travel costs		(3,173)	(6,856)
Consultants Fees		(15,937)	(12,000)
Legal Fees		(1,318)	(74,173)
Project due diligence costs		(30,808)	-
Other expenses		(56,364)	(58,398)
Total expenses		(122,359)	(191,178)
<b>Profit/(loss) before income tax for the year</b>		22,731	(159,329)
Income tax expense	3	-	-
<b>Profit/(loss) after income tax attributable to members of E79 Gold Mines Limited</b>		22,731	(159,329)
<b>Other comprehensive income/(loss)</b>			
<i>Items that will be reclassified to profit or loss:</i>			
Exchange difference on translation		-	-
<b>Other comprehensive income/(loss) after income tax</b>		-	-
<b>Total comprehensive income/(loss) net of tax</b>		22,731	(159,329)
<b>Profit/(loss) per share for the year attributable to the members of E79 Gold Mines Limited</b>		<b>Cents</b>	<b>Cents</b>
Basic profit/(loss) per share	4	0.04	(0.25)

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

# Statement of Financial Position

## As at 30 June 2021

	Note	30 June 2021 \$	30 June 2020 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5(a)	2,673,644	2,663,464
Receivables	6	50,663	9,708
<b>Total Current Assets</b>		<u>2,724,307</u>	<u>2,673,172</u>
<b>Total Assets</b>		<u>2,724,307</u>	<u>2,673,172</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	7	48,976	20,572
<b>Total Current Liabilities</b>		<u>48,976</u>	<u>20,572</u>
<b>Total Liabilities</b>		<u>48,976</u>	<u>20,572</u>
<b>Net Assets</b>		<u>2,675,331</u>	<u>2,652,600</u>
<b>Equity</b>			
Issued capital	8	10,122,974	10,122,974
Reserves		176	176
Accumulated losses		(7,447,819)	(7,470,550)
<b>Total Equity</b>		<u>2,675,331</u>	<u>2,652,600</u>

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

# Statement of Cash Flows

## For the Year Ended 30 June 2021

	Note	Year Ended 30 June 2021 \$	Year Ended 30 June 2020 \$
<b>Cash flows from operating activities</b>			
Receipts (mostly GST)		13,281	20,736
Interest received		11,695	22,540
Payments to suppliers and employees		(126,809)	(218,768)
<b>Net cash outflows used in operating activities</b>	5(b)	(101,833)	(175,492)
<b>Cash flows from investing activities</b>			
Payments for equity investments		(304,001)	-
Proceeds on sale of equity investments		436,264	-
<b>Net cash flows provided by investing activities</b>		132,263	-
<b>Cash flows from financing activities</b>			
IPO costs paid		(20,250)	-
<b>Net cash outflows from financing activities</b>		(20,250)	-
<b>Net increase/(decrease) in cash and cash equivalents held</b>		10,180	(175,492)
Add opening cash and cash equivalents brought forward		2,663,464	2,838,956
<b>Closing cash and cash equivalents carried forward</b>		2,673,644	2,663,464

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

## Statement of Changes in Equity For the Year Ended 30 June 2021

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
At 1 July 2019	10,122,974	176	(7,311,221)	2,811,929
Loss for the year	-	-	(159,329)	(159,329)
Total comprehensive income for the year	-	-	(159,329)	(159,329)
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital, net of transaction costs	-	-	-	-
At 30 June 2020	10,122,974	176	(7,470,550)	2,652,600
Profit for the year	-	-	22,731	22,731
Total comprehensive income for the year	-	-	22,731	22,731
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital, net of transaction costs	-	-	-	-
At 30 June 2021	10,122,974	176	(7,447,819)	2,675,331

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



# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1: ACCOUNTING POLICIES

### (i) Basis of Accounting

These general purpose financial statements for year ended 30 June 2021 have been prepared in accordance with Corporations Act 2001 and Australian Accounting Standards (including Australian Accounting Interpretations) and authoritative pronouncements of the Australian Accounting Standards Board. These financial statements have been prepared in accordance with the historical costs convention with the exception of investments which have been measured at fair value. E79 Gold Mines Limited is a for-profit entity for the purpose of preparing the financial statements.

