

**AUSTPAC RESOURCES N.L.**

**AND CONTROLLED ENTITIES**

ABN 87 002 264 057

**ANNUAL REPORT 2021**

FOR THE YEAR ENDED 30 JUNE 2021

**Austpac Resources N.L.**  
**ABN 87 002 264 057**  
**and Controlled Entities**

## **DIRECTORS' REPORT**

The directors of Austpac Resources N.L., ('the Company') A.C.N. 002 264 057, present their report together with the financial report of the Company and of the consolidated entity, being the Company and its controlled entities, for the financial year ended 30 June 2021 and the auditor's report thereon.

### **DIRECTORS**

The names and positions of the directors of the consolidated entity during the financial year and up to the date of this report, unless otherwise stated, are:

**Terry Cuthbertson**

Non-executive Chairman

Mr Cuthbertson is a qualified as a Chartered Accountant and holds a Bachelor of Business Degree with extensive corporate finance expertise, having advised several businesses and government organisations in relation to mergers, acquisitions and financing. He was formerly a Partner of KPMG Corporate Finance and NSW Partner in Charge of Mergers and Acquisitions, where he coordinated government privatisations, mergers, divestitures and public offerings on the ASX for the New South Wales practice. He is the Non-executive Chairman of ASX listed Pacific Nickel Mines Limited. He was previously the Chairman of ASX listed Lark Distilling Co. Ltd (resigned 20 May 2019), MNF Group Limited (resigned 22 July 2021) and a non-executive director of IOUPay Limited (resigned 31 May 2019).

Mr Cuthbertson was appointed a Director of Austpac Resources N.L. on 27 March 2001 and Chairman of Austpac Resources N.L. on 31 May 2004.

**Colin Iles**

Director and CEO

Mr Iles is a metallurgist with over 35 years' experience in international trade, sales and business development and the commercial management of technical projects at plant level. He was previously General Manager for CMC Cometals Australia, a subsidiary of the Commercial Metals Company headquartered in Texas, USA, where he was responsible for key objectives of profit, production and marketing. Mr Iles has been intimately involved with supply and offtake contracts with the Australian and international iron and steel industry and is an expert in international metals sourcing and trading.

Mr Iles was appointed a Director of Austpac Resources N.L. on 13 March 2017 and CEO of Austpac Resources N.L. on 14 July 2020.

**Geoff Hiller**

Non-executive Director

Mr Hiller is a mining/civil engineer with over 25 years of mining industry experience including feasibility, financing, development and construction of projects. Mr Hiller holds a Bachelor of Engineering Mining (Hons) from the University of Melbourne, a Bachelor of Civil Engineering (Hons) from the University of Sydney and MBA from the Australian Graduate School of Management (University of New South Wales). Mr Hiller is currently the Chief Executive Officer and director of ASX listed Pacific Nickel Mines Limited.

Mr Hiller was appointed a Director of Austpac Resources N.L. on 2 May 2019.

### **COMPANY SECRETARY**

Kenneth Lee is a member of the Institute of Chartered Accountants (England & Wales) and has a Master degree in Business Administration. He was a Director of KPMG Corporate Finance, Sydney.

Mr Lee was appointed a Company Secretary of Austpac Resources N.L. on 3 July 2020.

## **DIRECTORS' REPORT (CONTINUED)**

### **DIRECTORS' INTERESTS AND BENEFITS**

The relevant interest of each director in the share capital of the Company at the date of this report and as notified by the directors to the Australian Securities Exchange in accordance with Section 205G(1) of the Corporations Act 2001 was:

|                   | Ordinary Shares |            | Employees Partly Paid Shares |
|-------------------|-----------------|------------|------------------------------|
|                   | Direct          | Indirect   | Indirect                     |
| Terry Cuthbertson | -               | 17,666,667 | 1,500,000*                   |
| Colin Iles        | -               | -          | -                            |
| Geoff Hiller      | -               | -          | -                            |

\* These are employees partly paid shares issued on 22 November 2011, with a full issue price of 4.75 cents each, paid up to 1 cent each, which would be forfeited on 22 November 2021, unless paid up in full before that time.

### **DIRECTORS' MEETINGS**

The number of meetings held and attended by each of the directors of the Company during the financial year are:

|                   | Board of Directors |          | Audit Committee    |          | Remuneration Committee |          |
|-------------------|--------------------|----------|--------------------|----------|------------------------|----------|
|                   | Eligible to Attend | Attended | Eligible to Attend | Attended | Eligible to Attend     | Attended |
| Terry Cuthbertson | 9                  | 9        | 2                  | 2        | -                      | -        |
| Colin Iles        | 9                  | 9        | 2                  | 2        | -                      | -        |
| Geoff Hiller      | 9                  | 9        | -                  | -        | -                      | -        |

### **PRINCIPAL ACTIVITIES**

The principal activity of the consolidated entity is the development of mineral processing technology and exploration of mineral deposits.

### **OPERATING RESULTS**

The loss of the Group for the financial year after providing for income tax amounted to \$436,450 (2020: \$231,493).

#### **Financial Position – Financial Performance**

Austpac Resources N.L. reported a loss after tax for the year ending 30 June 2021 of \$436,450 (2020: \$231,493). The consolidated entity has a net current asset deficiency of \$580,196 as at 30 June 2021 (2020: \$354,467).

Austpac Resources N.L. will look to fund future operations through debt or equity, the successful commercialisation of mineral technologies or the joint venturing or sale of interests held in mineral and technology projects.

### **BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS**

#### **REVIEW OF OPERATIONS**

The operations of the Company in 2021 were greatly impacted by the pandemic. Travel interstate was difficult and the Company was unable to complete any work on the Nhill drilling project.

The Company gave notice to its landlord, LINX, of its tenancy at Koorangang Island and it was agreed between LINX and the Company that no rent will be payable from 31<sup>st</sup> March 2021. The Company plans to move it's ZIRP project closer to source rather than continue at Koorangang Island.

Investigation into the financial workings of the business during the past management's stewardship was continuing and a company was engaged to review FY2019 and FY2020 to determine if there were any other material issues.

The Company has engaged with various companies locally and internationally regarding the commercialisation of the ZIRP technology.

## **DIRECTORS' REPORT (CONTINUED)**

### **REVIEW OF OPERATIONS (CONTINUED)**

#### **AUSTPAC'S ZINC & IRON RECOVERY PROCESS (ZIRP) PROOF OF CONCEPT TESTWORK UPDATED INFORMATION**

Based on the final test work completed in November 2019, the Company conducted a review of the technology and has worked through the process where acid regeneration was taken out of the process. This was due to enquiries from companies who specifically were looking for recovery of iron and zinc without the need for treating Spent Pickle Liquor. This review was concluded by 30 September 2021. An enquiry was received from an international company for the ZIRP technology in the recovery of iron from Steel mills dusts and waste streams. The work with the international company is ongoing and the potential for development in their steel market is looking promising.

#### **THE 2020 EXPLORATION PROGRAM AT NHILL ON HOLD DUE TO THE PANDEMIC**

Due to the COVID 19 travel restrictions in Victoria, the Nhill exploration program was put on hold until the COVID-19 travel restrictions are reduced or lifted. The drill program is ready and new tenders will be issued to complete the drill program once Victoria reopens.

#### **NEW PROJECTS**

In FY2021 Austpac actively reviewed new projects within our core activities of technology and exploration.

##### **Mining Exploration Entities:**

EL 5291 (Nhill); Located between Nhill and Dimboola, Victoria; 100% Austpac Resources N.L.

