



SILVER MINES LIMITED and its controlled entities

HALF YEAR FINANCIAL REPORT For the six months ended 31 December 2021

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CORPORATE DIRECTORY

Directors

Keith Perrett – Non-Executive Chairman

Anthony McClure – Managing Director

Jonathan Battershill – Non-Executive Director

Company Secretary

Trent Franklin

Australian Company Number

107 452 942

Registered Office

Silver Mines Limited

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Sydney NSW 2000

Australia

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Crowe Sydney

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DIRECTORS' REPORT

The Directors present their report on Silver Mines Limited and its controlled entities for the half-year ended 31 December 2021.

DIRECTORS

The Directors of Silver Mines Limited during the financial period and until the date of this report are:

Keith Perrett *Non-Executive Chairman*

Anthony McClure *Managing Director*

Jonathan Battershill *Non-Executive Director*

PRINCIPAL ACTIVITIES

Silver Mines Limited ("Silver Mines" or the "Company") and its controlled entities (Collectively, the "Group") focus throughout the first half of the financial year ended 31 June 2022 ("2022 Financial Year") involved the continued advancement of the Bowdens Silver Project, including progressing its Mining Lease Application and other documentation to the New South Wales Department of Planning, Industry and Environment for the development of the Bowdens Silver Project. In addition, substantial exploration works continue to be undertaken by the Company.

COVID-19 RESPONSE

During the first half of the 2022 Financial Year, the Company continued to carry out measures in response to the impact of the COVID-19 pandemic. The Company's priorities are to protect the health and safety of our staff, contractors and local communities, while maintaining the integrity of our business.

The Company adheres to the directives from Federal and State Government and has put in place comprehensive COVID-19 Policies and Procedures. This has allowed our current operations to continue safely and with minimal interruption.

DIRECTORS' REPORT

PROJECTS

Bowdens Silver Project

Introduction

During the first half of the 2022 Financial Year, the Company focussed on the continued pre-development works and mineral exploration at the Bowdens Silver Project located near Mudgee in the Central Tablelands Region of New South Wales, Australia. The Company is in the final stages of the approval processes for the development of the Bowdens Silver Project and has submitted its Mining Lease Application and other documentation to the New South Wales Department of Planning, Industry and Environment.

The Project comprises 2,007 km² (496,000 acres) of titles covering approximately 80 kilometres of strike of the highly mineralised Permian Rylstone Volcanics overlying Ordovician and Silurian formations. The area also hosts the Company's Barabolar Project.

The Group holds 100% of Exploration Licence EL5920 which contains the Bowdens Silver Deposit. In addition, the Group holds exploration licences EL6354, EL8159, EL8160, EL8168, EL8268, EL8403, EL8405, EL8480 and EL8682. (Refer to Figure 1).

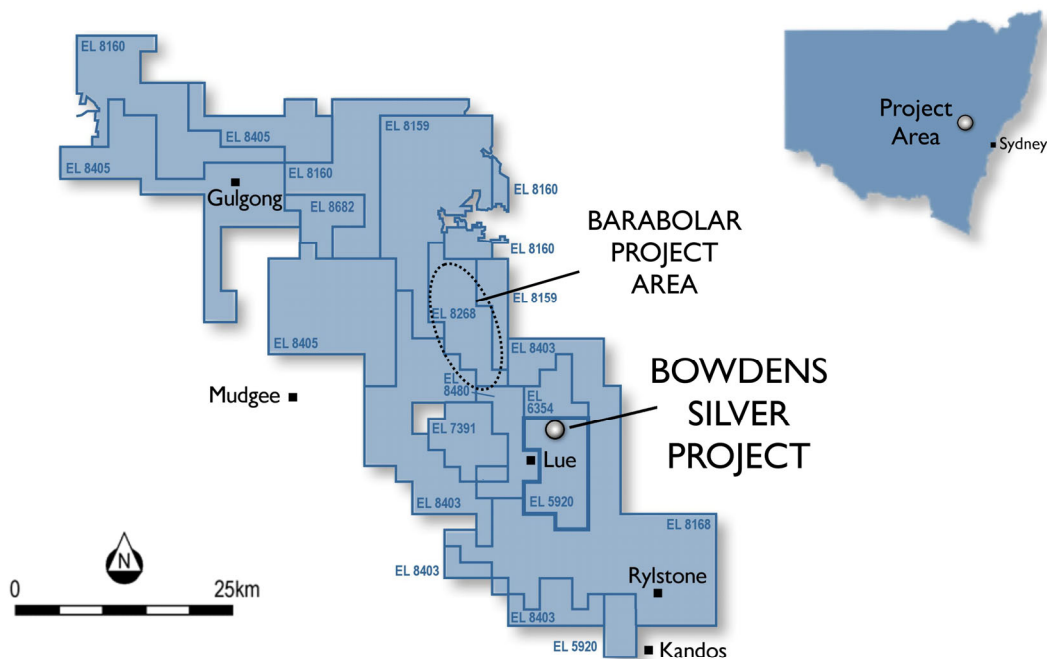


Figure 1: Silver Mines Limited Tenement and Project locations in the Mudgee district.

Bowdens Silver Project

Description

The Bowdens Silver Project is the largest known undeveloped silver mineral resource in Australia.

DIRECTORS' REPORT

The tenement portfolio is situated on the eastern margin of the Lachlan Orocline/Macquarie Arc. The Project comprises the highly-mineralised early Permian Rylstone Volcanics and the on-lapping later Permian sedimentary units of the Shoalhaven Group within the Sydney Basin. The Rylstone Volcanics unconformably overlie the Ordovician Coomber Formation and Silurian Dungaree Volcanics (*Refer to Figure 2*). Several intrusions cross-cut Ordovician, Silurian and Permian units.