The functional currency and presentation currency of E79 Gold Mines Limited is Australian dollars.

The financial report of E79 Gold Mines Limited for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of Directors on 17 September 2021.

### (ii) Statement of Compliance

This financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### (iii) Adoption of New and Revised Standards

#### Early adoption of accounting standards

The Company has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 July 2020.

#### New and amended standards adopted by the Company

The Company adopted all new or amended Accounting Standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The following Accounting Standards and Interpretations are most relevant to the Company:

#### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

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

#### New Accounting Standards and Interpretations not yet mandatory or early adopted by the Company

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2021. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

### (iv) Significant accounting estimates and assumptions

There are no significant accounting estimates or assumptions applied in the preparation of the Company's financial statements for the year ended 30 June 2021.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 2: EQUITY INVESTMENTS

During the year, the Company made an investment of \$304,001 in two ASX listed companies - Capricorn Metals (CMM) and Matador Mining (MZZ). The shares were sold on market in June 2021 for a profit of \$132,263.

## NOTE 3: INCOME TAX

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income tax is provided on all temporary differences in the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is recognised for all taxable temporary differences, except where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 3: INCOME TAX - continued

### Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense as applicable.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in Statements of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities that are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

	Year ended 30 June 2021	Year ended 30 June 2020
	\$	\$

### (a) Income Tax Expense

The reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:

Profit/(loss) before income tax	22,731	(159,329)
Income tax expense/(benefit) @ 30%	6,819	(47,799)
Tax effect of non-deductible items	2,503	307
Net deferred tax assets not brought to account	(9,322)	47,492
Income tax attributable to operating loss	-	-

### (b) Deferred tax assets and liabilities not recognised relate to the following:

DTA - Tax losses	307,143	333,040
DTL - Other temporary differences	(17,622)	(3,355)
<b>Net deferred tax assets not recognised</b>	<b>289,521</b>	<b>329,685</b>

Net 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

### NOTE 4: EARNINGS PER SHARE

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

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

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

	30 June 2021	30 June 2020
	Cents	Cents
Basic earnings per share	0.04	(0.25)
	\$	\$
Profit/(loss) attributable to members of E79 Gold Mines Limited used in the calculation of basic loss per share	22,731	(159,329)
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	64,550,000	64,550,000

### NOTE 5: CASH AND CASH EQUIVALENTS

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 the statement of profit or loss and other comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5: CASH AND CASH EQUIVALENTS - continued

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

	Year Ended 30 June 2021	Year Ended 30 June 2020
	\$	\$
<b>(a) Cash and cash equivalents</b>		
Cash at bank and in hand	1,173,644	663,464
Short-term deposits	1,500,000	2,000,000
	<u>2,673,644</u>	<u>2,663,464</u>

The Company's exposure to interest rate risk is discussed in note 12. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

### (b) Reconciliation of profit/(loss) after tax to the net cash flows used in operations

Profit/(loss) after income tax	22,731	(159,329)
Add back gain on disposal of equity investments (investing activity)	(132,263)	-
Change in assets and liabilities:		
(Increase)/decrease in receivables	(3,947)	(3,183)
Increase/(decrease) in payables	11,646	(12,980)
Net cash flows from/(used) in operating activities	<u>(101,833)</u>	<u>(175,492)</u>

### NOTE 6: RECEIVABLES

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. They are recognised initially at fair value and subsequently at amortised cost.

There are no receivables that are past the due date. There are no financial instruments carried at fair value that require level 1, 2 or 3 disclosures.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6: RECEIVABLES - continued

	30 June 2021	30 June 2020
	\$	\$
<b>Current</b>		
GST refundable	8,943	3,628
Prepayments – IPO costs	41,317	-
Other	403	6,080
	<u>50,663</u>	<u>9,708</u>

#### *Fair Value and Risk Exposures:*

- (i) Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.
- (ii) The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.
- (iii) Details regarding interest rate risk exposure are disclosed in note 12.
- (iv) Other receivables generally have repayments between 30 and 90 days.