##### **Exploration Activities**

Exploration for base metals and minerals at Nhill in Victoria.

##### **Technologies**

Development of technology in producing zinc and pig iron from steel mills dust and waste streams for steel industry.

Other technology includes treating ilmenite waste from mineral sand mining to produce high grade synthetic rutile for the titanium pigment industry and the titanium sponge industry.

##### **Risk Profile**

Austpac Resources N.L. is a high risk emerging mineral exploration and steel technology company.

Key business risks applicable to Austpac Resources N.L. include risks associated with access to continual funding, the commercialisation of Austpac's technology and Austpac's ability to achieve this commercialisation.

#### **DIVIDENDS**

No dividends have been paid or declared since the start of the financial year. The directors do not recommend the payment of a dividend in respect of the year ended 30 June 2021 (2020: Nil).

#### **IMPACT OF COVID 19**

The Company has considered the impact of COVID-19 on its activities. The inability of management and consultants to visit Nhill site in Victoria has impacted on some of the Company's activities.

Given the restrictions on inter-state travel and mindful of the spread of the virus within the local communities, the Company will consider field activities where prudent.

## **DIRECTORS' REPORT (CONTINUED)**

### **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

In the opinion of the directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year which are not disclosed in the Annual Report.

#### **Voluntary Suspension from Official Quotation**

On 17 June 2021, the Company requested an immediate voluntary suspension of trading of its securities following ASX enquiries, and upon comprehensive review of share issues made by the Company in the recent past, the Company has become aware that there may have been a number of failures to fully comply with all of the applicable requirements of the Corporations Act 2001. These shares were issued at the time the Company was operated by management who no longer work for the Company.

The Company is currently undertaking a detailed legal investigation of those issues and, depending upon the findings of that investigation, may need to take steps in rectification which may involve seeking appropriate orders in the Federal Court of Australia.

### **SUBSEQUENT EVENTS**

On 12 October 2021, the Company has applied the voluntary deregistration of the dormant subsidiaries Almeth Pty Ltd and Austpac Technology Pty Ltd.

The Directors are not aware of any other material subsequent events which affect the financial position of the Company after 30 June 2021.

### **ENVIRONMENTAL REGULATIONS**

The consolidated entity's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its technology development.

The directors are not aware of any breach during the period covered by this report.

### **SHARE OPTIONS**

During or since the end of the financial year no options have been granted by the Company and there are no outstanding options on issue at the date of this report.

### **INDEMNIFICATION OF OFFICERS**

The Company has agreed to indemnify each of its Directors and Officers including the Company Secretary of the Company for costs incurred, in their capacity as a director or officers, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and officers of the Company against certain liability (subject to specific exclusions). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### **INDEMNIFICATION OF AUDITORS**

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

## **DIRECTORS' REPORT (CONTINUED)**

### **PROCEEDINGS ON BEHALF OF THE COMPANY**

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

### **REMUNERATION REPORT (AUDITED)**

#### **DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS**

Remuneration is set by the Board of Directors. Currently, the Company does not have full-time employees.

#### **Non-executive director remuneration**

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors, whilst incurring a cost which is acceptable to shareholders.

#### **Structure**

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 22 November 2007 when shareholders approved an aggregate remuneration of \$150,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually.

Each non-executive director either receives a fee for being a director of the Company and, if other services are provided, under a consultancy agreement. An additional fee may be payable for each board committee on which a director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub committees.

Non-executive directors have long been encouraged by the Board to hold shares in the Company (purchased by the director on market or issued in lieu of fees at a market price). It is considered good governance for directors to have a stake in the Company. The non-executive directors of the Company may participate in the Employee Share Purchase Plan.

#### **Fixed Remuneration**

##### **Objective**

Remuneration is set by the Board of Directors and compensation levels for key management personnel are competitively set to attract and retain appropriately qualified and experienced personnel.

##### **Structure**

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles) as well as employer contributions to super funds.

##### **Variable Remuneration**

There is no variable performance related remuneration.

##### **Employment contracts**

Currently no employee is employed under contract.

**DIRECTORS' REPORT (CONTINUED)**

**REMUNERATION REPORT (CONTINUED)**

Details of the nature and amount of each major element of the emoluments of each director and key personnel of the Company for the year ending 30 June 2021 are:

|                                 | Year | Directors Fees | Short Term |                 | Non-Monetary Benefits | Other Long Term (i) | Post Employment Super-annuation Contributions | Total   |
|---------------------------------|------|----------------|------------|-----------------|-----------------------|---------------------|---|---------|
|                                 |      |                | Salaries   | Consulting Fees |                       |                     |   |         |
|                                 |      | \$             | \$         | \$              | \$                    | \$                  | \$  | \$      |
| <b>Directors</b>                |      |                |            |                 |                       |                     |   |         |
| Mr T. Cuthbertson               | 2021 | 12,000         | -          | 36,000          | -                     | -                   | -   | 48,000  |
|                                 | 2020 | 41,000         | -          | 17,500          | -                     | -                   | -   | 58,500  |
| Mr C. Iles                      | 2021 | 12,000         | -          | 84,000          | -                     | -                   | -   | 96,000  |
|                                 | 2020 | 31,000         | -          | 39,675          | -                     | -                   | -   | 70,675  |
| Mr G. Hiller                    | 2021 | 12,000         | -          | 49,200          | -                     | -                   | -   | 61,200  |
|                                 | 2020 | 31,000         | -          | 21,550          | -                     | -                   | -   | 52,550  |
| Total                           | 2021 | 36,000         | -          | 169,200         | -                     | -                   | -   | 205,200 |
|                                 | 2020 | 103,000        | -          | 78,725          | -                     | -                   | -   | 181,725 |
| <b>Key Management Personnel</b> |      |                |            |                 |                       |                     |   |         |
| Mr M.J. Turbott (ii)            | 2021 | -              | 23,303     | -               | -                     | -                   | 2,048   | 25,351  |
| (terminated 13 August 2020)     | 2020 | -              | 180,000    | -               | 10,658                | 15,721              | 18,000  | 224,379 |
| Mr Nick Gaston                  | 2021 | -              | -          | -               | -                     | -                   | -   | -       |
| (resigned 3 July 2020)          | 2020 | -              | -          | 434,450         | 13,478                | -                   | -   | 447,928 |
| Mr Kenneth Lee                  | 2021 | -              | -          | 96,000          | -                     | -                   | -   | 96,000  |
| (appointed 3 July 2020)         | 2020 | -              | -          | -               | -                     | -                   | -   | -       |
| Total                           | 2021 | -              | 23,303     | 96,000          | -                     | -                   | 2,048   | 121,351 |
|                                 | 2020 | -              | 180,000    | 434,450         | 24,136                | 15,721              | 18,000  | 672,307 |

- (i) In accordance with AASB 119 Employee Benefits, annual leave is classified as another long-term employee benefit. Other long term benefits also include Long Service Leave accrued.
- (ii) Payment for the period 1 July 2020 to 13 August 2020

As at 30 June 2021 \$35,000 (Nil at 30 June 2020) is outstanding to Mr Lee for 2021 for services fees as company secretary and are included in the remuneration table above.

Mr Turbott, previous key management personnel, received additional benefits as non-cash benefits, as part of the terms and conditions of his employment relating to motor vehicle leases. Current management has no such benefits.

Consultancy fees relate to additional services provided by Messrs Cuthbertson, Hiller and Iles for professional time in excess of normal Director duties.

