Full Year Financial Statements

Eagle Mountain Mining Limited (ASX:**EM2**) ("**Eagle**" or "the **Company**") is pleased to attach the Consolidated Financial Statements for the year ended 30 June 2020.

For further information please contact:

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

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

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

EAGLE MOUNTAIN MINING LIMITED

Eagle Mountain is a copper-gold explorer focused on the strategic exploration and development of highly prospective greenfields and brownfields projects in Arizona, USA.

Arizona is at the heart of America's mining industry and home to some of the world's largest copper discoveries such as Bagdad, Miami and Resolution, one of the largest undeveloped copper deposits in the world.

Follow the Company developments through our website and social media channels

Website	https://eaglemountain.com.au/
Twitter	https://twitter.com/eagle_mining
LinkedIn	https://www.linkedin.com/company/eagle-mountain-mining-ltd/

EAGLE MOUNTAIN MINING LIMITED

ABN 34 621 541 204

FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2020

CONTENTS PAGE

CORPORATE DIRECTORY

DIRECTORS

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

ALTERNATE DIRECTOR

Brett Rowe
(Alternate Director for Charles Bass)

CHIEF EXECUTIVE OFFICER

Tim Mason

COMPANY SECRETARY

Mark Pitts

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Ground Floor, 22 Stirling Highway
Nedlands, Western Australia 6009

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

REGISTERED OFFICE

Ground Floor
22 Stirling Highway
Nedlands WA 6009

AUDITORS

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

SHARE REGISTRY

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

ASX CODE

EM2

ABN

34 621 541 204

DIRECTORS' REPORT

The Directors present their report on Eagle Mountain Mining Limited ("Eagle Mountain" or the "Company") and its controlled entities (the "Group") for the year ended 30 June 2020.

DIRECTORS

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

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

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

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

Charles Bass - B.Sc. Geology, M.Sc. Mining Engineering/Mineral Processing, FAICD, FAusIMM, FAIG
(Managing Director.** Resigned as Chief Executive Officer on 15 January 2020**)

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

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

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

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

DIRECTORS' REPORT

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

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

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

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

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

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

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

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

CHIEF EXECUTIVE OFFICER

Tim Mason – B. Eng (Hons) MBA; GAICD

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

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

COMPANY SECRETARY

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

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

DIRECTORS' INTERESTS

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

Director	*Directors' Interests in Ordinary Shares*	*Directors' Interests in Unlisted Options*	*Options vested at the reporting date*
R Crabb	732,000	1,561,000	1,561,000
C Bass	48,980,001	9,665,000	9,665,000
R Port	516,000	1,543,000	1,543,000
B Rowe (alternate for C Bass)	500,000	1,000,000	1,000,000

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

DIRECTORS' MEETINGS

The number of meetings of the Company's Directors held during the year ended 30 June 2020, and the number of meetings attended by each Director are as follows:

Director	*Board of Directors' Meetings*	
	Eligible to Attend	*Attended*
R Crabb	8	8
C Bass	8	8
R Port	8	8
B Rowe (alternate for C Bass)	8	8

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The Company's principal activities for the year ended 30 June 2020 have been focussed on, for the first six months, a review of the initial exploration program completed on the Group's Silver Mountain Project in Arizona in the United States of America and on due diligence and the subsequent acquisition of the Oracle Ridge Copper Mine. The focus for the second half of the year was undertaking exploration activities at the wholly owned Silver Mountain Project and the 80% owned Oracle Ridge Copper Mine in Arizona, as well as capital raising activities.

REVIEW OF OPERATIONS

With the outbreak of the COVID-19 pandemic, the wellbeing of employees and contractors is of utmost importance to the Company. The Company continues to monitor and abide by all government health advice both in Australia and in the United States of America. The exploration team is based in Arizona and whilst travel has been restricted between the two countries, the exploration activities have been relatively unimpeded at this time. However, due to the uncertainty across global markets, the Group instituted a number of cost reductions including the waiving of Directors' fees for the June 2020 quarter and a reduction in employee salaries by 20-30%. In addition, the Company qualified for government assistance and received A$50,000 cash flow boost from the Australian government. A wholly owned US subsidiary qualified for US government assistance via a short-term loan of US$106,000. This loan was used to pay employee costs and is expected to be forgiven in the next financial year.

The operating loss after income tax of the Group for the year ended 30 June 2020 was $4,368,936 (2019: $6,890,466). Included in the loss for the year are uncapitalised exploration costs of $2,717,101 (2019: $6,004,485) and non-cash items (in respect of depreciation, share-based payments expenses and fair value gains) amounting to $367,623 (2019: $199,637).

At 30 June 2020, cash assets amounted to $507,750 (2019: $1,879,883). During the year ended 30 June 2020, the Company received $1,800,001, before related costs, on the issue of shares and options (2019: $1,935,306).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year, the Group acquired a controlling interest in the Oracle Ridge Copper Mine. The mine and its assets are held 100% within Wedgetail Operations LLC ("WTO"), which in turn is held 80% by Wedgetail Holdings LLC, a wholly owned subsidiary of Eagle Mountain. The remaining 20% is held by Vincere Resource Holdings LLC ("Vincere"). The consideration paid consisted of an upfront cash payment of US$500,000, the issue to Vincere of a US$6,423,000 10 year secured note and the issue of a 20% interest in the issued capital of WTO.

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

EQUITY SECURITIES ON ISSUE

Class of Security	***30 June 2020***	*30 June 2019*
Ordinary fully paid shares	**115,901,045**	103,816,039
Unlisted options over unissued shares	**26,409,716**	23,801,315
Performance rights	**245,000**	180,000

Subsequent to the end of the financial year, the Company issued 23,076,923 ordinary shares to institutional and professional investors at an issue price of $0.13 per share.

DIRECTORS' REPORT

EQUITY SECURITIES ON ISSUE (continued)

Unlisted Options over Ordinary Shares

As at 30 June 2020, 26,409,716 unissued ordinary shares of the Company were under option as follows:

Number of Options Granted	*Exercise Price*	*Expiry Date*
4,500,000 [1]	30 cents	7 December 2020
7,000,000 [2]	20 cents	15 January 2023
4,500,000 [3]	30 cents	6 March 2021
815,000 [4]	20 cents	1 February 2023
5,644,716 [5]	20 cents	31 July 2021
1,800,000 [6]	20 cents	1 July 2023
1,500,000 [7]	21.5 cents	15 January 2023
650,000 [8]	20 cents	7 October 2023

[1] Offer options and vendor options issued as part consideration for the acquisition of Silver Mountain Mining Pty Ltd.
[2] Options issued to Directors, Alternate Director, employees and Company Secretary.
[3] Options issued pursuant to the IPO Offer.
[4] Options issued to employees pursuant to the Company's employee incentive plan.
[5] Options issued pursuant to a pro-rata entitlement offer which closed on 7 June 2019.
[6] Options issued to employees pursuant to the Company's employee incentive plan.
[7] Options issued to the Chief Executive Officer.
[8] Options issued to employees pursuant to the Company's employee incentive plan.

During the year, no options were exercised and a total of 1,341,599 options were cancelled.

Subsequent to 30 June 2020 and the date of this report, 5,771,154 options have vested. No options have been exercised or cancelled in this period.

Subsequent to 30 June 2020, the following options were issued:

Number of Options Granted	*Exercise Price*	*Expiry Date*	*Vesting Date*
1,923,077	20 cents	30 June 2021	28 July 2020
1,923,077	30 cents	1 July 2022	28 July 2020
1,325,000	20 cents	1 July 2022	7 August 2020

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

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

DIRECTORS' REPORT

EQUITY SECURITIES ON ISSUE (continued)

Performance Rights over Ordinary Shares

During the year ended 30 June 2020, the Company issued 150,000 performance rights to the Chief Executive Officer of the Company. Each performance right provides the holder with the right to be issued one ordinary share subject to satisfaction of vesting criteria.