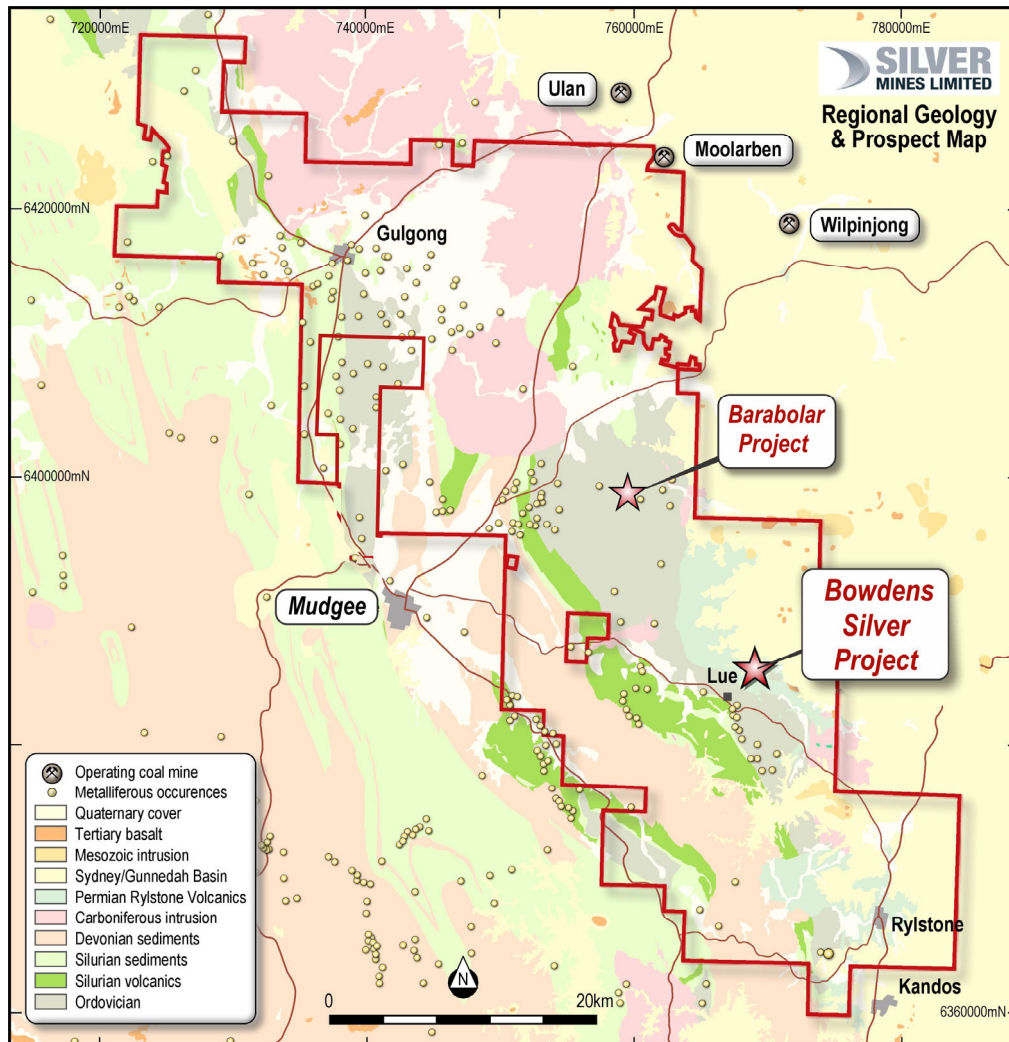


Figure 2: Silver Mines Limited prospect locations in the Mudgee district.

In March 2021, the Company submitted its Mining Lease Application and other documentation to the New South Wales Department of Planning, Industry and Environment for the development of the Bowdens Silver Project. The proposed development comprises an open-cut mine feeding a new processing plant with a conventional milling circuit and differential flotation to produce two concentrates that will be sold for smelting off site. Plant capacity is designed for 2.0 million tonnes per annum with a mine life of 16.5 years. Life of mine production is planned to be approximately 66 million ounces of silver, 130,000 tonnes of zinc and 95,000 tonnes of lead.

Ore Reserve and Mineral Resource

The Bowdens Silver Ore Reserve is estimated at 29.9 million tonnes at 69.0 g/t silver, 0.44% zinc and 0.32% lead containing 66.32 million ounces of silver, 130.8 kilotonnes of zinc and 95.3 kilotonnes of lead.

DIRECTORS' REPORT

The Ore Reserve Estimate was prepared by mining engineering consultancy firm AMC Consultants Pty Ltd (AMC Consultants) and is based on the September 2017 Mineral Resource Estimate generated for Silver Mines by H & S Consultants Pty Ltd (H & S Consultants) (see ASX announcement 19th September 2017).

Measured and Indicated Mineral Resources were converted to Proved and Probable Ore Reserves respectively and are subject to mine designs, modifying factors and economic evaluation. The Ore Reserve Estimate for the Bowdens Silver Project as at May 2018 is outlined in Table 1 below.

Table 1. Bowdens Silver Deposit Ore Reserve

Reserve Category	Tonnes (Mt)	Reserve Grades			Contained Metal		
		Ag (g/t)	Zn (%)	Pb (%)	Ag Metal Moz	Zn (kt)	Pb (kt)
Proved	28.6	69.75	0.44	0.32	64.05	125.11	91.43
Probable	1.3	53.15	0.43	0.29	2.27	5.74	3.91
Total	29.9	69.01	0.44	0.32	66.32	130.84	95.33

Notes:

1. Refer to ASX announcement 30th May 2018 for further details.
2. Calculations have been rounded to the nearest 100,000 t, 0.1 g/t silver and 0.01% zinc and lead grades respectively. The Ore Reserve is reported by economic cut-off grade with appropriate consideration of modifying factors including costs, geotechnical considerations, mining and process recoveries and metal pricing.

The Bowdens Silver Mineral Resource Estimate of September 2017 was completed by H & S Consultants using recoverable Multiple Indicator Kriging and the reporting is compliant with the 2012 JORC Code and Guidelines (see ASX announcement of 19th September 2017). The Mineral Resource Estimate for the Bowdens Silver Project as at September 2017 is outlined in Table 2 below.

Table 2. Bowdens Silver Deposit Mineral Resource

Category	Tonnes (Mt)	Silver Eq. (g/t)	Silver (g/t)	Zinc (%)	Lead (%)	Million Ounces Silver	Million Ounces Silver Eq.
Measured	76	72	45	0.37	0.25	111	175
Indicated	29	59	31	0.38	0.25	29	55
Inferred	23	60	31	0.40	0.28	23	45
Total	128	67	40	0.38	0.26	163	275

Notes:

1. Refer to ASX announcement of 19th September 2017 for full details.
2. Bowdens' silver equivalent: Ag Eq (g/t) = Ag (g/t) + 33.48*Pb (%) + 49.61*Zn (%) calculated from prices of US\$20/oz silver, US\$1.50/lb zinc, US\$1.00/lb lead and metallurgical recoveries of 85% silver, 82% zinc and 83% lead estimated from test work commissioned by Silver Mines Limited.
3. Bowdens Silver Mineral Resource Estimate is reported to a 30g/t Ag Eq cut off and extends from surface and is trimmed to 300 metres RL which is approximately 320 metres below surface representing a potential volume for open-pit optimisation models.
4. In the Company's opinion, the silver, zinc and lead included in the metal equivalent calculations have a reasonable potential to be recovered and sold.
5. Variability of summation may occur due to rounding.

The model is a non-linear recoverable-type model incorporating proportional tonnages and grades above cut-off grade for both silver equivalent grade (Ag Eq) and silver (Ag), while also incorporating linear ordinary kriged panel estimates for lead (Pb), zinc (Zn) and other elements.

The Proved Ore Reserve estimate is based on 'Measured' Mineral Resources after consideration of all mining, metallurgical, social, environmental, statutory and financial aspects of the Project. The Probable Ore Reserve estimate is based on 'Indicated' Mineral Resources after consideration of all mining, metallurgical, social, environmental, statutory and financial aspects of the Project.

DIRECTORS' REPORT

Development and Mining Lease Applications and Environmental Impact Statement

In May 2020, the Company completed and submitted the Bowdens Silver Development Application and associated Environmental Impact Statement ("EIS") to the New South Wales Department of Planning, Industry and Environment (see ASX announcement 25th May 2020).

In March 2021, the Company announced the submission of its Mining Lease Application ("MLA 601") (see ASX announcement 24th March 2021).

Summary points of the EIS include:

- Considerable local economic benefits with substantial local job creation;
- Minimal impacts on surface water and groundwater during and after operations;
- No physical human health risk issues of concern identified;
- A progressive rehabilitation plan committed to with rehabilitation occurring throughout the life of the mine;
- No significant impacts upon migratory or threatened species and a significant area of land to be conserved in perpetuity as part of the Project's biodiversity offset program;
- Relocation of a local road around the mine site resulting in the majority of traffic avoiding the local township of Lue;
- Aboriginal Cultural Heritage assessment concluded in conjunction with the local Aboriginal communities, with agreement for ongoing management; and
- The potential for amenity-related impacts managed over the life of the mine through a range of management commitments, monitoring and reporting.

The EIS had an eight-week public exhibition which concluded during the September 2020 quarter. At the end of the 2021 Financial Year, the Company submitted its Submissions Report to the New South Wales Department of Planning, Industry and Environment.

From the exhibition process, the Company received no objections to the Project from any of the Government agencies and received resounding public support with 79% of all public organisation and general public submissions in favour of the Project.

The full Bowdens Silver EIS can be accessed at the New South Wales Department of Planning, Industry and Environment website.

The project is currently in the final stages of development approvals.

Silver Mines continues an extensive program of consultation with relevant Government departments, local communities, and other interested stakeholders. The program examines the potential impacts and benefits of exploration and development across the substantial Bowdens Silver tenement portfolio. Consultation processes focus on the current potential mine development area and the wider area where the Company is commencing or undertaking exploration programs.