Notsag Pty Limited, company which provides corporate, financial, underwriting and guarantee services, employed Mr N. Gaston and provided his services as company secretary. No service fees paid to Notsag Pty Limited during the financial year ended 30 June 2021. (2020: \$181,200 service fees, \$253,250 for capital raising services).

Remuneration levels reflect a cost containment programme implemented in March 2019.

## **DIRECTORS' REPORT (CONTINUED)**

### **REMUNERATION REPORT (CONTINUED)**

The outstanding accrual for Directors and consultant fees is set out in the table below.

#### **Directors and consultant fees accrual**

|                   | <b>Opening<br/>balance<br/>01.07.2020</b> | <b>Accrual/(paid)<br/>current year</b> | <b>Converted to<br/>shares</b> | <b>Closing balance<br/>30.06.2021</b> |
|-------------------|---|--|--------------------------------|---------------------------------------|
| <b>Directors</b>  |   |  |                                |                                       |
| Mr T. Cuthbertson | 6,000                                     | 36,000                                 | -                              | 42,000                                |
| Mr C. Iles        | 7,350                                     | 36,650                                 | -                              | 44,000                                |
| Mr G. Hiller      | 6,000                                     | 45,000                                 | -                              | 51,000                                |
|                   | <b>19,350</b>                             | <b>117,650</b>                         | <b>-</b>                       | <b>137,000</b>                        |

#### **EMPLOYEE SHARE PLANS**

Directors are entitled to participate in the Employee Share Purchase Plan when issues are proposed. All issues under the plan are approved in Annual General Meeting before being allocated. No shares were issued under the plan during the financial year ended 30 June 2021.

#### **AUDITORS**

##### **Non-audit Services**

No amounts paid or payable to the auditor for non-audit services provided during the year.

##### **Auditor's independence declaration**

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* can be found on page 9.

Signed at Sydney 29 October 2021 in accordance with a resolution of the Board of Directors of Austpac Resources N.L.:



T. Cuthbertson  
Chairman



C. ILES  
Director

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 30 JUNE 2021

|  | Note     | 2021<br>\$       | 2020<br>\$       |
|--|----------|------------------|------------------|
| Technology transaction revenue   |          | -                | 1,500,000        |
| Other income   |          | 37,500           | 87,500           |
| Administrative and other expenses  |          | (563,757)        | (495,955)        |
| Amortisation of right-of-use lease   | 12       | (169,216)        | (203,353)        |
| Employee benefits  | 4        | 8,242            | (495,807)        |
| Exploration expenditure – Nhill  |          | (818)            | (50,727)         |
| Impairment   | 11       | (153,490)        | (596,813)        |
| Impairment of amount receivable from ex-employee                                 |          | -                | (81,988)         |
| <b>Results from operating activities</b>   |          | <b>(841,539)</b> | <b>(337,143)</b> |
| Finance income   |          | 2,610            | 1,338            |
| Finance expense  |          | (3,214)          | (15,467)         |
| <b>Net financing expense</b>   | <b>2</b> | <b>(604)</b>     | <b>(14,129)</b>  |
| <b>Loss attributable to owners of company before tax</b>                         |          | <b>(842,143)</b> | <b>(351,272)</b> |
| Income tax benefit   | 5        | 405,693          | 119,779          |
| <b>Loss attributable to owners of company after tax</b>                          |          | <b>(436,450)</b> | <b>(231,493)</b> |
| Other comprehensive income for the period, net of income tax                     |          | -                | -                |
| <b>Total comprehensive loss for the period attributable to owners of company</b> |          | <b>(436,450)</b> | <b>(231,493)</b> |
|  |          | Cents per share  | Cents per share  |
| Basic (loss) per share   | 6        | (0.014)          | (0.007)          |
| Diluted (loss) per share   | 6        | (0.014)          | (0.007)          |

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 30 JUNE 2021

| <b>Consolidated Group</b>              | Share Capital     | Accumulated Losses  | Total Equity     |
|--|-------------------|---------------------|------------------|
|  | \$                | \$                  | \$               |
| <b>Balance at 1 July 2019</b>          | <b>89,660,490</b> | <b>(87,550,881)</b> | <b>2,109,609</b> |
| Loss attributable to owners of company | -                 | (231,493)           | (231,493)        |
| <b>Balance at 30 June 2020</b>         | <b>89,660,490</b> | <b>(87,782,374)</b> | <b>1,878,116</b> |
| Loss attributable to owners of company | -                 | (436,450)           | (436,450)        |
| <b>Balance at 30 June 2021</b>         | <b>89,660,490</b> | <b>(88,218,824)</b> | <b>1,441,666</b> |

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2021

|                                      | Note | 2021<br>\$       | 2020<br>\$       |
|--------------------------------------|------|------------------|------------------|
| <b>CURRENT ASSETS</b>                |      |                  |                  |
| Cash and cash equivalents            | 7    | 144,306          | 166,696          |
| Trade and other receivables          | 8    | 35,197           | 308,146          |
| Right-of-use-assets                  | 12   | 27,220           | -                |
| Prepayment                           |      | 21,803           | -                |
| <b>TOTAL CURRENT ASSETS</b>          |      | <b>228,526</b>   | <b>474,842</b>   |
| <b>NON-CURRENT ASSETS</b>            |      |                  |                  |
| Property, plant and equipment        | 10   | 21,862           | 65,010           |
| Intangible assets                    | 11   | 2,000,000        | 2,000,000        |
| Right-of-use-assets                  | 12   | -                | 213,753          |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <b>2,021,862</b> | <b>2,278,763</b> |
| <b>TOTAL ASSETS</b>                  |      | <b>2,250,388</b> | <b>2,753,605</b> |
| <b>CURRENT LIABILITIES</b>           |      |                  |                  |
| Trade and other payables             | 13   | 512,825          | 307,231          |
| Interest Bearing liabilities         | 14   | 151,191          | 297,301          |
| Employee benefits                    | 15   | 144,706          | 224,777          |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>808,722</b>   | <b>829,309</b>   |
| <b>NON-CURRENT LIABILITIES</b>       |      |                  |                  |
| Interest Bearing liabilities         | 14   | -                | 46,180           |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <b>-</b>         | <b>46,180</b>    |
| <b>TOTAL LIABILITIES</b>             |      | <b>808,722</b>   | <b>875,489</b>   |
| <b>NET ASSETS</b>                    |      | <b>1,441,666</b> | <b>1,878,116</b> |
| <b>EQUITY</b>                        |      |                  |                  |
| Contributed equity                   | 16   | 89,660,490       | 89,660,490       |
| Accumulated losses                   |      | (88,218,824)     | (87,782,374)     |
| <b>TOTAL EQUITY</b>                  |      | <b>1,441,666</b> | <b>1,878,116</b> |