### NOTE 7: TRADE AND OTHER PAYABLES

Trade payables and other payables are recognised initially at fair value and subsequently at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

	30 June 2021	30 June 2020
	\$	\$
<b>Current</b>		
Trade creditors and accruals	<u>48,976</u>	<u>20,572</u>

#### *Fair Value and Risk Exposures*

- (i) Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.
- (ii) Trade and other payables are unsecured and usually paid within 60 days of recognition.
- (iii) All amounts are expected to be paid within 12 months.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 8: CONTRIBUTED EQUITY

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

	30 June 2021	30 June 2020
	\$	\$
<b>(a) Issued Capital</b>		
Ordinary shares fully paid	10,122,974	10,122,974
	<u>10,122,974</u>	<u>10,122,974</u>

### (b) Movements in Ordinary Share Capital

Number of Shares	Summary of Movements	\$
64,550,000	Opening balance as at 1 July 2019	10,122,974
64,550,000	Closing Balance at 30 June 2020	<u>10,122,974</u>
64,550,000	Opening balance as at 1 July 2020	10,122,974
64,550,000	Closing Balance at 30 June 2021	<u>10,122,974</u>

Subsequent to year end, on 9 July 2021, Shareholders approved the consolidation of the Company's issued share capital through the conversion of every 4.3033838 Shares into 1 Share. As a result, the number of shares on issue was converted from 64,550,000 Shares to 14,999,824 Shares.

### (c) Terms and Conditions of Issued Capital

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

### (d) Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management may in the future adjust the capital structure to take advantage of favourable costs of capital and issue further shares in the market. Management has no current plans to adjust the capital structure. There are no plans to distribute dividends in the next year.

Total capital is equity as shown in the statement of financial position. The Company is not subject to any externally imposed capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 9: RELATED PARTY TRANSACTIONS

	30 June 2021	30 June 2020
	\$	\$
<i>Key Management Personnel Compensation</i>		
Short-term employment benefits	-	-

### *Other transactions with Key Management Personnel*

Mr Peter Ironside, Director, is a shareholder and director of Ironside Pty Ltd. Ironside Pty Ltd is a shareholder of the 168 Stirling Highway Syndicate, the entity which owns the premises E79 Gold occupies in Western Australia. Mr Geoff Donohue, Director, is a shareholder and director of Rembu Pty Ltd. Rembu Pty Ltd is also a shareholder of the 168 Stirling Highway Syndicate, the entity which owns the premises E79 Gold occupies in Western Australia. During the year an amount of \$20,136 (net of GST) (2020: \$34,151) was paid/payable for office rental at normal commercial rates.

Mr Geoff Donohue, Director, is a shareholder and director of Rembu Pty Ltd. During the year an amount of \$5,441 (net of GST) (2020: \$4,597) was paid/payable to the Company for office rental at normal commercial rates.

## NOTE 10: AUDITORS' REMUNERATION

	30 June 2021	30 June 2020
	\$	\$
Amount received or due and receivable by BDO Australia:		
Audit and review of financial statements	21,892	18,446
Other services - taxation	4,500	4,074
Other services – IPO Independent Limited Assurance Report	9,270	-
	35,662	22,520

## NOTE 11: SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

The Company does not have any material operating segments with discrete financial information. The Company does not have any customers and all its' assets and liabilities are located within Australia. The Board of Directors review internal management reports on a regular basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.



# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND INSTRUMENTS

### *Interest revenue*

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

The Company's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to provide working capital for the Company's operations.

The Company has various other financial instruments such as receivables and trade creditors, which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and credit risk. The Board reviews and agrees on policies for managing each of these risks and they are summarised below.

### *Liquidity Risk*

The Company has no significant exposure to liquidity risk as there is effectively no debt. Trade payables are all expected to be paid within 30 days. The Company manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

### *Interest Rate Risk*

At reporting date, the Company's exposure to market risk for changes in interest rates relates primarily to the Company's short-term cash deposits. The Company constantly analyses its exposure to interest rates, with consideration given to potential renewal of existing positions, the mix of fixed and variable interest rates and the period to which deposits may be fixed.