DIRECTORS' REPORT

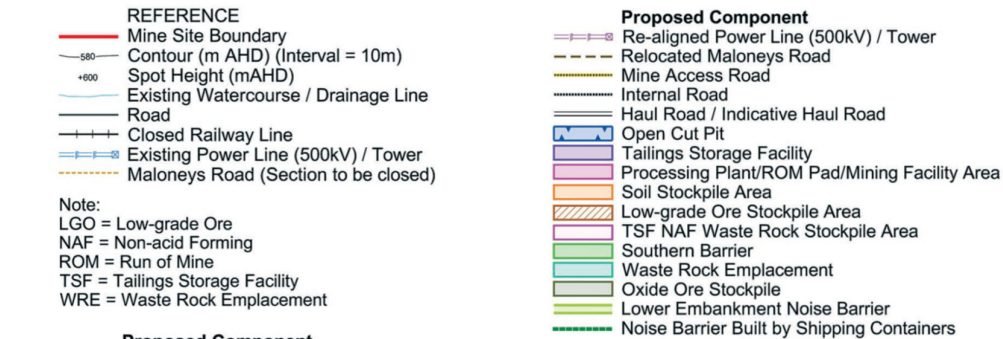
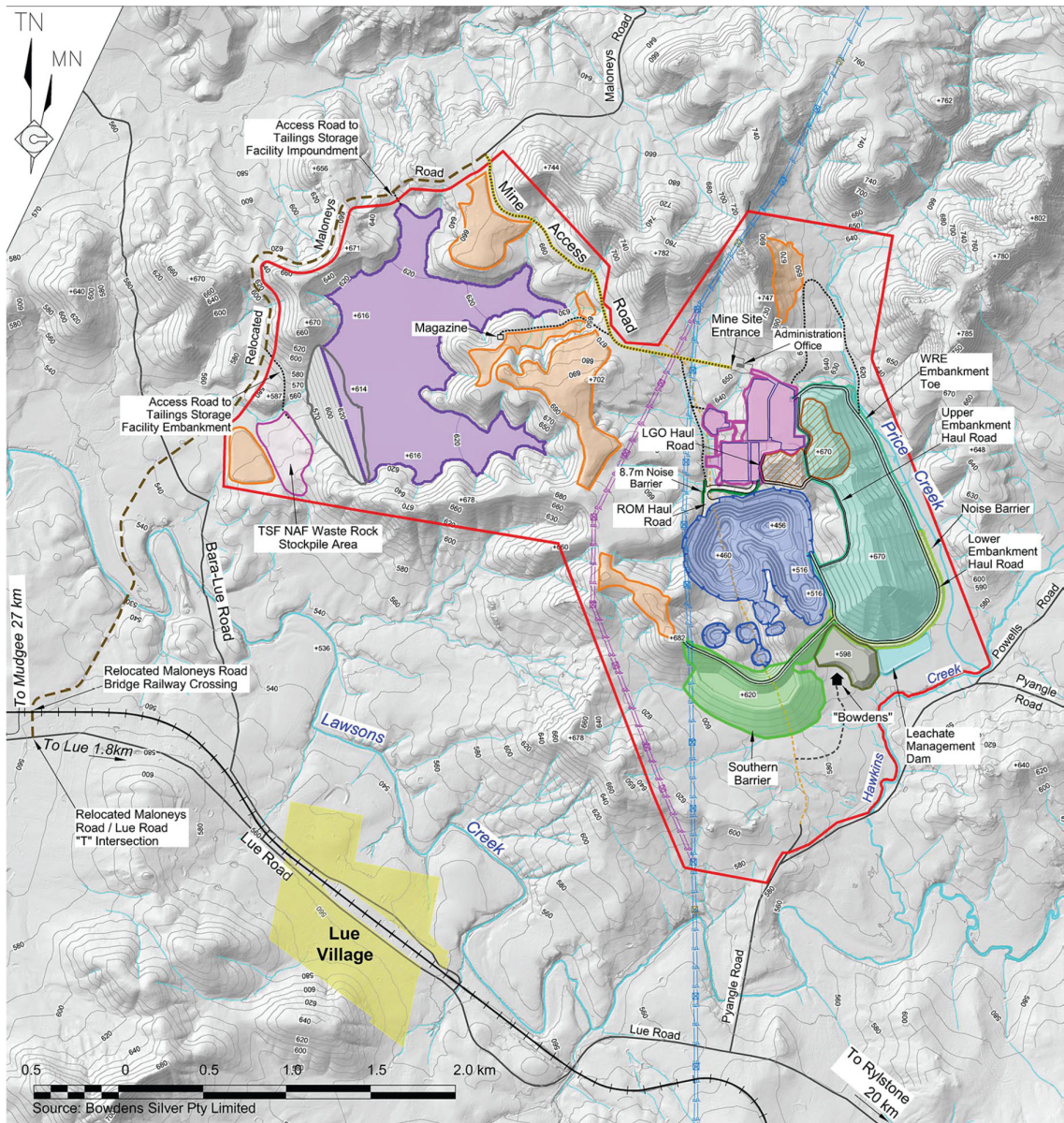


Figure 3: Bowdens Silver Mine Site Layout.

DIRECTORS' REPORT

Bowdens Silver Exploration

Exploration at the Bowdens Silver Project during the first half of the 2022 Financial Year focussed on the substantial 30,000 metre drilling program to target zones of high-grade silver mineralisation and massive and semi-massive sulphide zones at depth (beneath the current open-pit designs).

During the half year, the Company announced ongoing success in its exploration activities that yielded exceptional high-grade silver intercepts (see ASX announcements 27th July 2021, 4th August 2021, 26th October 2021 and 3rd December 2021). Diamond drilling continued to test the potential for underground mining scenarios at the Bowdens Silver Deposit with a focus on the Northwest Zone, the Aegean Zone and the Bundarra Zone. The Aegean Zone is a high-grade vein system located beneath the bulk-tonnage Ore Reserve in the Main Zone area of the Bowdens Deposit (refer to Figure 4).

Drilling conducted during and prior to the half year significantly added to the understanding of the context of the Bowdens Silver Deposit being located at the periphery of a large Caldera and highlighted the potential for analogue deposits as well as the potential for multiple higher-grade silver zones within and proximal to the Bowdens Silver Project. It is expected that the drilling program will continue until at least the end of the 2022 Financial Year.