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 30 JUNE 2021**

|   | Note      | 2021<br>\$ | 2020<br>\$  |
|---|-----------|------------|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>             |           |            |             |
| Proceed from Technology Revenue Transaction             |           | -          | 1,500,000   |
| Payments to suppliers and employees                     |           | (741,235)  | (1,350,986) |
| Interest received                                       |           | 2,610      | 1,338       |
| Interest paid   |           | (3,578)    | (15,103)    |
| Government incentives received                          |           | 37,500     | -           |
| Tax benefit received – R & D                            |           | 405,693    | 169,780     |
| Net cash (used in)/generated from operating activities  | <b>20</b> | (299,010)  | 305,029     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>             |           |            |             |
| Payments for intangible assets:                         |           |            |             |
| Mineral Technology Development                          |           | -          | (457,315)   |
| Proceeds from sale of property, plant and equipment     |           | -          | 25,000      |
| Net cash (used in) investing activities                 |           | -          | (432,315)   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>             |           |            |             |
| Proceeds from issue of share capital                    |           | 295,000    | 95,000      |
| Proceeds from short term loan                           |           | 100,000    | 100,000     |
| Repayment of short term loan                            |           | (118,380)  | (200,000)   |
| Repayment of lease liabilities                          |           | -          | (173,115)   |
| Net cash generated/ (used in) from financing activities |           | 276,620    | (178,115)   |
| NET (DECREASE)/INCREASE IN CASH HELD                    |           | (22,390)   | (305,401)   |
| CASH AT THE BEGINNING OF THE FINANCIAL YEAR             |           | 166,696    | 472,097     |
| CASH AT THE END OF THE FINANCIAL YEAR                   | <b>7</b>  | 144,306    | 166,696     |

The above consolidated 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 2021**

### **Note 1 Significant Accounting Policies**

#### **a) Significant Accounting Policies**

Austpac Resources N.L. (the “Company”) is a company domiciled in Australia. The consolidated financial report of the Company for the year ended 30 June 2021 comprises the Company and its subsidiaries (the “consolidated entity”). The consolidated entity is a for profit entity, and is primarily involved in the development of mineral processing technology and exploration of mineral sand deposits and gold deposits.

Austpac Resources N.L. principal registered office is Level 5, 37 Pitt Street, Sydney NSW 2000. The financial report was authorised for issue by the directors on 29 October 2021.

#### **Statement of Compliance**

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. The Company and the consolidated entity’s financial report also complies with the International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board.

#### **b) Basis of preparation**

The financial report is presented in Australian dollars, which is the Company’s functional currency. The financial report is prepared on the historical cost basis.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report.

#### **c) Going concern**

The consolidated entity has a net current asset deficiency of \$580,196 at 30 June 2021 (2020: \$354,467).

The 30 June 2021 Financial Report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the normal course of business.

The Directors believe that the consolidated entity will be able to fund future operations through funding offered by potential new investors, further shares issues to existing shareholders, the successful commercialisation of mineral technologies, the sale of surplus assets or receipt of R&D tax returns.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2021**

### **Note 1 Significant Accounting Policies (Continued)**

#### **c) Going concern (Continued)**

Notwithstanding the cost containment measures, without:

- funding offered by potential new investors;
- further share issues to existing shareholders;
- successful commercialisation of mineral technologies; and
- sale of surplus assets.

or a combination of these events, the consolidated entity may not be able to continue as a going concern. These circumstances indicate there is a material uncertainty as to whether the consolidated entity will be able to continue as a going concern.

If the consolidated entity is unable to continue as a going concern, it may be required to make adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities in order to realise assets and extinguish liabilities other than in the normal course of business and at amounts different from those stated in the 30 June 2021 Financial Report.

#### **d) Basis of Consolidation**

##### **(i) Subsidiaries**

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial report from the date that control commences until the date that control ceases.

In the Company's financial statements, investments in subsidiaries are carried at the lower of cost or recoverable amount.

##### **(ii) Jointly controlled operations and assets**

The interest of the consolidated entity in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements the assets it controls and the liabilities that it incurs, and the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

##### **(iii) Transactions eliminated on consolidation**

All intragroup balances and transactions, including any unrealised gains or losses are eliminated on consolidation.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2021**

### **Note 1 Significant Accounting Policies (Continued)**

#### **e) Foreign Currency Transactions**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

#### **f) Property, Plant and Equipment**

##### **Owned assets**

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 1 (k)). The carrying amount of property, plant and equipment is reviewed annually by directors to ensure that it is not in excess of the recoverable amount from those assets. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between proceeds from disposal and the carrying amount of the item) is recognised in the Consolidated Statement of Comprehensive Income.

##### **Leased assets**

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimate 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.

##### **Depreciation**

Depreciation is charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

fixtures and fitting, and property, plant and equipment 7 years leased plant and equipment and motor vehicles 10 years

The residual value and actual lives are assessed at each reporting date.

#### **g) Intangible Assets – Mineral Technology**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Consolidated Statement of Comprehensive Income as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Consolidated Statement of Comprehensive Income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy 1(k)).

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2021**

### **Note 1 Significant Accounting Policies (Continued)**

#### **g) Intangible Assets – Mineral Technology (Continued)**

##### **Amortisation**

Mineral technology development assets are not currently being amortised as the policy applied by the consolidated entity is to amortise these assets on a systematic basis over projected revenue streams once commercial licence agreements have been agreed.

#### **h) Intangible Assets – Exploration and Evaluation Assets**

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the consolidated entity has obtained the legal rights to explore an area are recognised in the Consolidated Statement of Comprehensive Income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- (i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- (ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations, in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment, accounting policy 1(k)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

#### **i) Trade and Other Receivables**

Trade and other receivables are recognised initially at fair value plus any directly attributable transaction costs, subsequent to initial recognition, these assets are measured at amortised cost less impairment losses (see accounting policy 1 (k)).

#### **j) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

#### **k) Impairment**

The carrying amounts of the consolidated entity's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

Recoverable amounts are estimated annually for intangible assets not yet available for use. An impairment loss is recognised where the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Comprehensive Income unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the Consolidated Statement of Comprehensive Income.

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2021**

### **Note 1 Significant Accounting Policies (Continued)**

#### **k) Impairment (Continued)**

##### **Reversals of impairment**

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### **l) Employee Benefits**

Liabilities for employee entitlements for wages, salaries and annual and long service leave represent present obligations resulting from employees' services up to reporting date, based on current wage and salary rates, including related on-costs. Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in the Consolidated Statement of Comprehensive Income in the periods during which services are rendered by employees. Obligations for employee benefits that are due or are expected to be paid more than 12 months after the end of the period in which the employees render the service are inflated for future expected salaries and discounted to their present value using the appropriate Milliman discount rate.

#### **m) Provisions**

Provisions are recognised in the statement of financial position when the consolidated entity has a present legal or constructive obligation and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

#### **n) Trade and Other Payables**

Trade and other payables are recognised initially at fair value plus any directly attributable costs, subsequent to initial recognition, these liabilities are measured at amortised cost.

#### **o) Revenue**

Revenue from License Fees are recognised in the profit or loss initially in proportion to the stage of completion of the transaction at the reporting date, then once completed on a straight line basis over the life of the agreement. The stage of completion is assessed by reference to surveys of work performed, when the work performed cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable in accordance with the underlying agreement.

#### **p) Expenses**

##### **Net financing costs**

Interest income and expense is recognised in the Consolidated Statement of Comprehensive Income as it accrues, using the effective interest method.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2021**

### **Note 1 Significant Accounting Policies (Continued)**

#### **q) Income Tax**

Income tax on the profit/(loss) for the year presented comprises current and deferred tax. Income tax is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at balance date and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities are recognised for temporary differences between the tax values of assets and their carrying amounts in the financial statements.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### **r) Derivatives**

The consolidated entity is exposed to changes in interest rates and commodity prices from its activities. The consolidated entity does not hedge these risks.

#### **s) Segment Reporting**

The consolidated entity operates in one segment only, being Mineral Sands and Mineral Sands Technology Development in Australia. The measure used by the chief operating decision maker to evaluate performance is profit/loss before tax.