During the year, 210,000 performance rights vested and 85,000 vested performance rights were exercised and converted into shares. No performance rights were cancelled during the reporting period.

No performance rights have been issued, vested, converted or cancelled between 30 June 2020 and the date of this report.

DIVIDENDS

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

EVENTS SUBSEQUENT TO THE END OF THE REPORTING YEAR

Subsequent to the end of the financial year, the Company completed a placement of 23,076,923 ordinary shares to institutional and professional investors at an issue price of $0.13 per share, raising a total of $3.0 million (before costs).

In August 2020, global drilling company Boart Longyear Limited was appointed to undertake a maiden surface diamond drilling program at the Oracle Ridge Copper Mine.

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

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

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

ENVIRONMENTAL ISSUES

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

DIRECTORS' REPORT

ENVIRONMENTAL ISSUES (continued)

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS AND AUDITORS

During the year ended 30 June 2020, the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

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

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

PROCEEDINGS ON BEHALF OF THE GROUP

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

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

NON-AUDIT SERVICES

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

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

	30 June 2020	*30 June 2019*
Taxation services for Silver Mountain Mining Pty Ltd	$1,660	Nil
Taxation services for Eagle Mountain Mining Limited	$3,960	$3,880

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

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

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

Remuneration Committee

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

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

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

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

Non-Executive Remuneration

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

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

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

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

REMUNERATION REPORT (AUDITED) (continued)

Executive Director and Other Key Management Personnel Remuneration

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

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

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

Incentive Plans

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

The Board, acting in remuneration matters:

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

Engagement of Non-Executive Directors

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

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

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

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

For the quarter ended 30 June 2020, director fees owing to Messrs Crabb and Port were waived as part of a cost reduction exercise following the outbreak of the COVID-19 pandemic.

Messrs Crabb and Port are also entitled to fees for other amounts as the Board determines where they perform special duties or otherwise perform extra services or make special exertions on behalf of the Company. There were no such fees paid during the year ended 30 June 2020.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Engagement of Executive Directors

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

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

For the quarter ended 30 June 2020, Mr Bass waived his salary as part of a cost reduction exercise following the outbreak of the COVID-19 pandemic.

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

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

Engagement of Chief Executive Officer

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

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

For the quarter ended 30 June 2020, Mr Mason's salary was reduced to $210,000 per annum as part of a cost reduction exercise following the outbreak of the COVID-19 pandemic.

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

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

REMUNERATION REPORT (AUDITED) (continued)

Short Term Incentive Payments

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

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

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

Shareholding Qualifications

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

Group Performance

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

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

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

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

Remuneration Disclosures

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

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

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

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

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

[1] Appointed 15 January 2020.
[2] The fair value of Options and Performance Rights is calculated at the date of grant using a Black Scholes option pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed in the above table is the portion of the fair value of the securities recognised in the reporting period. The basis of the fair value is disclosed later in this Remuneration Report.

Year Ended 30 June 2019	Short Term		Post Employment	Other Long Term		
	Base Salary $	Short Term Incentive $	Superannuation Contributions $	Value of Equity Based Remuneration $	Total $	Value of Equity as Proportion of Remuneration %
Rick Crabb	45,662	-	4,338	-	50,000	-
Charles Bass	45,662	-	4,338	-	50,000	-
Roger Port	45,662	-	4,338	-	50,000	-
Brett Rowe	-	-	-	-	-	-
Total	136,986	-	13,014	-	150,000	-

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Details of Performance Related Remuneration

During the year ended 30 June 2020, no Short Term Incentive payments were paid to the Directors or Key Management Personnel.

Equity Based Remuneration

During the year ended 30 June 2020, 1,500,000 unlisted options and 150,000 unlisted performance rights over unissued shares of the Company were issued to Mr Tim Mason pursuant to his executive services agreement. No options, rights or shares were issued to the Directors of the Company as remuneration during the financial years ended 30 June 2020 and 30 June 2019.

The fair value of options and performance rights issued as remuneration is allocated to the relevant vesting period of the securities. Options and performance rights are provided at no initial cost to the recipients.

No options were exercised by Key Management Personnel during the year ended 30 June 2020.

Exercise of Options Granted as Remuneration

During the year ended 30 June 2020, no ordinary shares were issued in respect of the exercise of options or performance rights previously granted as remuneration to Directors or Key Management Personnel of the Company.

Equity Instrument Disclosures Relating to Key Management Personnel

Option Holdings

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

Year ended 30 June 2020 Name	Balance at beginning of the year	Received during the year as remuneration	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Rick Crabb	**1,561,000**	**-**	**-**	**1,561,000**	**1,561,000**
Charles Bass	**9,665,000**	**-**	**-**	**9,665,000**	**9,665,000**
Roger Port	**1,543,000**	**-**	**-**	**1,543,000**	**1,543,000**
Brett Rowe	**1,000,000**	**-**	**-**	**1,000,000**	**1,000,000**
Tim Mason	**-**	**1,500,000**	**-**	**1,500,000**	**-**

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Performance Rights Holdings

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

Year ended 30 June 2020 Name	Balance at beginning of the year	Received during the year as remuneration	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Rick Crabb	-	-	-	-	-
Charles Bass	-	-	-	-	-
Roger Port	-	-	-	-	-
Brett Rowe	-	-	-	-	-
Tim Mason	-	150,000	-	150,000	-

Share Holdings

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

Year ended 30 June 2020 Name	Balance at beginning of the year	Received during the year as remuneration	Other changes during the year	Balance at the end of the year
Rick Crabb	732,000	-	-	732,000
Charles Bass	43,980,001	-	5,000,000 [1]	48,980,001
Roger Port	516,000	-	-	516,000
Brett Rowe	500,000	-	-	500,000
Tim Mason	-	-	-	-

[1] Placement shares issued at 15 cents per share.

Loans made to Key Management Personnel

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

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Loans received from Key Management Personnel

During the year, the Company entered into an unsecured loan agreement with a director related entity, Quartz Mountain Mining Pty Ltd (Quartz Mountain) as trustee for the Bass Family Trust. The principal of US$1,000,000 attracts interest at 2% per annum with the first three months being interest free. Interest expense of US$8,474 (A$13,005) was recognised during the reporting period. Subsequent to the end of the financial year, the Company reached an agreement with Quartz Mountain to extend the maturity date of the loan such that it is repayable on or before 31 December 2021. In addition and subject to shareholder approval, Quartz Mountain has agreed to accept 950,000 unlisted options exercisable at 20 cents each on or before 1 July 2022 in lieu of interest.

Other transactions with Key Management Personnel

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

The Company has entered into a lease agreement with Elk Mountain Mining Limited ("Elk"), an entity associated with Mr Charles Bass, for the lease of the Company's administration offices in Perth, Western Australia. Total lease repayments of $85,847 were paid during the year, including interest of $35,402 and lease principal repayments of $50,445. In the prior year, such payments were included in the statement of profit or loss and other comprehensive income and totalled $86,590.

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

End of Remuneration Report

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, William Buck Audit (WA) Pty Ltd, to provide the Directors of the Group with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on the following page and forms part of this Directors' report for the year ended 30 June 2020.