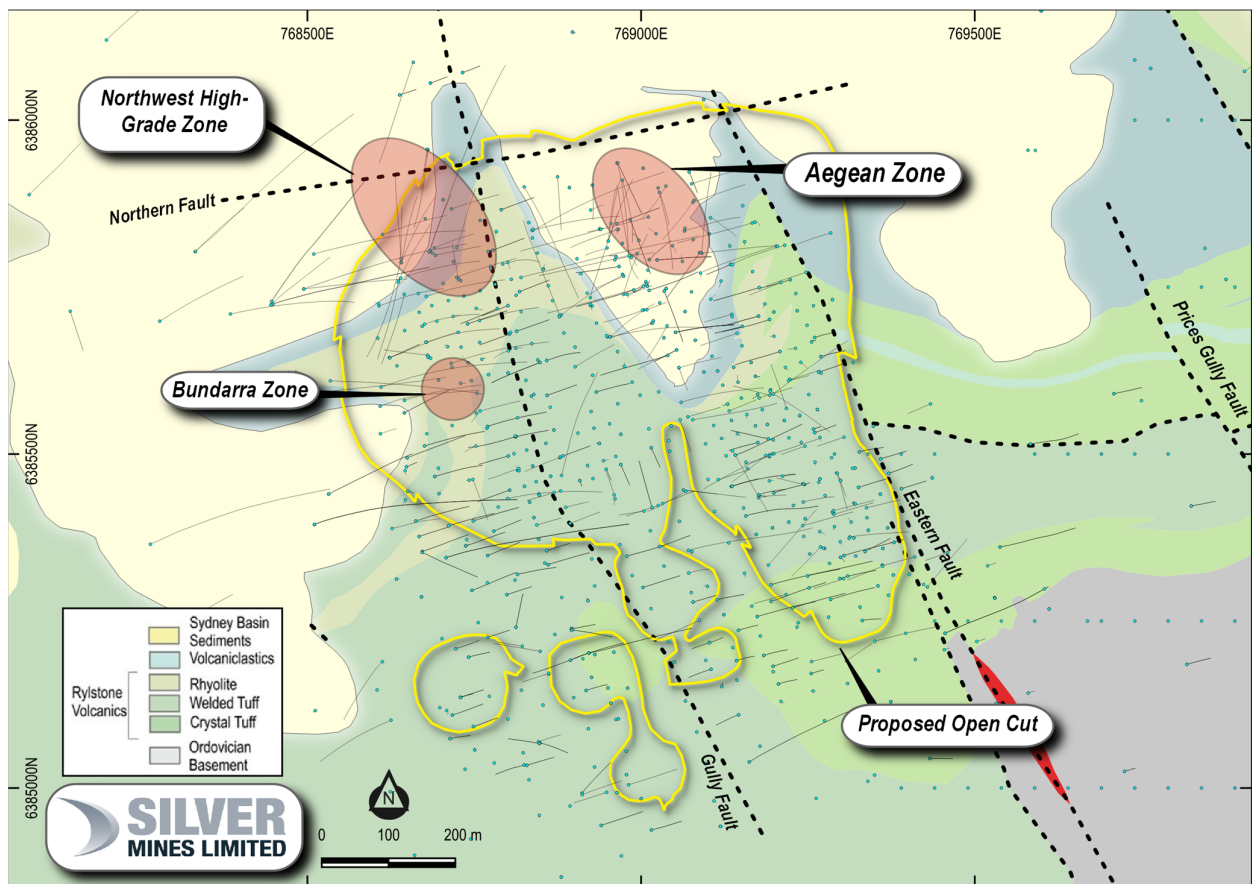


Figure 4: Drilling into high-grade silver targets at the Bowdens Silver Project.

The Bowdens Silver mineral system is located within a series of stacked, west-dipping faults which acted as conduits for mineralising fluids. The faults include the Gully Fault and Eastern Fault. These faults also controlled mineralisation in the basement Ordovician rocks where the Company recently reported broad zones of base-metal mineralisation.

A number of other recently identified faults that sit close to the interpreted Caldera edge are situated under the post-mineral Sydney Basin sediments and these will be tested during the current diamond drilling campaign.

DIRECTORS' REPORT

With continued insight from mineralogy/textural analysis, detailed gravity surveying and VTEM reprocessing, the ongoing drilling at the Northwest and Aegean Zones continues in tandem with targeted diamond drilling of steep feeder veins. This work includes testing eastern extensions to the Northwest Zone that may link to the Aegean Zone. In particular, the Northwest Zone is still considered to represent a feeder conduit for the Bowdens Silver system.

This drill program is on-going with the results expected to provide the basis for a resource assessment of potential underground mineable resources.

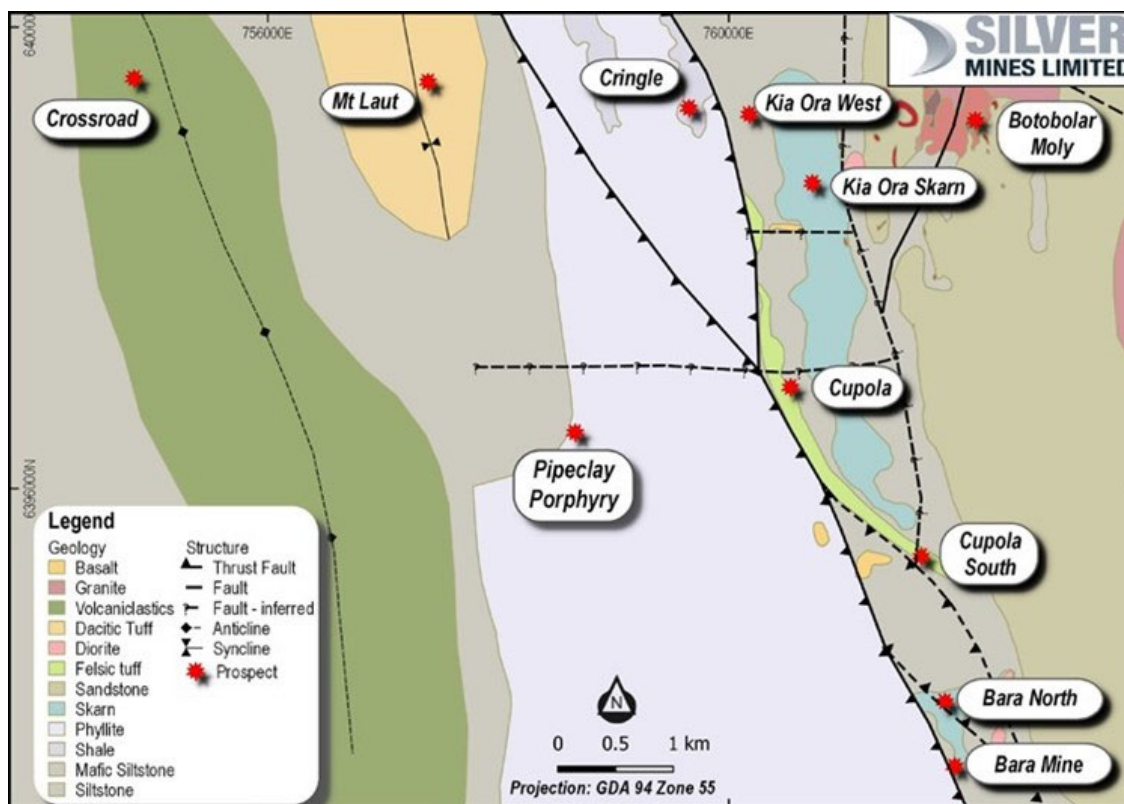
During the first half of the 2022 Financial Year, the Company announced it had commissioned a Scoping Study and associated Mineral Resources assessment for potential underground mining scenarios (*see ASX announcement 5th August 2021*).

The Scoping Study will consider potential underground mining scenarios beneath the planned open-pit development. The Resource Assessment and Scoping Study will not have any effects on the ongoing approval process for the Bowdens Silver open-pit development currently before the New South Wales Department of Planning, Industry and Environment.

Subsequent to first half year, a joint venture agreement covering EL7391 was terminated with no ongoing obligations for the Company.

Barabolar Project

The Barabolar Project is a high-quality exploration project located within the highly prospective Macquarie Arc that hosts world-class mineral systems such as the Cadia-Ridgeway porphyry copper-gold deposit. Barabolar consists of a nine-kilometre corridor of copper, silver, lead and zinc soil anomalies with some association with gold in rock chip samples. The rocks of the project area are Ordovician age (the same as the Cadia-Ridgeway Gold and Copper Mine) and include sedimentary and volcanic rocks, an extensive skarn (highly-altered limestone) and several porphyritic intrusions. The presence of pyrophyllite alteration, along with areas of intense silicification and argillic alteration is indicative of high-sulphidation epithermal systems consistent with signatures for copper-gold porphyry targets at depth. After the discovery and initial definition of the Barabolar Project, exploration work has expanded the target area.



Prospect locations within the Barabolar Project area.

Figure 5:

DIRECTORS' REPORT

Due to the COVID-19 pandemic drilling planned at the Barabolar Project has been put on-hold. However, the Barabolar Project remains a compelling target area with a considerable hydrothermal footprint. The Company is continuing with desktop studies and is currently planning for the re-commencement of drilling and other activities.

Tuena Project

The Tuena Gold Project is located 80 kilometres south of the city of Orange in New South Wales (refer to Figure 6).

The Tuena area was the scene of a historic gold rush, with gold extracted from several narrow high-grade gold reefs over a regional trend with greater than five kilometres of strike length. The Company has completed reconnaissance mapping, rock sampling and soil geochemistry as well as flown a detailed magnetic survey.