#### **t) Accounting Estimates and Judgements**

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

#### **Recoverability of intangible assets**

The carrying amount of intangible assets relate to mineral technology development totalling \$2,000,000 (2020: \$2,000,000). The consolidated entity assesses intangibles which are not being amortised annually in accordance with the accounting policy in note 1(k). The ultimate recoupment of cost carried forward are dependent upon the successful development, commercialisation or sale of the respective technology.

#### **u) Goods and Services Tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the consolidated statement of financial position.

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

#### **v) New Standards/Interpretations Adopted**

A number of new standards are effective after 30 June 2021 and earlier application is permitted; however, the entity has not early adopted the new or amended standards in preparing these consolidated financial statements. The Group does not expect that these new accounting standards will have a material impact on the consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2021

**Note 2 Financing Cost**

|                        | <b>2021</b>  | <b>2020</b>     |
|------------------------|--------------|-----------------|
|                        | <b>\$</b>    | <b>\$</b>       |
| Interest income        | 2,610        | 1,338           |
| Interest expense       | (3,214)      | (15,467)        |
| Net Financing expenses | <b>(604)</b> | <b>(14,129)</b> |

**Note 3 Auditors' Remuneration**

Remuneration of the auditor of the Group for: Audit services

|                                       |               |               |
|---------------------------------------|---------------|---------------|
| Audit and review of financial reports | <b>45,000</b> | <b>45,000</b> |
|---------------------------------------|---------------|---------------|

**Note 4 Employee Benefits**

|  |                |                |
|--|----------------|----------------|
| Wages, salaries and leave entitlements taken               | 70,014         | 432,681        |
| Contributions to defined contribution superannuation funds | 3,182          | 32,249         |
| Increase / decrease in liability for employee benefits     | (81,438)       | 30,877         |
|  | <b>(8,242)</b> | <b>495,807</b> |

**Note 5 Income Tax Expense**

**a) The prima facie income tax benefit on pre-tax accounting loss reconciles to the income tax amount in the financial statements as follows:**

|  |                |                |
|--|----------------|----------------|
| Loss from ordinary activities  | (842,143)      | (351,272)      |
| Prima facie income tax benefit calculated at 26% (2020: 27.5%) of taxable loss | 218,957        | 96,600         |
| Non-deductible items   | (45,057)       | (486,419)      |
| R&D Refund   | 405,693        | 119,779        |
| Movement in unrecognised temporary differences                                 | (173,900)      | 451,191        |
| Taxable losses not recognised  | -              | (61,372)       |
| Income tax benefit   | <b>405,693</b> | <b>119,779</b> |

|                                    |   |   |
|------------------------------------|---|---|
| <b>b) Franking account balance</b> | - | - |
|------------------------------------|---|---|

**c) Tax losses**

|   |                   |                   |
|---|-------------------|-------------------|
| <b>Unused tax losses for which no deferred tax asset has been recognised.</b> | <b>23,991,370</b> | <b>22,960,121</b> |
| Potential tax benefit at 26%  | 6,237,756         | 6,314,033         |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2021

**Note 6 Earnings Per Share**

|                                | <b>2021</b>     | <b>2020</b>     |
|--------------------------------|-----------------|-----------------|
|                                | Cents per share | Cents per share |
| Basic loss per share (cents)   | (0.014)         | (0.007)         |
| Diluted loss per share (cents) | (0.014)         | (0.007)         |

|   | <b>Number</b> | <b>Number</b> |
|---|---------------|---------------|
| Weighted average number of shares used in the calculation of basic/diluted loss per share | 3,165,662,956 | 3,165,662,956 |

**Note 7 Cash and Cash Equivalents**

|                          | <b>2021</b>    | <b>2020</b>    |
|--------------------------|----------------|----------------|
|                          | \$             | \$             |
| Cash at bank and on hand | <b>144,306</b> | <b>166,696</b> |

**Note 8 Trade and Other Receivables**

**Current**

|                          |           |               |                |
|--------------------------|-----------|---------------|----------------|
| Share capital receivable |           | -             | 295,000        |
| Other receivables        |           | 571,024       | 548,973        |
| Impairment provision     | <b>23</b> | (535,827)     | (535,827)      |
|                          |           | <b>35,197</b> | <b>308,146</b> |

**Note 9 Consolidated Entities**

| Name of controlled entity  | Country of incorporation | Class of shares | Ownership interest<br>2021<br>% | Ownership interest<br>2020<br>% |
|----------------------------|--------------------------|-----------------|---------------------------------|---------------------------------|
| Almeth Pty Ltd             | Australia                | Ordinary        | 100                             | 100                             |
| Austpac Technology Pty Ltd | Australia                | Ordinary        | 100                             | 100                             |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2021

**Note 10 Property, Plant and Equipment**

|  | <b>Total</b>   |
|--|----------------|
| <b>Movement in property, plant and equipment</b> | <b>\$</b>      |
| <b>Cost</b>                                      |                |
| Balance at 1 July 2019                           | 212,337        |
| Acquisitions                                     | -              |
| Disposals  | -              |
| <b>Balance at 30 June 2020</b>                   | <b>212,337</b> |
| Balance at 1 July 2020                           | 212,337        |
| Acquisitions                                     | -              |
| Written down                                     | (91,660)       |
| Reversal of Write down                           | -              |
| <b>Balance at 30 June 2021</b>                   | <b>120,677</b> |
| <b>Depreciation and impairment losses</b>        |                |
| Balance at 1 July 2019                           | 120,785        |
| Depreciation for the year                        | 26,542         |
| <b>Balance at 30 June 2020</b>                   | <b>147,327</b> |
| Balance at 1 July 2020                           | 147,327        |
| Written down                                     | (75,054)       |
| Depreciation for the year                        | 26,542         |
| <b>Balance at 30 June 2021</b>                   | <b>98,815</b>  |
| <b>Carrying amounts</b>                          |                |
| At 30 June 2019                                  | 91,552         |
| At 30 June 2020                                  | 65,010         |
| At 30 June 2020                                  | 65,010         |
| At 30 June 2021                                  | 21,862         |

The consolidated entity leases motor vehicles under finance lease agreements had fully repaid during the financial year ended 30 June 2021. At 30 June 2021 the net carrying amount of the leased motor vehicles, classified under plant and equipment was \$21,862 (2020: \$65,010). The leased equipment secures lease obligations (note 17).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2021**

**Note 11 Intangible Assets**

|                                | <b>Mineral<br/>Technology<br/>\$</b> |
|--------------------------------|--------------------------------------|
| Balance at 1 July 2019         | 2,000,000                            |
| Expenditure                    | 596,813                              |
| Impairment                     | (596,813)                            |
| Balance at 30 June 2020        | <u>2,000,000</u>                     |
| Balance at 1 July 2020         | 2,000,000                            |
| Expenditure                    | 153,490                              |
| Impairment                     | (153,490)                            |
| <b>Balance at 30 June 2021</b> | <b><u>2,000,000</u></b>              |

Austpac Resources N.L. mineral technology is at the stage of proof of commercialisation. The Zinc Iron Recovery Plant (NZIRP) concept was proven technically in November 2019 when work was completed through the 4 stages producing a quality Zinc Oxide and high purity iron product. The ultimate recoupment of costs carried forward are dependent upon the successful development and commercialisation of the technology and licencing of the technology.

The recoverable amount of mineral technology assets was based on a fair value model. Key assumptions used in the valuation of the mineral technology assets include cash flow estimates of both product and licence cash inflows and a terminal value based on a 2.5% growth rate. A discount rate of 22% (post tax) was used to discount these cash flows.