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

Rick Crabb
Chairman

Dated at Perth this 18th day of September 2020

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

I declare that, to the best of my knowledge and belief during the year ended 30 June 2020 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

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

CM

Conley Manifis
Director
Dated this 18th day of September 2020

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2020

	Notes	Year ended 30 June 2020 A$	Year ended 30 June 2019 A$
Continuing Operations			
Other revenue		**50,000**	12
Interest income		**867**	27,389
Administration and other costs		**(779,231)**	(555,971)
Employee expenses – non-exploration		**(310,957)**	(271,771)
Employee expenses – equity based		**(248,723)**	(45,494)
Finance costs		**(247,281)**	-
Depreciation expense		**(387,772)**	(154,143)
Exploration and evaluation costs		**(2,717,101)**	(6,004,485)
Net change in fair value of convertible notes		**268,872**	-
Realised gain on foreign currency exchange		**2,390**	113,997
Loss before income tax	4	**(4,368,936)**	(6,890,466)
Income tax expense	5	**-**	-
Loss after income tax from continuing operations		**(4,368,936)**	(6,890,466)
Other comprehensive income net of income tax			
Other comprehensive income to be re-classified to profit or loss in subsequent years net of income tax		**-**	-
Unrealised gain on foreign currency exchange	16a	**103,077**	77,575
Total comprehensive loss for the year		**(4,265,859)**	(6,812,891)
Loss attributable to:			
Owners of the parent		**(3,985,856)**	(6,890,466)
Non-controlling interests		**(383,080)**	-
		(4,368,936)	(6,890,466)
Total comprehensive loss attributable to:			
Owners of the parent		**(3,892,026)**	(6,812,891)
Non-controlling interests		**(373,833)**	-
		(4,265,859)	(6,812,891)
		cents	cents
Basic and diluted loss per share	28	**(3.7)**	(7.4)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	30 June 2020 A$	30 June 2019 A$
Current Assets			
Cash and cash equivalents	6	**507,750**	1,879,883
Trade and other receivables	7	**138,309**	54,626
Total Current Assets		**646,059**	1,934,509
Non-Current Assets			
Exploration and evaluation expenditure	8	**10,378,496**	1,164,027
Property, plant and equipment	9	**1,265,634**	435,324
Right-of-use assets	10	**208,493**	-
Bonds and security deposits		**132,945**	130,101
Total Non-Current Assets		**11,985,568**	1,729,452
TOTAL ASSETS		**12,631,627**	3,663,961
Current Liabilities			
Trade and other payables	11	**179,444**	224,648
Employee leave liabilities		**58,923**	59,391
Lease liabilities	12	**111,315**	-
Borrowings	13	**1,636,325**	10,908
Total Current Liabilities		**1,986,007**	294,947
Non-Current Liabilities			
Lease liabilities	12	**117,895**	-
Borrowings	13	**9,290,293**	25,484
Total Non-Current Liabilities		**9,408,188**	25,484
TOTAL LIABILITIES		**11,394,195**	320,431
NET ASSETS		**1,237,432**	**3,343,530**
Equity			
Issued capital	15	**15,322,265**	13,579,949
Option capital		**4,500**	4,500
Reserves	16	**(1,518,029)**	(1,828,582)
Accumulated losses		**(12,381,375)**	(8,412,337)
Equity attributable to owners of the parent		**1,427,361**	3,343,530
Non-controlling interest		**(189,929)**	-
TOTAL EQUITY		**1,237,432**	**3,343,530**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2020

	Issued capital A$	Option capital A$	Foreign currency translation reserve A$	Share based payment reserve A$	Common control reserve A$	Accumulated losses A$	Non-controlling interest A$	Total A$
Balance at 1 July 2018	11,952,582	4,500	219,494	843,131	(3,014,276)	(1,681,900)	-	8,323,531
Loss for the year	-	-	-	-	-	(6,890,466)	-	(6,890,466)
Other comprehensive income for the year net of income tax	-	-	77,575	-	-	-	-	77,575
Total comprehensive loss for the year	-	-	77,575	-	-	(6,890,466)	-	(6,812,891)
Issue of shares and options *(note 14, 15)*	1,704,056	231,250	-	-	-	-	-	1,935,306
Capital raising costs *(note 15)*	(76,689)	(71,221)	-	-	-	-	-	(147,910)
Transfer on cancellation of options	-	(160,029)	-	-	-	160,029	-	-
Vesting of options/performance rights	-	-	-	45,494	-	-	-	45,494
Balance at 30 June 2019	13,579,949	4,500	297,069	888,625	(3,014,276)	(8,412,337)	-	3,343,530
Balance at 1 July 2019	**13,579,949**	**4,500**	**297,069**	**888,625**	**(3,014,276)**	**(8,412,337)**	**-**	**3,343,530**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(3,985,856)**	**(383,080)**	**(4,368,936)**
Other comprehensive income for the year net of income tax	**-**	**-**	**93,830**	**-**	**-**	**-**	**9,247**	**103,077**
Total comprehensive loss for the year	**-**	**-**	**93,830**	**-**	**-**	**(3,985,856)**	**(373,833)**	**(4,265,859)**
Non-controlling interest recognised on asset acquisition (*note 25, 27*)	**-**	**-**	**-**	**-**	**-**	**-**	**183,904**	**183,904**
Issue of shares and options *(note 14, 15)*	**1,800,001**	**-**	**-**	**-**	**-**	**-**	**-**	**1,800,001**
Capital raising costs *(note 15)*	**(72,867)**	**-**	**-**	**-**	**-**	**-**	**-**	**(72,867)**
Transfer on cancellation of options	**-**	**-**	**-**	**(16,818)**	**-**	**16,818**	**-**	**-**
Exercise of options/performance rights	**15,182**	**-**	**-**	**(15,182)**	**-**	**-**	**-**	**-**
Vesting of options/performance rights	**-**	**-**	**-**	**248,723**	**-**	**-**	**-**	**248,723**
Balance at 30 June 2020	**15,322,265**	**4,500**	**390,899**	**1,105,348**	**(3,014,276)**	**(12,381,375)**	**(189,929)**	**1,237,432**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2020

	Note	Year ended 30 June 2020 A$	Year ended 30 June 2019 A$
Cash Flows from Operating Activities			
Payments to suppliers and employees		**(1,208,540)**	(668,591)
Payments for exploration and evaluation		**(2,674,607)**	(5,941,606)
Payments for interest and other financing costs		**(51,911)**	-
Interest received		**867**	39,920
Government assistance received		**50,000**	-
Net cash used in operating activities	17	**(3,884,191)**	(6,570,277)
Cash Flows from Investing Activities			
Payment for acquisition of exploration assets		**(729,667)**	-
Payments for purchase of fixed assets		**(8,644)**	(116,183)
Payments for bonds and deposits		**-**	(127,510)
Net cash used in investing activities		**(738,311)**	(243,693)
Cash Flows from Financing Activities			
Proceeds from the issue of shares and options		**1,800,001**	1,935,306
Payments for the issue of share and options		**(72,867)**	(147,910)
Proceeds from borrowings		**1,626,798**	-
Repayments of borrowings		**(11,373)**	(11,509)
Repayment of lease liabilities		**(100,590)**	-
Net cash generated by financing activities		**3,241,969**	1,775,887
Net increase/(decrease) in cash held		**(1,380,533)**	(5,038,083)
Cash and cash equivalents at the beginning of the year		**1,879,883**	6,795,421
Effect of foreign exchange on cash and cash equivalents		**8,400**	122,545
Cash and cash equivalents at the end of the year	6	**507,750**	1,879,883

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

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

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial statements for the year ended 30 June 2020 were approved and authorised for issue by the Board of Directors on 18 September 2020.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

These general purpose financial statements for the reporting year ended 30 June 2020 have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements and notes comply with International Financial Reporting Standards.

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

(i) Going Concern

The Group has incurred a loss of $4,368,936 and a net operating cash outflow of $3,884,191 during the year ended 30 June 2020. Cash assets at 30 June 2020 were $507,750 and current liabilities at that date were $1,986,007.