During the 2021 Financial Year, the Company completed a 20 hole 4,000 metre drill program designed to test beneath several of the historic hard-rock gold workings and associated geochemistry anomalies along an extensive 5.4 kilometre by 1.5-kilometre shear complex within EL8526. In addition, two targets were identified with both gold and base-metal pathfinder signatures. Both prospects adjoin historic workings at Lucky Hit and Markham's Hill respectively and are clearly defined by soil chemistry with anomalism of silver, bismuth, lead, tellurium and gold. These targets are being tested for bulk-tonnage gold mineral systems and have a comparable signature and scale to the McPhillamy's Gold Project located north of the Tuena Gold Project.

Drilling encountered multiple mineralised structures beneath historic workings comprising quartz and carbonate veining with or without pyrite (iron sulphide). The Company is planning follow-up drilling.

Regionally, the Company has an expanded tenement footprint surrounding Tuena and has undertaken targeting along the Godolphin-Copperhania-Lake George fault corridor and intends to conduct further on-ground regional reconnaissance.

DIRECTORS' REPORT

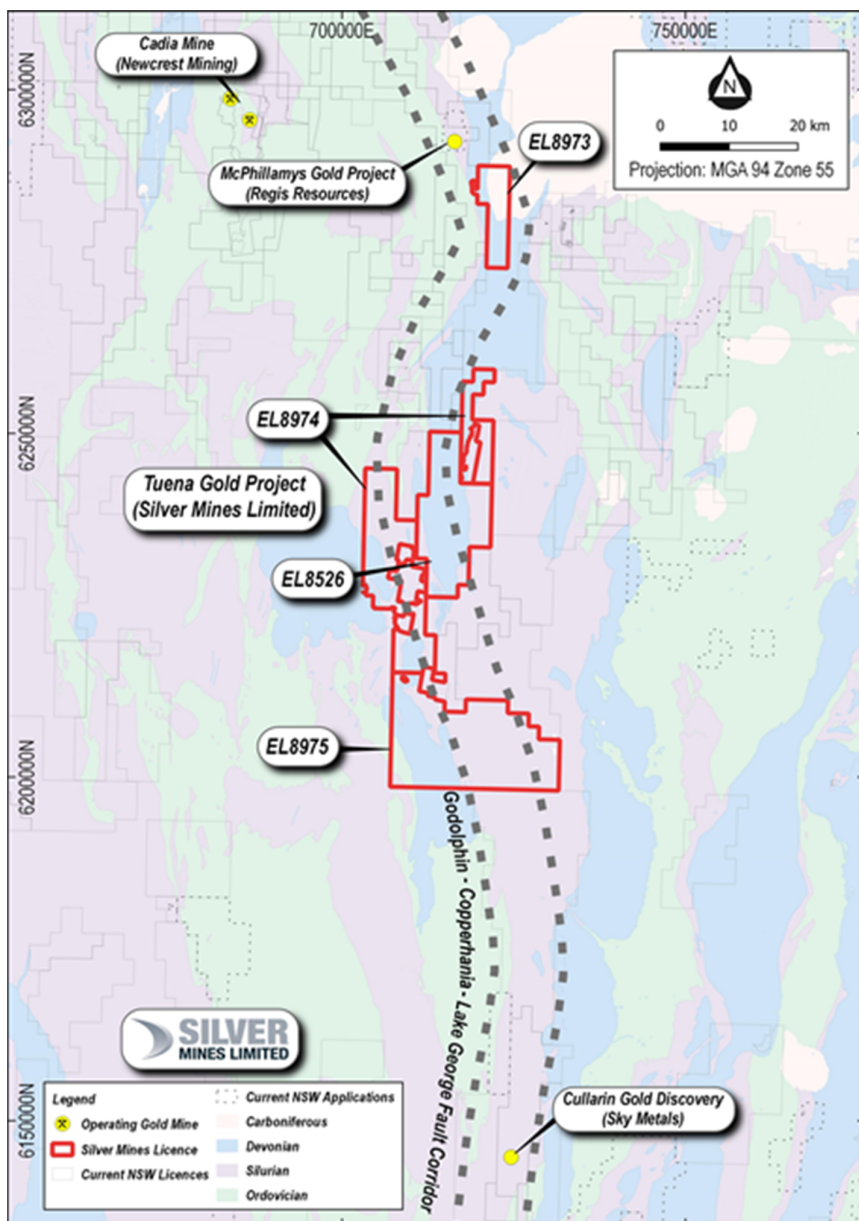


Figure 6: Map showing the Tuena Gold Project.

DIRECTORS' REPORT

COMPETENT PERSONS STATEMENT

The information in this report that relates to mineral exploration from the Bowdens Silver, Barabolar and Tuena projects is based on information compiled by the Bowdens Silver team and reviewed by Dr Darren Holden who is an advisor to the Company. Dr Holden is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC code). Dr Holden consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

TENEMENT INFORMATION AS AT 31st DECEMBER 2021

Tenement	Project Name	Location	Silver Mines Ownership
EL 5920	Bowdens Silver	NSW	100%
EL 6354	Bowdens Silver	NSW	100%
EL 8159	Bowdens Silver	NSW	100%
EL 8160	Bowdens Silver	NSW	100%
EL 8168	Bowdens Silver	NSW	100%
EL 8268	Bowdens Silver	NSW	100%
EL 7391 ¹	Bowdens Silver	NSW	0%
EL 8403	Bowdens Silver	NSW	100%
EL 8405	Bowdens Silver	NSW	100%
EL 8480	Bowdens Silver	NSW	100%
EL 8682	Bowdens Silver	NSW	100%
EL 8526	Tuena	NSW	100%
EL 8973	Tuena	NSW	100%
EL 8974	Tuena	NSW	100%
EL 8975	Tuena	NSW	100%

1. Under Joint Venture with Thomson Resources Limited. Silver Mines Limited earning 80%. The Joint Venture was terminated subsequent to the reporting period with no ongoing obligations for the Company.

DIRECTORS' REPORT

CORPORATE

Securities

In total 91,539,737 SVLOB options (\$0.06 exercise price expiring 6 September 2021) were exercised during the half-year period.

During the half year period, the remaining 2,937,624 SVLOB options (\$0.06 exercise price 6 September 2021) expired without being exercised.

A total of 3,600,000 unquoted SVLUOP2 options (\$0.10 exercise price expiring 1 August 2021) issued under the Company's Employee Incentive Plan were exercised during the half-year period. 2,600,000 of these options were exercised by key management personnel. All of the SVLUOP2 options were exercised prior to the expiry date.

Issue of Options Under Employee Incentive Plan

On 22 December 2021, the Company announced that it had made an offer of securities to eligible participants under its Employee Incentive Plan ("Plan"). The Company offered eligible participants comprising on employees, directors (excluding the Managing Director) and consultants of the Company, a total 11,000,000 options. The options form a new class of unquoted options with an exercise price of \$0.30 and an expiry date of 21 December 2024. The vesting conditions attaching to the options require participants to remain continuously employed or engaged with the Company for a period of one year from the date on which the options were granted.

Of the 11,000,000 options, 9,000,000 were issued to eligible participants who are not directors or related parties of the Company. 2,000,000 options which are being issued to directors of the Company will be issued subject to shareholder approval at the Company's next extraordinary general meeting which is expected to take place in 2022.