**Note 12 Right-Of-Use Assets**

Below table shows the amortisation schedule for Right-of-use asset, which is recognised by adopting AASB 16. The value of the asset is assessed based on lease commitment for the year ended 2020 to 2022.

| Year | Beginning Balance<br>\$ | Amortisation<br>\$ | Adjustment<br>\$ | Ending Balance<br>\$ |
|------|-------------------------|--------------------|------------------|----------------------|
| 2020 | 417,106                 | (203,353)          | -                | 213,753              |
| 2021 | 213,753                 | (169,216)          | (17,317)         | 27,220               |
| 2022 | 27,220                  | (27,220)           | -                | -                    |

The lease commitment has been adjusted for \$17,317 to reflect an early termination of the office lease.

**Note 13 Trade and Other Payables**

|  | <b>2021<br/>\$</b>    | <b>2020<br/>\$</b>    |
|--|-----------------------|-----------------------|
| Trade payables and accrued expenses                  | 363,830               | 269,742               |
| Other payables                                       | 11,995                | 19,489                |
| Related party payable – directors and consultant fee | 137,000               | 18,000                |
|  | <u><b>512,825</b></u> | <u><b>307,231</b></u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2021

**Note 14 Interest Bearing Liabilities**

This note provides information about the contractual terms of the consolidated entity's loans and borrowings. For more information about the consolidated entity's exposure to interest rates, see note 22.

|                                     | Note | 2021<br>\$     | 2020<br>\$     |
|-------------------------------------|------|----------------|----------------|
| <b>Current Liabilities</b>          |      |                |                |
| Loans from related party – director |      | 100,000        | -              |
| Insurance premium funding           |      | 23,971         | -              |
| Unsecured Loans                     |      | -              | 100,000        |
| Lease liabilities                   | 17   | 27,220         | 197,301        |
|                                     |      | <b>151,191</b> | <b>297,301</b> |
| <b>Non-Current Liabilities</b>      |      |                |                |
| Lease liabilities                   | 17   | -              | <b>46,180</b>  |

**Note 15 Employee Benefits**

**Current**

|   |    |                |                |
|---|----|----------------|----------------|
| Liability for long service leave                                |    | 54,780         | 184,015        |
| Liability for annual leave                                      |    | 543,765        | 494,601        |
| Less ex-employee's entitlement for amounts owed to the company. | 23 | (453,839)      | (453,839)      |
|   |    | <b>144,706</b> | <b>224,777</b> |

**Note 16 Contributed Equity**

|  |     | 2021<br>\$        | 2020<br>\$        |
|--|-----|-------------------|-------------------|
| <b>Issued and paid up Capital</b>                          |     |                   |                   |
| 3,165,662,956 (2020: 3,165,662,956) ordinary shares        | 16a | 88,930,361        | 88,867,990        |
| *Reclassified paid up capital                              |     | -                 | 62,371            |
| Adjusted fully paid shares paid up capital                 |     | 88,930,361        | 88,930,361        |
| 73,012,926 (2020: 73,012,926) employees partly paid shares | 16b | 730,129           | 792,500           |
| * Reclassified employees partly paid up capital            |     | -                 | (62,371)          |
| Adjusted employees partly paid shares paid up capital      |     | 730,129           | 730,129           |
|  |     | <b>89,660,490</b> | <b>89,660,490</b> |

\*Investigations have uncovered that an excess of \$62,371 was wrongly classified in paid up capital for employees partly paid shares in previous years as those employees partly paid shares were paid up to 1 cent per partly paid shares.

**Effect on restatement**

There is no effect on the Company's paid up capital and the Company's total equity. The paid up capital for fully paid shares increased by \$62,371 whilst the paid up capital for employees partly paid shares reduced by the same amount.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2021

**Note 16 Contributed Equity (Continued)**

a) Movement in ordinary share capital

|              |                              | <b>Number of shares</b> | <b>Share capital</b> |
|--------------|------------------------------|-------------------------|----------------------|
|              |                              |                         | <b>\$</b>            |
| <b>2020</b>  |                              |                         |                      |
| 1 July 2019  | Opening balance              | 3,165,662,956           | 88,867,990           |
|              | Reclassified paid up capital | -                       | 62,371               |
|              | No movement during the year  | -                       | -                    |
| 30 June 2020 | Balance at end of year       | 3,165,662,956           | 88,930,361           |
| <b>2021</b>  |                              |                         |                      |
| 1 July 2020  | Opening balance              | 3,165,662,956           | 88,930,361           |
|              | No movement during the year  | -                       | -                    |
| 30 June 2021 | Balance at end of year       | 3,165,662,956           | 88,930,361           |

b) Movement in employees partly paid share

|              |   | <b>Number of shares</b> | <b>Share capital</b> |
|--------------|---|-------------------------|----------------------|
|              |   |                         | <b>\$</b>            |
| <b>2020</b>  |   |                         |                      |
| 1 July 2019  | Opening balance (i)                           | 73,012,926              | 792,500              |
|              | Reclassified employees partly paid up capital | -                       | (62,371)             |
|              | No movement during the year                   | -                       | -                    |
| 30 June 2020 | Balance at end of year                        | 73,012,926              | 730,129              |
| <b>2021</b>  |   |                         |                      |
| 1 July 2020  | Opening balance                               | 73,012,926              | 730,129              |
|              | No movement during the year                   | -                       | -                    |
| 30 June 2021 | Balance at end of year                        | 73,012,926              | 730,129              |

(i) Prior year adjustment to Opening balance

The opening balance as at 1 July 2019 included 74,200,000 employees partly paid shares. This figure was misstated as 1,187,074 employees partly paid shares were paid in full on 29 July 2014. Accordingly, the correct number of employees partly paid shares as at 1 July 2019 was:

- Previously reported number of shares, including employees partly paid shares 74,200,000
- Less: Number of employees partly paid shares paid in full on 29 July 2014 (1,187,074)
- Restated Opening balance as at 1 July 2019 73,012,926

**Information in relation to employees partly paid shares**

|  | <b>Employees partly paid shares</b> |             |
|--|-------------------------------------|-------------|
|  | <b>2021</b>                         | <b>2020</b> |
| Forfeited, auctioned, and held in trust  | 53,550,000                          | 53,550,000  |
| Forfeited but not auctioned or cancelled   | 7,200,000                           | 7,200,000   |
| 4.75 cents employees partly paid 1.00 cent shares which would be forfeited on 22 November 2021, unless paid in full before that time | 12,262,926                          | 12,262,926  |
| Total employees partly paid shares   | 73,012,926                          | 73,012,926  |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2021**

**Note 16 Contributed Equity (Continued)**

**Terms and Conditions**

*Ordinary Shares*

Holders of fully paid ordinary shares are entitled to receive dividends if declared and are entitled to one vote per share at shareholders meetings.

*Employees Partly Paid Shares*

Holders of employees partly paid shares under the Austpac Resources N.L. Employee Share Purchase plan shares are not entitled to the same rights as ordinary shareholders. Until the unpaid issue price is paid, employees partly paid shares do not carry any voting rights at shareholders meetings, including entitlements to dividends if declared. The employees partly paid shares also carry restrictions on their transfer until the unpaid issue price is paid in full, except for transfers to an associate of a participant.

*Dividends*

No dividends were declared or paid during the financial year ended 30 June 2021 or 30 June 2020.