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

In January 2020, the Group successfully raised $1.8 million (before costs) pursuant to a placement to institutional and sophisticated investors. In July 2020, the Company completed a placement to institutional and professional investors raising an additional $3.0 million (before costs). The ability of the Group to continue to adopt the going concern assumption will depend on future successful capital raisings, the successful exploration and subsequent exploitation of the Group's mining licences and permits, and/or sale of non-core assets

The Directors will continue to manage the Group's activities with due regard to current and future funding requirements. The Directors reasonably expect that the Company will be able to raise sufficient capital to fund the Group's exploration and working capital requirements, and that the Group will be able to settle debts as and when they become due and payable. On this basis, the Directors are therefore of the opinion that the use of the going concern basis is appropriate in the circumstances.

Should the Company be unable to raise additional funding when required, there is a material uncertainty that may cast significant doubt on whether the Company will be able to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of Preparation (continued)

(ii) Basis of Consolidation

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

Control is achieved when Eagle Mountain:

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

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

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

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

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

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

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

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

(iii) New Accounting Standards Adopted in the Current Year

Application of New and Revised Accounting Standards

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

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group for the reporting year ended 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2020

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

AASB 16 Leases

The Group has adopted AASB 16 with effect from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the re cognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments is separately disclosed in financing activities.

Reconciliation of operating lease commitments

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated.

Below is a reconciliation of total operating lease commitments as at 30 June 2019, as disclosed in the annual financial statements for the year ended 30 June 2019, and the lease liabilities recognised on 1 July 2019.

	1 July 2019
Operating lease commitments as disclosed at 30 June 2019	395,947
Additional operating lease	15,515
Discounted using the lessee's weighted average incremental borrowing rate of 10.6% at 1 July 2019	(92,485)
Foreign currency differences	3,154
Lease liabilities as at 1 July 2019	**322,131**

New accounting policies adopted for the first time during this reporting period in relation to operating leases are disclosed in notes 1(k) and 1(o).

New Accounting Standards and Interpretations Not Yet Mandatory or Early Adopted

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2020

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Exploration, Evaluation and Development Expenditure

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

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

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

(c) Trade and Other Receivables

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

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

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

(d) Interest Income

Interest income is recognised as it accrues.

(e) Foreign Currency Transactions

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

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

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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Foreign Currency Transactions (continued)

Foreign operations

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

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

(f) Operating Segments

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

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

(g) Financial Instruments

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification.

Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

<u>Financial assets at fair value through profit or loss</u>

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

(i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or

(ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments (continued)

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12 month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(h) Borrowings

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

(i) Convertible Note – Derivative Liability

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

(j) Convertible Note – Debt Liability

The liability component of a convertible note is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The embedded derivative component is recognised initially at fair value and the debt liability component is calculated as the difference between the financial instrument as a whole and the value of the derivative liability at inception. Any directly attributable transaction costs are allocated to the convertible note debt liability and convertible note derivative liability in proportion to their initial carrying amounts. Subsequent to initial recognition, the debt liability component of the convertible note is measured at amortised cost using the effective interest method.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise 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.

(l) Cash and Cash Equivalents

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

(m) Impairment of Assets

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2020

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Property, Plant and Equipment

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

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

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

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

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

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

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

(o) Right of Use Assets

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

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

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

(p) Goods and Services Tax (GST)

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

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

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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Taxation

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

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

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

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

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

(r) Trade and Other Payables

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

(s) Provisions and Contingencies

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

(t) Employee benefits

Short Term Employee Benefits

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

Other Long Term Employee Benefits

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

Defined Contribution Superannuation Expense

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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Share Based Payment Transactions

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

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

(v) Issued Capital

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

(w) Critical Accounting Estimates and Judgments

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

(i) Significant Accounting Judgements

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

Acquisition of Oracle Ridge Copper Mine

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

In November 2019, the Group acquired an 80% share in the Oracle Ridge Copper Mine in Arizona in the United States of America. Management have accounted for this transaction as an acquisition of assets and not as a business combination since, at the date of acquisition, the Oracle Ridge Copper Mine did not have the processes and outputs expected of an operating business.

Capitalisation of Operating Leases

<u>Determination of lease term</u>

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

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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Significant Accounting Judgements (continued)

Determination of incremental borrowing rate

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

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

(ii) Significant Accounting Estimates and Assumptions

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

Key Estimates – Impairment of Capitalised Exploration and Evaluation Expenditure

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

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

Key Estimates – Share Based Payment Transactions

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

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

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

Key Judgement – Environmental Issues

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

Key Judgement – COVID-19 pandemic

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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Fair Value of Assets and Liabilities

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy based on the lowest level of input that is significant to the entire fair value measurement, being Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

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

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

(y) Government assistance and grants

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

(z) Earnings per share

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2020

2. RELATED PARTY TRANSACTIONS

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

- During the year, the Company entered into an unsecured loan agreement with a director related entity, Quartz Mountain Mining Pty Ltd (Quartz Mountain) as trustee for the Bass Family Trust. The principal of US$1,000,000 attracts interest at 2% per annum with the first three months being interest free. Interest expense of US$8,474 (A$13,005) was recognised during the reporting period. Subsequent to the end of the financial year, the Company reached agreement with Quartz Mountain to extend the maturity date of the loan such that it is repayable on or before 31 December 2021. In addition, and subject to shareholder approval, Quartz Mountain has agreed to accept 950,000 unlisted options exercisable at 20 cents each on or before 1 July 2022 in lieu of interest.
- The Company has entered into a lease agreement with Elk Mountain Mining Limited ("Elk"), an entity associated with Mr Charles Bass, for the lease of the Company's administration offices in Perth, Western Australia. Total lease repayments of $85,847 were paid during the year, including interest of $35,402 and lease principal repayments of $50,445. In the prior year, such payments were included in the statement of profit or loss and other comprehensive income and totalled $86,590.

3. REMUNERATION OF AUDITORS

	Year ended 30 June 2020 A$	**Year ended 30 June 2019 A$**
Audit and review of the financial statements	**29,000**	25,000
Taxation services	**5,620**	3,880
Total	**34,620**	28,880

The auditor of Eagle Mountain Mining Limited is William Buck Audit (WA) Pty Ltd. During the reporting period a related entity of William Buck Audit (WA) Pty Ltd provided non-audit services amounting to $5,620 (2019: $3,880) to companies within the Eagle Mining Group.

4. LOSS FROM ORDINARY ACTIVITIES

	Year ended 30 June 2020 A$	**Year ended 30 June 2019 A$**
Included in the loss before income tax are the following specific items of income/(expenses):		
Gains on foreign exchange	**2,390**	113,997
Fair value gain on derivative liability	**268,872**	-
Interest paid/payable on borrowings	**(196,556)**	-
Interest paid/payable on leases	**(50,725)**	-
Share based payments expense	**(248,723)**	(45,494)
Movements in employee leave liabilities	**2,257**	(59,391)
Project assessment/due diligence costs	**(196,260)**	(30,402)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2020

5. INCOME TAX EXPENSE

	Year ended 30 June 2020 A$	Year ended 30 June 2019 A$
Current tax:		
Current income tax charge/(benefit)	**-**	-
Current income tax benefit not recognised	**-**	-
Deferred tax:		
Relating to origination and reversal of timing differences	**(466,738)**	(521,799)
Deferred tax benefit not recognised	**466,738**	521,799
	-	-

	Year ended 30 June 2020 A$	Year ended 30 June 2019 A$
(a) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Loss before tax	**(4,368,936)**	(6,890,466)
The prima facie tax on loss from ordinary activities attributable to parent entity before income tax: Prima facie tax (benefit) on loss from ordinary activities before income tax at 27.5%	**(1,201,457)**	(1,894,878)
Add/(Less) tax effect of:		
Exploration costs not deducted for tax	**747,198**	1,646,348
Non-deductible share based payments	**68,399**	12,511
Share issue costs deducted	**(79,584)**	(56,853)
Unrealised movement in fair value of financial liabilities	**(73,940)**	-
Deferred tax asset not brought to account	**539,384**	292,872
Income tax attributable to entity	**-**	-