Waiver

On 27 November 2020, shareholders approved at the Annual General Meeting ("AGM") of the Company ("Approval") a waiver granted by ASX Listing Compliance on 28 October 2020 ("Waiver"). The Waiver relates to the issue of 10,000,000 fully paid ordinary shares ("Deferred Consideration Shares") in the Company to be issued to a Director of the Company in accordance with the provisions of the share sale and purchase deed dated 3 May 2016 ("Deed"), which effectuated the purchase of the Bowdens Silver Project. In accordance with the Deed the Deferred Consideration Shares are to be issued upon:

- (a) achievement of the mining lease granted by the NSW Department of Planning, Industry and Environment pursuant to the Mining Act 1992 (NSW) in connection with Bowden Silver Project; or
- (b) a change of control milestone such as a takeover bid pursuant to section 9 of the Corporations Act 2001 (Cth), (collectively, "Milestones")

The Company confirms the Deferred Consideration Shares have not been issued during the half-year. The Deferred Consideration Shares may only be issued if either of the Milestones are achieved and occur in the period that is 24 months from the date that Approval is obtained.

DIRECTORS' REPORT

RESULTS AND DIVIDENDS

For the half-year reporting period to 31 December 2021, the Group recorded a loss of \$6,974,379 (31 December 2020: loss \$954,028).

The Group incurred exploration and development expenditure of \$5,968,030 during the current half-year to 31 December 2021 (31 December 2020: \$3,344,310). The total net assets of the Group stand at \$118,644,230 (June 2021: \$119,741,453) of which investment in exploration expenditure accounts for \$63,639,124 (June 2021: \$58,363,389).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS AFTER THE END OF THE REPORTING PERIOD

The Group did not have any significant changes in the state of its affairs during the half-year and after the end of the reporting period.

DIRECTORS' REPORT

EVENTS SUBSEQUENT TO REPORTING DATE

Change of Registered Address

Subsequent to the reporting period the Company announced that effective from 2 March 2022, its registered office and principal place of business has changed to:

Level 28, 88 Phillip Street
Sydney NSW 2000

JV Termination

Subsequent to the first half year, a joint venture agreement covering EL7391 was terminated with no ongoing obligations for the Company.

COVID-19 Response

The Company continued to implement several measures in response to the COVID-19 pandemic subsequent to the reporting period, including prudent cost saving measures such as reduction in administrative costs.

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


No other matter or circumstance has arisen since the reporting date that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in future financial years.

DIRECTORS' REPORT

AUDITORS INDEPENDENCE DECLARATION

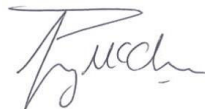
A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is enclosed and forms part of this half-year report.

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



Keith Perrett
Chairman

15 March 2022



Anthony McClure
Managing Director

Auditor's Independence Declaration Under Section 307C of the *Corporations Act 2001* to Directors of Silver Mines Limited

As lead auditor for the review of the interim financial report of Silver Mines Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, that there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Yours sincerely,



Crowe Sydney



Suwarti Asmono
Partner

15 March 2022

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation.

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Independent Auditor's Review Report to the Members of Silver Mines Limited

Conclusion

We have reviewed the half-year financial report of Silver Mines Limited (the Company) and its controlled entities (the Group), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis of Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Crowe Sydney

Crowe Sydney



Suwarti Asmono
Partner

Dated at Sydney this 15th day of March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Notes	31-Dec-21 \$	31-Dec-20 \$
Revenue		155,026	92,035
Cost of sales		(66,100)	(27,839)
Gross Profit from continuing operations		88,926	64,196
Grant		-	100,840
Other income		47,160	86,028
Share registry and exchange fees		(133,277)	(110,187)
Auditors		(26,779)	(19,269)
Marketing		(57,134)	(44,598)
Office expenses		(15,330)	(23,380)
IT and communication		(7,054)	(506)
Depreciation		(138,340)	(142,061)
Accountancy		(65,800)	(60,000)
Professional and technical advisors		(278,648)	(231,493)
Employee benefits expenses		(351,670)	(465,740)
Travel and accommodation		(1,297)	(487)
Share based payment		(24,772)	-
Farm operations		(58,586)	(61,159)
FV gain/loss on initial recognition of livestock		153,803	40,224
Fair value movement of financial assets at fair value through profit and loss		(6,009,803)	-
Gain on sales of non-current assets		897	11,877
Foreign exchange losses		(265)	(71)
Other expenses		(115,880)	(91,305)
Loss from continuing operations before interest and income tax		(6,993,849)	(947,091)
Interest income		71,912	64,495
Finance costs		(52,442)	(71,432)
Loss from continuing operations before income tax		(6,974,379)	(954,028)
Income tax		-	-
Loss from continuing operations after income tax		(6,974,379)	(954,028)
Other comprehensive income		-	-
Total comprehensive income (loss) (attributable to owners of the company)		(6,974,379)	(954,028)

Earnings per share (cents per share)

Basic & diluted earnings per share	14	(0.55)	(0.09)
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The consolidated statement of profit or loss and the comprehensive income is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **AS AT 31 DECEMBER 2021**

	Notes	31-Dec-21 \$	30-Jun-21 \$
Current assets			
Cash and cash equivalent	2	28,458,945	31,420,960
Trade and other Receivables	3	228,638	248,078
Inventory - livestock	4	468,939	371,041
Financial assets	5	5,926,790	11,936,593
Other assets		6,359	7,928
Total current assets		35,089,671	43,984,600
Non-current assets			
Prepayments	3	391,047	220,711
Financial assets	5	363,867	207,867
Deferred exploration and development expenditures	6	63,639,124	58,363,389
Intangible assets	7	1,013,947	853,947
Land and buildings	8	18,967,415	17,582,192
Property, plant and equipment	9	4,147,086	4,076,276
Total non-current assets		88,522,486	81,304,382
Total assets		123,612,157	125,288,982
Current liabilities			
Trade and other Payables	10	821,650	1,392,754
Employee benefits provisions	11	326,983	306,186
Lease Liability (current)	12	30,436	59,731
Total current liabilities		1,179,069	1,758,671
Non-Current liabilities			
Lease Liability (non-current)	12	3,788,858	3,788,858
Total non-current liabilities		3,788,858	3,788,858
Total liabilities		4,967,927	5,547,529
Net assets		118,644,230	119,741,453
Equity			
Contributed equity	13	148,747,656	142,477,202
Reserve	13	2,024,772	2,418,070
Accumulated losses		(32,128,198)	(25,153,819)
Total Equity		118,644,230	119,741,453

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

Notes	Ordinary Shares \$	Share capital reserve \$	Share based payment reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2020	109,987,534	3,000,000	1,149,020	(30,513,078)	83,623,476
Transactions with owners, in their capacity as owners					
Equity funds received, issue of shares	2,289,661	(1,000,000)	-	-	1,289,661
Fair value of options exercised	160,388	-	(160,388)	-	-
Options issued in the period	-	-	-	-	-
Costs of funds raised	(12,874)	-	-	-	(12,874)
Total transactions with owners, in their capacity as owners	2,437,175	(1,000,000)	(160,388)	-	1,276,787
Comprehensive income for period					
Loss attributable to owners of the company	-	-	-	(954,028)	(954,028)
Total comprehensive income for the period	-	-	-	(954,028)	(954,028)
Balance at 31 December 2020	112,424,709	2,000,000	988,632	(31,467,106)	83,946,235
Balance at 1 July 2021	142,477,202	2,000,000	418,070	(25,153,819)	119,741,453
Transactions with owners, in their capacity as owners					
Equity funds received, issue of shares	5,852,384	-	-	-	5,852,384
Fair value of options exercised	418,070	-	(418,070)	-	-
Options Issued in the period	-	-	24,772	-	24,772
Total transactions with owners, in their capacity as owners	6,270,454	-	(393,298)	-	5,877,156
Comprehensive income for period					
Loss attributable to owners of the company	-	-	-	(6,974,379)	(6,974,379)
Total comprehensive income for the period	-	-	-	(6,974,379)	(6,974,379)
Balance at 31 December 2021	148,747,656	2,000,000	24,772	(32,128,198)	118,644,230