**Note 17 Lease Liabilities**

| <b>Finance Lease</b>       | Consolidated           |          |           |                        |          |           |
|----------------------------|------------------------|----------|-----------|------------------------|----------|-----------|
|                            | 2021                   |          |           | 2020                   |          |           |
|                            | Minimum lease payments | Interest | Principal | Minimum lease payments | Interest | Principal |
| Within one year            | -                      | -        | -         | 29,670                 | 2,151    | 27,519    |
| Between one and five years | -                      | -        | -         | -                      | -        | -         |
| <b>Total</b>               | -                      | -        | -         | 29,670                 | 2,151    | 27,519    |

The consolidated entity's motor vehicle lease liabilities had fully repaid during the financial year ended 30 June 2021.

|  | <b>2021</b> | <b>2020</b> |
|--|-------------|-------------|
|  | <b>\$</b>   | <b>\$</b>   |

**Leases as lessee**

Non-cancellable lease rentals are payable as follows:

|                            |               |                |
|----------------------------|---------------|----------------|
| Less than one year         | 27,220        | 197,301        |
| Between one and five years | -             | 46,180         |
| Balance at end of year     | <b>27,220</b> | <b>243,481</b> |

The consolidated entity leased property at Kooragang Newcastle and office property in Sydney. The lease at Kooragang Newcastle was terminated during the year ended 30 June 2021.

During the year ended 30 June 2021, \$169,216 was recognised as an expense in the Consolidated Statement of Comprehensive Income (2020: \$203,353).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2021**

**Note 18 Key Management Personnel Disclosures**

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors: Mr T. Cuthbertson (Chairman)  
Mr G. Hiller  
Executive director: Mr C. Iles  
Executive: Mr M.J. Turbott (Terminated 13 August 2020)  
Company Secretary: Mr N. Gaston (Resigned 3 July 2020)  
Mr K. Lee (Appointed 3 July 2020)

|  | Year        | Directors Fees | Short Term    |                 | Non-Monetary Benefits | Other Long Term | Post Employment Super-annuation Contributions | Total          |
|--|-------------|----------------|---------------|-----------------|-----------------------|-----------------|---|----------------|
|  |             |                | Salaries      | Consulting Fees |                       |                 |   |                |
|  |             | \$             | \$            | \$              | \$                    | \$              | \$  | \$             |
| <b>Directors</b>                             |             |                |               |                 |                       |                 |   |                |
| Mr T. Cuthbertson                            | <b>2021</b> | <b>12,000</b>  | -             | <b>36,000</b>   | -                     | -               | -   | <b>48,000</b>  |
|  | 2020        | 41,000         | -             | 17,500          | -                     | -               | -   | 58,500         |
| Mr C. Iles                                   | <b>2021</b> | <b>12,000</b>  | -             | <b>84,000</b>   | -                     | -               | -   | <b>96,000</b>  |
|  | 2020        | 31,000         | -             | 39,675          | -                     | -               | -   | 70,675         |
| Mr G. Hiller                                 | <b>2021</b> | <b>12,000</b>  | -             | <b>49,200</b>   | -                     | -               | -   | <b>61,200</b>  |
|  | 2020        | 31,000         | -             | 21,550          | -                     | -               | -   | 52,550         |
| Total  | <b>2021</b> | <b>36,000</b>  | -             | <b>169,200</b>  | -                     | -               | -   | <b>205,200</b> |
|  | 2020        | 103,000        | -             | 78,725          | -                     | -               | -   | 181,725        |
| <b>Key Management Personnel</b>              |             |                |               |                 |                       |                 |   |                |
| Mr M. J. Turbott (terminated 13 August 2020) | <b>2021</b> | -              | <b>23,303</b> | -               | -                     | -               | <b>2,048</b>                                  | <b>25,351</b>  |
|  | 2020        | -              | 180,000       | -               | 10,658                | 15,721          | 18,000  | 224,379        |
| Mr N. Gaston (resigned 3 July 2020)          | <b>2021</b> | -              | -             | -               | -                     | -               | -   | -              |
|  | 2020        | -              | -             | 434,450         | 13,478                | -               | -   | 447,928        |
| Mr K. Lee (appointed 3 July 2020)            | <b>2021</b> | -              | -             | <b>96,000</b>   | -                     | -               | -   | <b>96,000</b>  |
|  | 2020        | -              | -             | -               | -                     | -               | -   | -              |
| Total  | <b>2021</b> | -              | <b>23,303</b> | <b>96,000</b>   | -                     | -               | <b>2,048</b>                                  | <b>121,351</b> |
|  | 2020        | -              | 180,000       | 434,450         | 24,136                | 15,721          | 18,000  | 672,307        |

Key management personnel receive additional benefits as non-cash benefits, as part of the terms and conditions of their employment relating to motor vehicle leases.

Notsag Pty Limited, company which provides corporate, financial, underwriting and guarantee services, employed Mr N. Gaston and provided his services as company secretary. Mr Gaston resigned on 3 July 2020. Notsag Pty Limited did not receive any fees during the financial year ended 30 June 2021 (2020: \$181,200). Notsag Pty Limited did not receive any fees for capital raising services in the financial year ending 30 June 2021 (2020: \$253,250).

As at 30 June 2021 \$35,000 (2020: \$Nil) is outstanding to Mr Lee for 2021 for services fees as company secretary and are included in the remuneration table above. Mr Lee's annual secretary fees amounted \$60,000 and investigative consulting fees amounted to \$36,000 during the financial year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2021

**Note 18 Key Management Personnel Disclosures (Continued)**

The outstanding accrual for Directors and consultant fees is set out in the table below.

**Directors and consultant fees accrual**

|                   | Opening<br>balance<br>01.07.2020 | Accrual/(paid)<br>current year | Converted to<br>shares | Closing balance<br>30.06.2021 |
|-------------------|----------------------------------|--------------------------------|------------------------|-------------------------------|
| <b>Directors</b>  |                                  |                                |                        |                               |
| Mr T. Cuthbertson | 6,000                            | 36,000                         | -                      | 42,000                        |
| Mr C. Iles        | 7,350                            | 36,650                         | -                      | 44,000                        |
| Mr G. Hiller      | 6,000                            | 45,000                         | -                      | 51,000                        |
|                   | 19,350                           | 117,650                        | -                      | 137,000                       |

Austpac Resources N.L. engaged Mr T. Cuthbertson, Mr C. Iles and Mr G. Hiller for the provision of consultancy services on a need's basis. The terms and conditions of the services are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The details of the transactions are as follows:

|                   |                  | 2021<br>\$ | 2020<br>\$ |
|-------------------|------------------|------------|------------|
| Mr T. Cuthbertson | Consultancy Fees | 36,000     | 17,500     |
| Mr C. Iles        | Consultancy Fees | 84,000     | 39,675     |
| Mr G. Hiller      | Consultancy Fees | 49,200     | 21,550     |