	Year ended 30 June 2020 A$	Year ended 30 June 2019 A$
(b) Deferred tax – statement of financial position		
Liabilities		
Prepaid expenses	**25,165**	9,803
Accrued income	**-**	-
	25,165	9,803
Assets		
Accrued expenses	**-**	11,941
Employee leave liabilities	**16,204**	16,333
Revenue losses available to offset against future taxable income	**1,140,039**	679,937
Deductible equity raising costs	**212,863**	178,695
	1,369,106	886,906
Net deferred tax asset not recognised	**1,343,941**	877,103

5. INCOME TAX EXPENSE (continued)

	Year ended 30 June 2020 A$	Year ended 30 June 2019 A$
(c) Deferred tax – income statement		
Liabilities		
Prepaid expenses	**(15,362)**	(1,001)
Accrued income	**-**	3,447
Assets		
Accrued expenses	**(11,941)**	11,941
Employee leave liabilities	**(129)**	16,333
Deductible equity raising costs	**34,068**	(16,178)
Increase in tax losses carried forward	**460,102**	507,257
Deferred tax benefit movement not recognised	**466,738**	521,799

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

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

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

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

6. CASH AND CASH EQUIVALENTS

	30 June 2020 A$	30 June 2019 A$
Cash at bank	**507,750**	1,879,883
Deposits at call	**-**	-
Total	**507,750**	1,879,883

Included in cash at bank of $507,750 (2019: $1,879,883) are amounts held in US dollar denominated bank accounts equivalent to $302,637 (2019: $229,270).

7. TRADE AND OTHER RECEIVABLES

	30 June 2020 A$	30 June 2019 A$
GST receivable	**2,961**	2,725
Accrued income and other receivables	**43,839**	16,253
Prepaid expenses and deposits	**91,509**	35,648
Total	**138,309**	54,626

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2020

8. EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2020 A$	30 June 2019 A$
Movement during the year		
Carrying value – beginning of year	**1,164,027**	1,104,495
Recognised on acquisition of Oracle Ridge Copper Mine (note 25)[1]	**9,281,112**	-
Effect of movement in foreign exchange rates	**(66,643)**	59,532
Carrying value – end of the year	**10,378,496**	1,164,027

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

Capitalised exploration and evaluation expenditure carried forward from the previous year represents the exploration asset acquisition costs recognised on the acquisition of Silver Mountain Mining Pty Ltd.

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

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improve-ments A$	Office equipment and furniture A$	Field equipment and vehicles A$	Mine plant and equipment A$	Total A$
Cost at the beginning of the year	356,411	85,375	216,084	-	657,870
Effect of foreign exchange movements	1,301	1,001	5,998	20,436	28,736
Additions	-	5,120	78,298	980,785	1,064,203
Cost at the end of the year	**357,712**	**91,496**	**300,380**	**1,001,221**	**1,750,809**
Accumulated depreciation at the beginning of the year	(109,807)	(43,402)	(69,337)	-	(222,546)
Effect of foreign exchange movements	(12)	(166)	26	3,909	3,757
Depreciation charged in the year	(80,108)	(24,270)	(48,665)	(113,343)	(266,386)
Accumulated depreciation at the end of the year	**(189,927)**	**(67,838)**	**(117,976)**	**(109,434)**	**(485,175)**
Net book value at the beginning of the year	246,604	41,973	146,747	-	435,324
Net book value at the end of the year	**167,785**	**23,658**	**182,404**	**891,787**	**1,265,634**

Assets with a net book value of A$72,352 (2019: A$54,201) held by Silver Mountain Mining Operations Inc. are pledged as security in respect of vehicle loan liabilities (refer note 13).

10. RIGHT-OF-USE ASSET

	30 June 2020 A$	30 June 2019 A$
Right-of-use assets at 1 July 2019 on adoption of AASB 16	**322,131**	-
Depreciation expense	**(121,386)**	-
Foreign currency differences	**7,748**	-
Total	**208,493**	-

The Group leases land and buildings for its offices in Perth, Australia and Arizona, United States of America under agreements with terms of up to 5 years.

11. TRADE AND OTHER PAYABLES

	30 June 2020 A$	30 June 2019 A$
Current		
Trade creditors and accrued expenses	**30,508**	173,713
Other payables	**70,478**	1,496
Payroll liabilities	**78,458**	49,439
Total	**179,444**	224,648

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

12. LEASE LIABILITIES

	30 June 2020 A$	30 June 2019 A$
Current liability	**111,315**	-
Non-current liability	**117,895**	-
Total	**229,210**	-
Movement in lease liabilities		
Recognised on 1 July 2019 on adoption of AASB 16	**322,131**	-
Principal repayments	**(100,590)**	-
Foreign currency differences	**7,669**	-
Lease liabilities as at the end of the financial year	**229,210**	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2020

13. BORROWINGS

	30 June 2020 A$	30 June 2019 A$
Current		
Vehicle loan amounts due within one year [1]	**11,126**	10,908
Loan – Paycheck Protection Program [2]	**155,763**	-
Loans from related parties [3]	**1,469,436**	-
	1,636,325	10,908
Non-Current		
Loan – derivative liability	**1,134,644**	-
Loan – debt liability	**8,140,713**	-
Subtotal loan [4]	**9,275,357**	-
Vehicle loan amounts due after one year	**14,936**	25,484
	9,290,293	25,484

[1] Vehicle loan amounts are secured over assets with a net book value of A$72,352 (2019: A$54,201) held by Silver Mountain Mining Operations Inc. (refer note 9).

[2] A wholly owned US subsidiary of the Company qualified for a US$106,900 loan under the US Government's Paycheck Protection Program, an initiative intended to incentivise employers to retain workers during the COVID crisis. The loan can be forgiven on application substantiating the use of funds. The application for loan forgiveness is expected to be submitted in the near future and the Company expects the loan to be forgiven in full. The loan attracts interest at a rate of 1% per annum and will need to be repaid by 5 May 2022 should the loan or a portion of the loan not be forgiven. Under the terms of the loan, all interest is deferred until 31 December 2020.

[3] During the year, the Company entered into an unsecured loan agreement with a director related entity, Quartz Mountain Mining Pty Ltd as trustee for the Bass Family Trust. The principal of US$1,000,000 attracts interest at 2% per annum with the first three months being interest free. Interest expense of US$8,474 (A$13,005) was recognised during the reporting period. Subsequent to the end of the financial year, the Company reached an agreement with Quartz Mountain to extend the maturity date of the loan such that it is repayable on or before 31 December 2021.

[4] During the year, the purchase of the Oracle Ridge Copper Mine was completed (see note 25). Under the terms of the purchase agreement, Wedgetail Operations LLC, a subsidiary in which the Company has an 80% interest, entered into a US$6,423,000 secured loan with Vincere Resource Holdings LLC. The loan is secured over all the assets of Wedgetail Operations LLC, has a ten year term and accrues interest at 3.15% per annum for the first five years with no interest accruing thereafter.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2020

13. BORROWINGS (continued)

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

Fair Value Measurement

The derivative liability component of the US$6,423,000 loan is measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement. Refer to accounting policy note 1(x) for a description of the three levels. The derivative liability has been categorised as Level 3 in the fair value hierarchy and the fair value at the end of the reporting period was A$1,134,644.

There were no transfers between levels during the financial year.