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Notes	31-Dec-21 \$	31-Dec-20 \$
Cash flows from operating activities			
Receipts from customers		203,945	155,482
Payments to suppliers & employees		(1,284,557)	(1,041,674)
Interest received		71,912	64,495
Grant received		-	75,840
Finance costs		(11)	(21,221)
Net cash outflows from operating activities		(1,008,711)	(767,078)
Cash flows from investing activities			
Payments for deferred exploration		(6,286,698)	(3,148,387)
Grant received		692,295	200,000
Payment to acquire intangible		(160,000)	(687,344)
Payment for property, plant and equipment		(1,658,283)	(1,897,016)
Non-refundable payment received for potential sale of entities		-	50,000
Proceeds from sale of property, plant and equipment		14,545	45,632
Net cash outflows from investing activities		(7,398,141)	(5,437,115)
Cash flows from financing activities			
Option conversion		5,444,837	1,239,614
Payments for capital raising costs		-	(12,874)
Net cash inflows from financing activities		5,444,837	1,226,740
Net (decrease)/increase in cash and cash equivalent		(2,962,015)	(4,977,453)
Cash and cash equivalent at the beginning of the financial year		31,420,960	12,124,402
Cash and cash equivalent at the end of the financial year	2	28,458,945	7,146,949

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards AASB 134: Interim Financial Reporting and the requirements of Corporations Act 2001 as issued by the International Accounting Standards Board as applicable to a for-profit entity. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Silver Mines Limited and its controlled entities. It is therefore recommended that this financial report to be read in conjunction with annual financial statements of the group for the year ended 30 June 2021, together with any public announcements made during the following half-year.

Except for the cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements are presented in Australian dollars which is the Group's functional currency.

b. Going Concern

The Directors believe that the going concern basis is appropriate for the preparation and presentation of the financial statements, notwithstanding continued operating losses, negative operating cash flows, and minimal ongoing revenue streams, as the directors believe that the Group will raise sufficient cash and liquid assets.

The Directors have prepared a forecast for the foreseeable future reflecting the abovementioned expectations and their effect on the Group. The forecast is appropriate, and reflects reduction in interest income, costs based on the progression of the Bowdens Silver Project and the further development of the Group's purchase of tenements along with exploration.

c. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Silver Mines Limited as at 31 December 2021 and the results of its subsidiaries for the period then ended. Silver Mines Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or 'the Group'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

d. New, revised or amending Accounting Standards and Interpretations adopted

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

e. Identification of reportable operating segments

During the period, the consolidated entity was organised into one operating segment, being exploration operations. This operating segment is based on the internal reports that are reviewed and used by the directors (who are identified as the Chief Operating Decision Makers ("CODM")) in assessing performance and in determining the allocation of resources.

The CODM review operating expenses in relation to the exploration activities and the Group's cash position. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a monthly basis. Information is presented on a consolidated cash flow basis. Cash flow funding is treated as one pool of liquid assets noting relevant terms of any maturity or exercise of any investments for the purpose of funding exploration. Types of products and services – the principal products and services of this operating segment are in exploration operations and mine development in Australia.

f. Critical accounting estimates and significant judgments used in applying accounting policies

The critical estimates and judgments are consistent with those applied and disclosed in the June 2021 annual report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 2: CASH AND CASH EQUIVALENTS

	31-Dec-21	30-Jun-21
Current	\$	\$
Cash and cash equivalents	28,458,945	31,420,960
	<u>28,458,945</u>	<u>31,420,960</u>

Cash and cash equivalents include investment in redeemable preference shares of \$4,789,702 (refer to Note 15(b)). This investment matures on 31 March 2022 and can be redeemed earlier in line with withdrawal schedule.

NOTE 3: TRADE AND OTHER RECEIVABLES

	31-Dec-21	30-Jun-21
Current	\$	\$
GST	228,638	164,159
Prepayment	-	52,683
Other receivables	-	31,236
	<u>228,638</u>	<u>248,078</u>
Non- Current	\$	\$
Prepayment	391,047	220,711
	<u>391,047</u>	<u>220,711</u>

NOTE 4: INVENTORY - LIVESTOCK

	31-Dec-21	30-Jun-21
Current	\$	\$
Livestock	468,939	371,041
	<u>468,939</u>	<u>371,041</u>

NOTE 5: FINANCIAL ASSETS

	31-Dec-21	30-Jun-21
Current	\$	\$
Financial assets at fair value through profit and loss		
Investment in Listed Shares	4,402,000	7,440,000
Investment in Unlisted Options	1,524,790	4,496,593
	<u>5,926,790</u>	<u>11,936,593</u>
Non- Current	\$	\$
Performance guarantee bonds	363,867	207,867
	<u>363,867</u>	<u>207,867</u>

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 5: FINANCIAL ASSETS (continued)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - Dec 2021				
Assets				
Financial assets at fair value through profit or loss				
- Investment in listed shares	4,402,000	-	-	4,402,000
- Investment in unlisted options	-	1,524,790	-	1,524,790
Performance guarantee bonds	363,867	-	-	363,867
Total assets	4,765,867	1,524,790	-	6,290,657
Consolidated - June 2021				
Assets				
Financial assets at fair value through profit or loss				
- Investment in listed shares	7,440,000	-	-	7,440,000
- Investment in unlisted options	-	4,496,593	-	4,496,593
Performance guarantee bonds	207,867	-	-	207,867
Total assets	7,647,867	4,496,593	-	12,144,460

NOTE 6: DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURE

	31-Dec-21 \$	30-Jun-21 \$
Non-current		
Exploration expenditures		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phase		
Opening balance	58,363,389	56,788,308
Expenditure in the period	5,968,030	8,402,610
Disposals through disposal of subsidiaries	-	(6,627,529)
Government grant	(692,295)	(200,000)
Closing balance	63,639,124	58,363,389

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of an area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profits in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from where exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 6: DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURE (continued)

Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Exploration and evaluation assets are tested for impairment each year. When the facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the carrying amount is written down to its likely recoverable amount.

NOTE 7: INTANGIBLE ASSETS

	31-Dec-21 \$	30-Jun-21 \$
Non-current		
Opening balance	853,947	56,603
Additions	160,000	797,344
Closing balance	1,013,947	853,947

The Group has entered into a number of option agreements to purchase properties attaching to the tenements. As consideration for these agreements, the Group has paid total option fees of \$160,000 (June 2021: \$797,344) during the period.

NOTE 8: LAND AND BUILDINGS

	31-Dec-21 \$	30-Jun-21 \$
Non-current		
Properties at cost	19,739,501	18,341,437
Accumulated Depreciation	(772,086)	(759,245)
	18,967,415	17,582,192

	Land \$	Buildings \$	Buildings improvements \$	Total \$
Consolidated				
Balance at 1 July 2020	15,181,314	613,313	51,785	15,846,412
Additions	1,791,936	-	-	1,791,936
Depreciation expense	-	(16,977)	(39,179)	(56,156)
Balance at 30 June 2021 and 1 July 2021	16,973,250	596,336	12,606	17,582,192
Additions	1,398,064	-	-	1,398,064
Depreciation expense	-	(8,558)	(4,283)	(12,841)
Balance at 31 December 2021	18,371,314	587,778	8,323	18,967,415

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	31-Dec-21	30-Jun-21
	\$	\$
Plant and equipment - at cost	4,983,071	5,075,806
Less: accumulated depreciation	(835,985)	(999,530)
	<u>4,147,086</u>	<u>4,076,276</u>

Reconciliations

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

	Plant & Mining Equipment	Office & Camp Equipment	Motor Vehicles	Other Assets - Farming	Right of use Assets	Computer Equipment	Total
Consolidated	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	42,046	7,953	115,427	324	3,885,024	-	4,050,774
Additions	126,200	-	108,994	36,142	-	5,985	277,321
Disposals	-	-	(34,941)	-	-	-	(34,941)
Depreciation expense	(21,145)	(7,711)	(28,991)	(461)	(156,444)	(2,126)	(216,878)
Balance at 30 June 2021	147,101	242	160,489	36,005	3,728,580	3,859	4,076,276
Additions	-	-	173,449	36,508	-	-	209,957
Disposals	-	-	(13,648)	-	-	-	(13,648)
Depreciation expense	(17,190)	(242)	(22,686)	(5,453)	(78,222)	(1,706)	(125,499)
Balance at 31 December 2021	129,911	-	297,604	67,060	3,650,358	2,153	4,147,086