At reporting date, the Company had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	2021 \$	2020 \$
Financial Assets:		
Cash and cash equivalents (interest-bearing accounts)	2,228,581	2,127,177
Net exposure	2,228,581	2,127,177

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date for variable interest bearing accounts. The 0.5% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical LIBOR movements over the last 3 years.

At 30 June 2021, if interest rates had decreased by 0.5% from the year end variable rates with all other variables held constant, post tax loss and equity for the Company would have been \$5,014 lower (2020: changes of 0.5% \$10,636 higher). The 0.5% (2020: 0.5%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical RBA movements over the last year.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND INSTRUMENTS - continued

### *Credit Risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis.

The Company has a credit risk in relation to its cash at bank, short-term deposits and receivables. However, this risk is minimised as the cash is deposited only with AA or greater (Moody's) rated financial institutions. The Company does not have any other significant credit risk exposure to a single counterparty or any Company of counterparties having similar characteristics.

Impairment losses are recorded against receivables unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly.

Management believes the reporting date risk exposures are representative of the risk exposure inherent in financial instruments.

### *Foreign Exchange Risk*

The Company has financial assets of US\$38,684 in a US dollar denominated account. At 30 June 2021, any movement in exchange rates would not have a material effect on post tax profit and equity (2020: no material effect on post tax profit and equity).

## NOTE 13: COMMITMENTS AND CONTINGENCIES

Other than the Acquisition Agreement (refer to the Review of Operations section), the Company has no commitments or contingent liabilities.

## NOTE 14: EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the year end:

- on 9 July 2021, the Company changed its name to E79 Gold Mines Limited;
- on 12 July 2021, a share consolidation took place on the basis of one share for each 4.3033333 shares resulting in consolidated shares on issue of 14,999,824; and
- on 17 August 2021, a prospectus was lodged with ASIC for an Initial Public Offering which opened on 25 August 2021.

On 5 July 2021, the Board resolved the following, subject to the effective date of settlement of the Acquisition Agreement:

1. to approve the following changes in the Board of Directors and Company Secretary:
  - Appointment of Christopher Cairns as the non-executive Chair
  - Appointment of Deborah Lord as a non-executive director
  - Appointment of Amanda Sparks as company secretary
  - Resignation of Peter Ironside as company secretary
  - Resignation of Geoff Donohue as director
  - Resignation of Peter McIntyre as director

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 14: EVENTS OCCURRING AFTER THE REPORTING PERIOD - continued

The remuneration to be paid is \$50,000 for the Non-Executive Chairman and \$40,000 for each Non-Executive Director (plus superannuation).

2. to approve the following unlisted options to be granted:

Name	Options exercisable at \$0.27 each on or before the date which is two years from the date of issue	Options exercisable at \$0.30 each on or before the date which is four years from the date of issue
Christopher Cairns	250,000	250,000
Peter Ironside	250,000	250,000
Deborah Lord	250,000	250,000
Amanda Sparks	250,000	250,000
Consultant	250,000	250,000
Edward Summerhayes (CEO)	500,000	500,000
Lead Manager for the IPO	500,000	1,000,000
Total Options to Issue	2,250,000	2,750,000

#### COVID-19

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential future impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There are no other matters or circumstances that have arisen since 30 June 2021 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

## DIRECTORS' DECLARATION

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In the opinion of the Directors:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position at 30 June 2021 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (iii) complying with International Financial Reporting Standards (IFRS) as stated in note 1 of the financial statements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2021.

On behalf of the Board



Geoffrey Donohue  
Chairman  
Perth, Western Australia  
17 September 2021

# INDEPENDENT AUDITOR'S REPORT



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## INDEPENDENT AUDITOR'S REPORT

To the members of E79 Gold Mines Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of E79 Gold Mines Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of E79 Gold Mines Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

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

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

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

#### Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Company's annual report, 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.

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# INDEPENDENT AUDITOR'S REPORT



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 on the other information obtained prior to the date of this auditor's report, 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 Company's ability 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 Company or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the Financial Report**

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

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

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

**BDO Audit (WA) Pty Ltd**

BDO  
A handwritten signature in dark ink, appearing to read 'Dean Just', is written over the BDO logo.

**Dean Just**

**Director**

Perth, 17 September 2021