An independent valuation of the derivative liability has been undertaken at 30 June 2020 using a Monte Carlo simulation model with the following assumptions:

Assumptions	Conversion Event 1	Conversion Event 2	Conversion Event 3
Valuation date	30 June 2020	30 June 2020	30 June 2020
Spot price (A$) [1]	$0.16	$0.16	$0.16
Exercise price [2]	0.129	0.130	0.131
Risk free rate	0.26%	0.41%	0.41%
Expected future volatility	100%	100%	100%
Expiry date [3]	25 November 2022	25 November 2023	25 November 2024

[1] The share price of an EM2 share traded on the ASX to market close on 30 June 2020.

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

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

Based on the above assumptions, the revaluation of the derivative liability resulted in a fair value gain of US$178,163 (A$268,872) which has been recognised through the profit and loss.

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

Reconciliation of movement in Level 3 derivative liability	**30 June 2020 A$**	**30 June 2019 A$**
Movement during the year		
Balance at the start of the financial year	**-**	-
Fair value on acquisition	**1,365,785**	-
Gain recognised in profit or loss	**(268,872)**	-
Effect of movement in foreign exchange rates	**37,731**	-
Balance at the end of the financial year	**1,134,644**	-

13. BORROWINGS (continued)

Unobservable inputs for fair value measurement

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

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

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

Fair Value Measurement (continued)

The Level 3 unobservable inputs and sensitivity are as follows:

Unobservable Input	Change in input	Sensitivity
Shares on Issue	+10%	An 10% increase in share capital will result in an increase in fair value of approximately $126,700
Date of conversion trigger event	+1 year	An increase of 1 year in achieving the first and subsequent milestones will result in an increase in fair value of approximately $135,500

14. OPTIONS AND EQUITY BASED PAYMENTS

Options – Reconciliation of Movements	**30 June 2020 No.**	**30 June 2019 No.**
Options on issue at the beginning of the year	**23,801,315**	16,000,000
Offer options issued – entitlement offer[1]	**-**	23,125,000
Offer options exercised – entitlement offer[1]	**-**	(26,599)
Options cancelled on expiry – entitlement offer[1]	**-**	(23,098,401)
Options issued on exercise of offer options – entitlement offer[1]	**-**	26,599
Options cancelled on expiry of offer options – entitlement offer[1]	**(26,599)**	-
Options issued to employees[2]	**3,950,000**	2,130,000
Options issued attaching to entitlement offer securities[3]	**-**	5,644,716
Options cancelled on expiry – employee options	**(1,315,000)**	-
Options on issue at 30 June	**26,409,716**	23,801,315

[1] The Company issued options at a price of 1 cent per option pursuant to an entitlement offer exercisable at 40 cents each expiring 15 December 2018. Upon exercise into shares the holder received a further option for each share exercised at 80 cents each and expiring 12 months from issue.

[2] Unlisted options issued to employees of the Company pursuant to the Company's employee incentive plan.

[3] Unlisted options issued to subscribers to the non-renounceable pro-rata entitlement offer of shares which closed on 7 June 2019.

EAGLE MOUNTAIN MINING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2020

14. OPTIONS AND EQUITY BASED PAYMENTS (continued)

<u>Option Capital – Reconciliation of Movements</u>	**Issue Price A$**	**30 June 2020 A$**	30 June 2019 A$
Balance at the beginning of the year		**4,500**	4,500
Offer options issued – entitlement offer	$0.01	**-**	231,250
Less: costs of option entitlement offer	N/a	**-**	(71,221)
Less: transfer to reserves on exercise/expiry of offer options	N/a	**-**	(160,029)
		4,500	4,500

	No.	**2020 Weighted Average Exercise Price (cents)**	No.	2019 Weighted Average Exercise Price (cents)
Options outstanding at the beginning of the year	**23,801,315**	**23.8**	16,000,000	25.6
Options granted during the year	**3,950,000**	**20.6**	30,926,315	35.0
Options exercised during the year	**-**	**-**	(26,599)	40.0
Options cancelled and expired unexercised during the year	**(1,341,599)**	**21.2**	(23,098,401)	20.0
Options outstanding at 30 June	**26,409,716**	**23.5**	23,801,315	23.8

<u>Basis and Assumptions Used in the Valuation of Options</u>
The options issued during the year were valued using the Black-Scholes option valuation methodology, using the following inputs:

Date granted	**Number of options granted**	**Exercise price (cents)**	**Expiry date**	**Risk free interest rate used**	**Volatility applied**	**Value of Options**
30 August 2019	1,800,000	20	1 July 2023	1.25%	100%	$186,392
15 January 2020	1,500,000	21.5	15 January 2023	0.79%	96%	$135,450
17 January 2020	650,000	20	7 October 2023	0.79%	96%	$69,160

Historical volatility over the previous 12 months has been used as the expected share price volatility. An expense of $89,106 has been recognised through the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2020 (2019: $27,242) in respect of the vesting of options during the year.

<u>Weighted Average Contractual Life</u>
The weighted average contractual life for unexercised options is 19.2 months (2019: 28.4 months).

14. OPTIONS AND EQUITY BASED PAYMENTS (continued)

Performance Rights

During the year ended 30 June 2020 the Company issued 150,000 performance rights on the following terms:

Number of Performance Rights	Vesting Date	Expiry Date	Value of Performance Rights
150,000	15 April 2020	15 January 2024	$24,750

The performance rights were granted on 15 January 2020 and valued at 16.5 cents per right based on the determined underlying value of the Company's shares. An expense of $24,750 has been recognised through the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2020 in respect of the vesting of these rights during the period.

15. ISSUED CAPITAL

Shares	*Issue price*	**Year ended 30 June 2020** Shares	A$	Year ended 30 June 2019 Shares	A$
Balance at the beginning of the year		**103,816,039**	**13,579,949**	92,500,001	11,952,582
Shares issued on exercise of options	*$0.40*	**-**	**-**	26,599	10,640
Shares issued on exercise of performance rights		**85,000**	**15,182**	-	-
Entitlement issue shares issued	*$0.15*	**12,000,006**	**1,800,001**	11,289,439	1,693,416
Less: share issue costs – cash *	-	**-**	**(72,867)**	-	(76,689)
Balance at 30 June		**115,901,045**	**15,322,265**	103,816,039	13,579,949

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2020

16. RESERVES

	As at 30 June 2020 A$	As at 30 June 2019 A$
Foreign currency translation reserve	**390,899**	297,069
Share based payments reserve	**1,105,348**	888,625
Common control reserve	**(3,014,276)**	(3,014,276)
	(1,518,029)	(1,828,582)

Movements:

		Year ended 30 June 2020 A$	Year ended 30 June 2019 A$
a)	**Foreign currency translation reserve**		
	Balance at the beginning of the year	**297,069**	219,494
	Exchange gains for the year	**103,077**	77,575
	Non-controlling interest in translation differences	**(9,247)**	-
	Balance at 30 June	**390,899**	297,069

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

		Year ended 30 June 2020 A$	Year ended 30 June 2019 A$
b)	**Share based payments reserve**		
	Balance at the beginning of the year	**888,625**	843,131
	Fair value of options and performance rights issued during the year	**248,723**	45,494
	Fair value of performance rights exercised during the year	**(15,182)**	-
	Fair value of options cancelled during the year	**(16,818)**	-
	Balance at 30 June	**1,105,348**	888,625

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

		Year ended 30 June 2020 A$	Year ended 30 June 2019 A$
c)	**Common control reserve**		
	Balance at the beginning of the year	**(3,014,276)**	(3,014,276)
	Common control transactions during the year	**-**	-
	Balance at 30 June	**(3,014,276)**	(3,014,276)

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

17. CASH FLOW INFORMATION

	Year ended 30 June 2020 A$	Year ended 30 June 2019 A$
Reconciliation of cash flows from operating activities with loss after income tax		
Loss after income tax	**(4,368,936)**	(6,890,466)
Non-cash items included in profit or loss		
Depreciation expense	**387,772**	154,143
Gains on foreign exchange	**(2,390)**	(113,997)
Fair value gain on derivative liability	**(268,872)**	-
Share based payment expense	**248,743**	45,494
Accrued interest expense	**195,370**	-
Changes in assets and liabilities:		
(Increase)/decrease in receivables	**(27,822)**	(8,040)
(Increase)/decrease in prepayments	**(55,861)**	(1,878)
(Decrease)/increase in employee leave liabilities	**(468)**	59,391
(Decrease)/increase in accounts payable and accruals	**8,273**	172,542
(Increase)/decrease in accrued income	**-**	12,534
Net cash outflows from operating activities	**(3,884,191)**	(6,570,277)

18. SEGMENT INFORMATION

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

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

Following the acquisition of Silver Mountain Mining Pty Ltd on 7 December 2017, the Group operates in Australia and United States of America.