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 10: TRADE AND OTHER PAYABLES

	31-Dec-21	30-Jun-21
Current	\$	\$
Trade creditors and accruals	821,650	1,392,754

NOTE 11: EMPLOYEE BENEFITS PROVISIONS

	31-Dec-21	30-Jun-21
Current	\$	\$
Employee benefits provisions	326,983	306,186

Short-term employee benefits

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

NOTE 12 LEASE LIABILITY

	31-Dec-21	30-Jun-21
Current	\$	\$
Lease liabilities	30,436	59,731
	30,436	59,731
Non-current		
Lease liabilities	3,788,858	3,788,858
	3,788,858	3,788,858
Total		
	3,819,294	3,848,589

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 12 LEASE LIABILITY (continued)

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	31-Dec-21	30-Jun-21
	\$	\$
Interest expenses	47,955	96,954
Depreciation expenses	78,222	156,444
	126,177	253,398

The tables below analyse the Group's lease liabilities into relevant maturity groupings based on their contractual maturities

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$	\$
Lease liabilities	78,023	159,931	509,160	4,468,777	5,215,891	3,819,294

NOTE 13: CAPITAL AND RESERVES

(a) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	\$
30-Jun-20		1,010,125,021	-	109,987,534
Aug 20	Options conversion	10,461,263	0.060	627,676
Sep 20	Options conversion	2,042,550	0.060	122,553
Sep 20	Options conversion	3,850,000	0.100	385,000
Sep 20	Capital Raising costs	-	-	(3,487)
Nov 20	Options conversion	64,848	0.060	3,891
Dec 20	Options conversion	753,640	0.060	45,218
Dec 20	Issued capital	500,000	0.100	50,000
Dec 20	Capital Raising costs	-	-	(9,387)
Dec 20	Issued capital	10,000,000	0.100	1,000,000
Dec 20	Options conversion	487,000	0.060	29,220
Dec 20	Realisation from share-based payment reserve	-	-	160,388
Jan 21	Options conversion	2,425,211	0.060	145,513
Jan 21	Options conversion	1,256,664	0.060	75,400
Feb 21	Options conversion	6,093,420	0.060	365,605
Feb 21	Issued capital	136,363,637	0.220	30,000,000
Feb 21	Capital Raising costs	-	-	(1,850,868)
Mar 21	Options conversion	2,820,749	0.060	169,245
Mar 21	Capital Raising costs	-	-	(1,922)
Mar 21	Options conversion	100,000	0.100	10,000
Apr 21	Options conversion	926,238	0.060	55,574
May 21	Options conversion	2,079,933	0.060	124,796
May 21	Options conversion	525,000	0.100	52,500
May 21	Capital Raising costs	-	-	(1,922)
Jun 21	Options conversion	5,392,232	0.060	323,535
Jun 21	Options conversion	425,000	0.100	42,500
Jun 21	Capital Raising costs	-	-	(1,922)
Jun 21	Realisation from share-based payment reserve	-	-	570,562
30-Jun-21		1,196,692,406		142,477,202

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 13: CAPITAL AND RESERVES (continued)

July 21	Options conversion	6,807,715	0.060	408,463
July 21	Options conversion	2,984,604	0.060	179,076
July 21	Options conversion	3,600,000	0.100	360,000
Aug 21	Options conversion	3,997,902	0.060	239,874
Aug 21	Options conversion	6,856,910	0.060	411,415
Sep 21	Options conversion	70,347,830	0.060	4,220,869
Nov 21	Options conversion	544,776	0.060	32,687
Dec-21	Realisation from share-based payment reserve	-	-	418,070
31-Dec-21		1,291,832,143		148,747,656

(b) Reserves

	31-Dec-21	30-Jun-21
	\$	\$
Movements in reserves		
Balance at the beginning of the financial year	2,418,070	4,149,020
Share capital reserve movement	-	(1,000,000)
Share based payment reserve movement	(393,298)	(730,950)
Balance at the end of the financial year	<u>2,024,772</u>	<u>2,418,070</u>

NOTE 14: EARNINGS PER SHARE

	31-Dec-21	31-Dec-20
	\$	\$
a. Reconciliation of earnings to profit or loss		
Loss used in the calculation of basic and dilutive earnings per share	(6,974,379)	(954,028)
	<hr/>	<hr/>
b. Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	No. of shares	No. of shares
	1,264,232,261	1,022,672,233
Basic and Diluted Earnings Per Share (cents)	(0.55)	(0.09)

NOTE 15: RELATED PARTY TRANSACTIONS

(a) Directors

The names and positions held of Group key personnel are:

Key Management Person	Position
Keith Perrett	Non-Executive Chairman
Anthony McClure	Managing Director
Jonathan Battershill	Non-Executive Director
Trent Franklin	Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 15: RELATED PARTY TRANSACTIONS (continued)

(b) Trading transactions

During the half-year, the Company entered into the following trading transactions with related parties of Trent Franklin, the Company Secretary, as follows: Enrizen Pty Ltd received \$64,463 (Dec 2020: \$3,269) in relation to insurance services; Enrizen Lawyers Pty Ltd received \$62,215 (Dec 2020: \$40,565) in relation to legal services; Enrizen Accounting Pty Ltd received \$65,800 (Dec 2020: \$60,000) in relation to company secretarial and accounting services; and the Company had a total investment of \$4,789,702 (June 2021: \$1,240,093) in Redeemable Preference Shares in Enable Investment Pty Ltd receiving a 3% p.a. rate of return. During the period, the company earned distribution income of \$49,609 (Dec 2020: \$48,213) which was reinvested.

Further to these transactions the Company also employed a family member of a key management personnel with a total remuneration package of \$68,750 (Dec 2020: \$60,000).

NOTE 16: COMMITMENTS

	31-Dec-21 \$	30-Jun-21 \$
<i>Capital commitments- option</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Option Purchase:	12,290,000	12,460,000
Office building	314,508	-
Land Purchase	720,000	1,917,000
	<u>2,843,376</u>	<u>2,843,376</u>
Tenement minimum spend for a year		
	<u>2,843,376</u>	<u>2,843,376</u>

Capital commitments include contracted amounts for options agreement for the right to purchase properties at the execution date. However, if the company chooses not to execute the agreements, the rights will be forfeited and the amount will be written off through the Profit and Loss statement.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Capital Commitment	2,674,508	5,650,000	5,000,000	-	13,324,508	13,324,508

To maintain the right to a tenement, the Group is committed to a minimum spend on the tenement in a 12-month period

NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE

Change of Registered Address

Subsequent to the reporting period the Company announced that effective from 2 March 2022, its registered office and principal place of business has changed to:

Level 28, 88 Phillip Street
Sydney NSW 2000

JV Termination

Subsequent to the first half year, a joint venture agreement covering EL7391 was terminated with no ongoing obligations for the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE (continued)

COVID-19 Response

The Company continued to implement several measures in response to the COVID-19 pandemic subsequent to the reporting period, including prudent cost saving measures such as reduction in administrative costs.

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

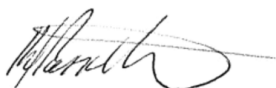
No other matter or circumstance has arisen since the reporting date that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

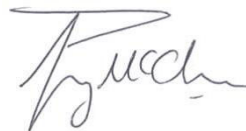
- 1 the financial statements and notes, as set out on pages 22 to 36 are in accordance with the Corporations Act 2001, the Corporations Regulations 2001 and other mandatory professional reporting requirements:
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the financial position as at 31 December 2021 and of the performance for the half-year ended on that date of the Group;
- 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.

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



Keith Perrett
Chairman

15 March 2022



Anthony McClure
Managing Director