Information regarding the non-current assets by geographical location is reported below. No segment information is provided for United States of America in relation to revenue and profit or loss for the year ended 30 June 2020 or year ended 30 June 2019.

Reconciliation of Non-Current Assets by Geographical Location

	30 June 2020 A$	30 June 2019 A$
Australia	**329,533**	225,536
United States of America	**11,656,035**	1,503,916
	11,985,568	1,729,452

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2020

19. SUBSEQUENT EVENTS

Subsequent to the end of the financial year, the Company completed a placement of 23,076,923 ordinary shares to institutional and professional investors at an issue price of $0.13 per share, raising a total of $3.0 million (before costs).

In August 2020, global drilling company Boart Longyear Limited, was appointed to undertake a maiden surface diamond drilling program at the Oracle Ridge Copper Mine.

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

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

20. KEY MANAGEMENT PERSONNEL

(a) *Directors and Key Management Personnel*

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

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

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

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

(iv) *Chief Executive Officer*
Timothy Mason

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

(b) *Key Management Personnel Compensation*

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

	Year ended 30 June 2020 A$	Year ended 30 June 2019 A$
Total short term employment benefits	**211,159**	136,986
Total equity-based payments	**59,240**	-
Total post-employment benefits	**19,142**	13,014
	289,541	150,000

21. CONTINGENT ASSETS AND LIABILITIES

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

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

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

Phase 1 drilling commenced at the Silver Mountain Project on 1 October 2018 and ended in early June 2019. Based on the completed drilling, current exploration plans and drill advancement rate it is considered unlikely that the first criterion listed above will be met. The Group does not currently foresee a preliminary feasibility study covering the claims held by Silver Mountain Mining LLC commencing in the near future.

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

22. COMMITMENTS

(a) Exploration Expenditure

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

	30 June 2020 A$	30 June 2019 A$
Within 1 year	**464,192**	161,685
After 1 year but not more than 5 years	**1,943,611**	728,892
Total	**2,407,803**	890,577

(b) Asset Acquisition

The Group has no commitments for asset acquisitions at 30 June 2020 or 30 June 2019.

23. FINANCIAL RISK MANAGEMENT

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

(a) Credit Risk

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

Trade and Other Receivables

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

Cash Deposits

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

(b) Liquidity Risk

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

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

(c) Market Risk

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

Interest Rate Risk

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

Equity Risk

The Group has no direct exposure to equity risk.

23. FINANCIAL RISK MANAGEMENT (continued)

Foreign Exchange Risk

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

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

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

24. FINANCIAL INSTRUMENTS

Credit Risk

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

Impairment Losses

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

Interest Rate Risk

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

	Carrying amount ($) 2020	Carrying amount ($) 2019
Fixed rate instruments		
Financial liabilities	**(10,926,618)**	(36,392)
Variable rate instruments		
Financial assets	**507,750**	1,879,883

Cash Flow Sensitivity Analysis for Variable Rate Instruments

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

	Profit or loss		**Equity**	
	1% increase	**1% decrease**	**1% increase**	**1% decrease**
2020				
Variable rate instruments	**5,077**	**(5,077)**	**5,077**	**(5,077)**
2019				
Variable rate instruments	18,799	(18,799)	18,799	(18,799)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2020

24. FINANCIAL INSTRUMENTS (continued)

Foreign Exchange Risk

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

	Carrying amount ($) 2020	Carrying amount ($) 2019
Financial assets		
Cash at bank	**302,637**	229,270
Deposits at call	**-**	-
	302,637	229,270
Financial liabilities		
Trade and other payables	**(93,695)**	(86,749)
Borrowings	**(10,926,618)**	(36,392)
	(11,020,313)	(123,141)

Cash Flow Sensitivity Analysis for Foreign Exchange

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

	Profit or loss		**Equity**	
	5% increase	**5% decrease**	**5% increase**	**5% decrease**
2020				
Financial assets	**-**	**-**	**15,132**	**(15,132)**
Financial liabilities	**551,016**	**(551,016)**	**551,016**	**(551,016)**
2019				
Financial assets	-	-	11,464	(11,464)
Financial liabilities	6,157	(6,157)	6,157	(6,157)

24. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

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

Consolidated	Carrying amount	Contractual cash flows	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
	$	$	$	$	$	$	$
2020							
Non-Derivatives							
Trade and other payables	**179,444**	**179,444**	**179,444**	**-**	**-**	**-**	**-**
Borrowings	**9,791,974**	**9,794,013**	**1,475,436**	**6,000**	**167,762**	**4,102**	**8,140,713**
Lease liabilities	**229,210**	**229,210**	**60,396**	**50,918**	**77,067**	**40,829**	**-**
	10,200,628	**10,202,667**	**1,715,276**	**56,918**	**244,829**	**44,931**	**8,140,713**
Derivatives							
Derivative liability	**1,134,644**	**1,134,644**	**-**	**-**	**-**	**-**	**1,134,644**
	1,134,644	**1,134,644**	**-**	**-**	**-**	**-**	**1,134,644**
2019							
Trade and other payables	224,648	224,648	224,648	-	-	-	-
Borrowings	36,392	39,316	5,882	5,882	11,765	15,787	-
	261,040	263,964	230,530	5,882	11,765	15,787	-

Fair Values

Fair Values Versus Carrying Amounts

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

	Consolidated 2020		Consolidated 2019	
	Carrying amount $	**Fair value $**	Carrying amount $	Fair value $
Cash and cash equivalents	**507,750**	**507,750**	1,879,883	1,879,883
Trade and other payables	**(179,444)**	**(179,444)**	(224,648)	(224,648)
Borrowings	**(10,926,618)**	**(10,926,618)**	(36,392)	(36,392)
Lease liabilities	**(229,210)**	**(229,210)**	-	-
	(10,827,522)	**(10,827,522)**	1,618,843	1,618,843

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

25. ACQUISITION OF ORACLE RIDGE COPPER MINE

In November 2019, the purchase of the Oracle Ridge Copper Mine in Arizona in the United States of America was completed. The mine is held 100% within Wedgetail Operations LLC, which in turn is held 80% by Wedgetail Holdings LLC, a wholly owned subsidiary of the Company. The non-controlling interest of 20% is held by Vincere Resource Holdings LLC. Management have accounted for this transaction as an acquisition of assets and not as a business combination since, at the date of acquisition, the Oracle Ridge Copper Mine did not have the processes and outputs expected of an operating business.

The material transaction events in relation to the purchase are as follows:

- US$500,000 was paid by Eagle Mountain's existing wholly owned Arizona subsidiary, Wedgetail Operations LLC ("WTO") as the purchase price for all assets of Oracle Ridge Mining LLC ("ORM") to the Receiver for the benefit of the sole secured creditor Vincere Resource Holdings LLC ("Vincere");
- Shares comprising a 20% interest in WTO were issued to Vincere;
- WTO assumed a 10 year note with Vincere for US$6,423,000 which is secured over the assets of WTO;
- The Company will free-carry Vincere for the first US$5,000,000 of relevant expenditure on the Oracle Ridge project;
- WTO assumed all ORM's leases, easements and access agreements with third parties; and
- An Operating Agreement was signed which appoints the Company's wholly owned subsidiary Silver Mountain Mining Operations Inc as Operator of WTO.

Consideration for the acquisition, at exchange rates applicable on the acquisition date, was:

Details	Fair value A$
Cash – US$500,000	735,618
Shares – 20% Interest in Wedgetail Operations LLC US$125,000	183,905
Secured Loan – US$6,423,000 (refer note 13) [1]	9,449,757
	10,369,280

The assets acquired were:

Details	Net asset value A$
Property, plant and equipment	1,088,168
Capitalised exploration and evaluation expenditure	9,281,112
	10,369,280

[1] The Australian dollar amount of the secured loan is shown at acquisition date and differs from the balance shown at note 13 which is translated at the prevailing exchange rate at 30 June 2020. In addition, the derivative liability portion of the loan has been revalued to fair value at 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2020

26. CONTROLLED ENTITIES

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

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

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

Silver Mountain Mining LLC and Silver Mountain Mining Operations Inc are both 100% owned subsidiaries of Silver Mountain Mining Pty Ltd.
Wedgetail Operations LLC is an 80% owned subsidiary of Wedgetail Holdings LLC, which in turn is a 100% subsidiary of Wedgetail Arizona Pty Ltd.

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

Name	**Amount due to Eagle Mountain Mining Limited 2020 A$**	2019 A$
Silver Mountain Mining Pty Ltd	**69,727**	69,727
Silver Mountain Mining LLC	**528,472**	528,472
Silver Mountain Mining Operations Inc	**8,670,459**	7,082,555
Wedgetail Holdings LLC	**1,909,877**	-

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

EAGLE MOUNTAIN MINING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

27. NON-CONTROLLING INTEREST

Wedgetail Holdings LLC, a wholly owned subsidiary of the Company, holds an 80% interest in Wedgetail Operations LLC with the non-controlling interest (NCI) of 20% being held by Vincere Resource Holdings LLC.

The following table summarises the information relating to Wedgetail Operations LLC that has a material NCI, before any intra-group eliminations.

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

Summarised Statement of Profit and Loss and Other Comprehensive Income	**A$**
Revenue	**-**
Loss before income tax	**(1,915,403)**
Other comprehensive income	**46,236**
Total comprehensive loss for the year	**(1,869,167)**
Loss allocated to NCI	**(383,080)**
Other comprehensive income allocated to NCI	**9,247**

Summarised Statement of Cash Flows	**A$**
Cash flows from operating activities	**(1,158,696)**
Cash flows from investing activities	**(754,569)**
Cash flows from financing activities	**1,171,090**
Net decrease in cash and cash equivalents	**(742,175)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2020

28. LOSS PER SHARE

	Year Ended 30 June 2020	Year Ended 30 June 2019
Loss used in calculation of loss per share	**$(3,985,856)**	$(6,890,466)
Weighted average number of shares used in the calculation of loss per share	**108,321,041**	92,947,012
Basic and diluted loss per share	**(3.7 cents)**	(7.4 cents)

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

There are 26,409,716 options and 245,000 performance rights on issue at 30 June 2020 (2019: 23,801,315 options and 180,000 performance rights) that have not been considered in calculating diluted loss per share as they are not considered to be dilutive to the reported loss.

29. PARENT ENTITY INFORMATION

	Parent 30 June 2020 A$	Parent 30 June 2019 A$
Assets		
Current assets	**226,699**	1,567,069
Non-current assets[1]	**2,981,224**	1,950,849
Total Assets	**3,207,923**	3,517,918
Liabilities		
Current liabilities	**1,662,667**	174,388
Non-current liabilities	**117,895**	-
Total Liabilities	**1,780,562**	174,388
Net Assets	**1,427,361**	3,343,530
Equity		
Issued capital	**15,322,265**	13,579,949
Option capital	**4,500**	4,500
Reserves	**1,105,348**	888,625
Accumulated losses	**(15,004,752)**	(11,129,544)
Total Equity	**1,427,361**	3,343,530
Loss for the period[1]	**(3,875,208)**	(6,629,787)
Other comprehensive income	**-**	-
Total comprehensive loss for the period	**(3,875,208)**	(6,629,787)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2020

29. PARENT ENTITY INFORMATION (continued)

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

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Commitments
The parent had no exploration or capital commitments as at 30 June 2020 and 30 June 2019.

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

DIRECTORS' DECLARATION

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

(a) the financial statements and notes set out on pages 19 to 57 are in accordance with the Corporations Act 2001, including:

  (i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  (ii) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Group.

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

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

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

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2020.

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

Signed at Perth this 18th day of September 2020.

Rick Crabb
Chairman

Eagle Mountain Mining Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Eagle Mountain Mining Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 (a)(i) in the financial report, which indicates that the Group has incurred a loss of $4,368,936 and a net operating cash outflow of $3,884,191 during the year ended 30 June 2020. As stated in Note 1 (a)(i), these events or conditions, along with other matters as set forth in Note 1 (a)(i), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Basis for Opinion

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

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

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

Independent auditor's report to members (continued)

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Acquisition of the Oracle Ridge Copper Mine	
Area of focus **Refer also to notes 1(w)(i) and 25**	**How our audit addressed it**
The Group acquired an 80% interest in the Oracle Ridge Copper Mine, and the Directors determined that this transaction did not meet the requirements of AASB 3 Business Combinations and, thus, it has been treated as an Asset Acquisition. The Directors performed their assessment in line with AASB 3 Business Combinations which defines a business as being 'an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.' A business usually consists of Inputs, Processes and Outputs. Inputs and processes are the essential elements that have to be present in order to be classified as a business. Although a business usually has outputs, outputs are not required for an integrated set of assets to qualify as a business.	Our audit procedures included: — A review of the asset purchase agreement for the acquisition of the Oracle Ridge Copper Mine to evaluate the nature of the acquisition. — An evaluation of the Directors assessment that the Oracle Ridge Copper Mine does not meet the definition of a Business under AASB 3 and the resulting conclusion to treat the acquisition as an Asset Acquisition. — An evaluation of the Directors' fair value assessment of the acquisition. — An assessment of the adequacy of the Group's disclosures in respect of the acquisition. We concluded that the treatment of the Oracle Ridge Copper Mine acquisition as an Asset Acquisition was appropriate and in accordance with the relevant Australian Accounting Standards.

Independent auditor's report to members (continued)

Exploration costs capitalised	
Area of focus **Refer also to notes 1(b), 1w(ii) and 8**	**How our audit addressed it**
The Group have incurred exploration costs in relation the Group's exploration programs at the 100% owned Silver Mountain project and 80% owned Oracle Ridge Copper Mine Project located in Arizona, USA. There is a risk that the capitalisation of exploration and evaluation expenditure may exceed the value in use. An impairment review is only required if an impairment trigger is identified. Due to the nature of the resources industry, indicators of impairment applying the value in use model could include: — Viability of the projects — Changes to exploration plans and permits — Loss of rights to tenements — Changes to reserve estimates — Costs of extraction and production	Our audit procedures included: — A review of the directors' assessment of the criteria for the capitalisation of exploration expenditure and evaluation as to whether there are any indicators of impairment of capitalised costs. — An assessment of viability of the tenements and whether there were any indicators of impairment of those costs capitalised in the current period. — An assessment of the adequacy of the Group's disclosures in respect of the transactions. We concluded that the recognition treatment and impairment assessment were in accordance with the relevant Australian Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and the auditor's report thereon.

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

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

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

Independent auditor's report to members (continued)

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 17 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Eagle Mountain Mining Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

William Buck

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

CM

Conley Manifis
Director
Date this day 18th of September 2020