**Equity Instruments**

*Movement in shares*

The movement during the reporting period in the number of ordinary shares of Austpac Resources N.L. held, directly, indirectly or beneficially, by each key management personnel, including their personally-related entities is as follows:

|                                     | 2021                   |            |             |                         | 2020                   |            |             |                         |
|-------------------------------------|------------------------|------------|-------------|-------------------------|------------------------|------------|-------------|-------------------------|
|                                     | Held at<br>1 July 2020 | Purchases  | Sold        | Held at 30<br>June 2021 | Held at<br>1 July 2019 | Purchases  | Sold        | Held at 30<br>June 2020 |
| <b>Ordinary Shares</b>              |                        |            |             |                         |                        |            |             |                         |
| <b>Mr T. Cuthbertson</b>            | 17,666,667             | -          | -           | 17,666,667              | 17,666,667             | -          | -           | 17,666,667              |
| <b>Mr M. Turbott (i)</b>            | 6,554,859              | -          | (6,554,859) | -                       | 8,338,192              | -          | (1,783,333) | 6,554,859               |
| <b>Mr N. Gaston (ii)</b>            | 2,437,687              | -          | -           | 2,437,687               | 10,437,687             | -          | (8,000,000) | 2,437,687               |
| <b>Employees Partly Paid Shares</b> | Held at<br>1 July 2020 | Subscribed | Forfeited   | Held at 30<br>June 2021 | Held at<br>1 July 2019 | Subscribed | Forfeited   | Held at 30<br>June 2020 |
| <b>Mr T. Cuthbertson</b>            | 1,500,000              | -          | -           | 1,500,000               | 2,500,000              | -          | (1,000,000) | 1,500,000               |
| <b>Mr M. Turbott (i)</b>            | 2,812,926              | -          | -           | 2,812,926               | 4,812,926              | -          | (2,000,000) | 2,812,926               |
| <b>Mr N. Gaston (ii)</b>            | 2,000,000              | -          | -           | 2,000,000               | 2,800,000              | -          | (800,000)   | 2,000,000               |

(i) Mr Turbott terminated 13 August 2020.

(ii) Mr Gaston resigned 3 July 2020.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2021**

### **Note 18 Key Management Personnel Disclosures (Continued)**

The above equity holdings include directors' entitlements arising under the consolidated entity Employee Share Purchase Plan and participation in the Shareholder Share Purchase Plan announced in September 2016. No shares were granted as compensation in 2021.

#### **Options and rights over equity instruments**

No options were granted since the beginning of the financial year.

Apart from the details disclosed in this note, no other Director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

#### **Loan to Company**

Kore Management Services Pty Limited ("the Lender"), of which the Company Chairman Terry Cuthbertson has an interest, provided the Company with a loan facility of \$200,000. The loan is an unsecured loan with 10% interest per annum. \$100,000 has been drawn on 28 June 2021. This loan with interest, is to be repaid within three business days:

- After 12 months from the date of drawdown, that is, 28 June 2022 on the \$100,000 drawn on 28 June 2021.
- If there is a change in management and directors and the Lender does not agree with those changes.

The \$100,000 loan is included in Current Liabilities.

#### **Wholly owned group**

Details of interests in wholly owned controlled entities are set out in Note 9.

### **Note 19 EVENTS SUBSEQUENT TO REPORTING DATE**

On 12 October 2021, the Company has applied the voluntary deregistration of the dormant subsidiaries Almeth Pty Ltd and Austpac Technology Pty Ltd.

The Directors are not aware of any other material subsequent events which affect the financial position of the Company after 30 June 2021.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2021**

**Note 20 Reconciliation of Cash Flows from Operating Activities**

| Reconciliation of operating profit after income tax to net cash flows from operating activities. | <b>2021</b> | <b>2020</b> |
|--|-------------|-------------|
|  | <b>\$</b>   | <b>\$</b>   |
| (Loss) for the year  | (436,450)   | (231,493)   |
| Adjustments for:   |             |             |
| Depreciation   | 26,542      | 26,542      |
| Impairment Expense   | 153,490     | 596,813     |
| Non-recovery of receivable of ex-employee  | -           | 81,988      |
| Share capital receivables  | (295,000)   | -           |
| Non-cash/operating items   | (122,619)   | (183,236)   |
| Operating (loss)/gain before changes in working capital and provisions                           | (674,037)   | 290,614     |
| Decrease in receivables  | 251,146     | 306,634     |
| Increase/(decrease) in payables / provisions   | 123,881     | (292,219)   |
| Net cash (used in)/generated from operating activities   | (299,010)   | 305,029     |

**Note 21 Fair Value of Financial Assets and Liabilities**

**Fair values versus carrying amounts**

The Consolidated Entity's accounting policies and disclosures may require the measurement of fair values for both financial and non- financial assets and liabilities. The Consolidated Entity has an established framework for fair value measurement. When measuring the fair value of an asset or a liability, the Consolidated Entity uses market observable data where available.

Fair values are categorised into different levels in a fair value hierarchy based on the following valuation techniques:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability can be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Consolidated Entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Financial assets and liabilities are stated at cost. The fair values together with the carrying amounts shown in the consolidated statement of financial position are as follows:

|                              | Carrying amount | Fair value | Fair value hierarchy level | Carrying amount | Fair value | Fair value hierarchy level |
|------------------------------|-----------------|------------|----------------------------|-----------------|------------|----------------------------|
|                              | 2021            | 2021       |                            | 2020            | 2020       |                            |
| Consolidated                 | \$              | \$         |                            | \$              | \$         |                            |
| Trade and other receivables  | 35,197          | 35,197     | 1                          | 308,146         | 308,146    | 1                          |
| Cash and cash equivalents    | 144,306         | 144,306    | 1                          | 166,696         | 166,696    | 1                          |
| Interest bearing liabilities | 151,191         | 151,191    | 2                          | 343,481         | 343,481    | 2                          |
| Trade and other payables     | 512,825         | 512,825    | 2                          | 307,231         | 307,231    | 2                          |

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2021**

### **Note 21 Fair Value of Financial Assets and Liabilities (Continued)**

#### **Estimation of fair values**

The following summarises the major methods and assumptions used in estimating fair values of financial instruments:

1. **Receivables/payables**  
For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value, if the effect of discounting is material.
2. **Leases**  
The fair value is estimated at the present value of future cash outflows. Future cash flows are discounted using appropriate market rates.

### **Note 22 Financial Risk Management**

#### **Overview**

This note presents information about the Company's and consolidated entity's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Company and the consolidated entity do not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

#### **Credit Risk**

Credit risk is the risk of financial loss to the consolidated entity and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the consolidated entity's receivables from customers.

Presently, the consolidated entity undertakes technology development and exploration and evaluation activities exclusively in Australia. At the balance date there were no significant concentrations of credit risk.

#### **Cash and cash equivalents**

The consolidated entity's limits its exposure to credit risk by only investing in cash deposits with major banks.

#### **Trade and other receivables**

The consolidated entity and the Company are exposed to credit risk in relation to receivables recorded on the consolidated statement of financial position.

The Company and consolidated entity have established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables and investments. The directors do not expect any counterparty to fail to meet its obligations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### Note 22 Financial Risk Management (Continued)

#### Exposure to credit risk

The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure. The consolidated entity's maximum exposure to credit risk at the reporting date was:

|                             | 2021<br>\$ | 2020<br>\$ |
|-----------------------------|------------|------------|
| Financial assets            |            |            |
| Cash and cash equivalents   | 144,306    | 166,696    |
| Trade and other receivables | 35,197     | 308,146    |

#### Guarantees

The consolidated entity's policy is not to provide financial guarantees.

#### Liquidity risk

Liquidity risk is the risk that the consolidated entity and the Company will not be able to meet its financial obligations as they fall due. The consolidated entity'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 consolidated entity's reputation.

The consolidated entity and the Company manage liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The consolidated entity does not have any external borrowings.

The Company anticipates a need to raise additional capital in the next 12 months to meet forecast operational, construction and exploration activities. The decision on how the Company will raise future capital will depend on market conditions existing at that time.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

| Consolidated             | Less than<br>6 Months | 6-12<br>Months | Between<br>1 and 2<br>Years | Between<br>2 and 5<br>Years | Over 5<br>Years | Total<br>contractual<br>cash flows | Carrying amount<br>liabilities |
|--------------------------|-----------------------|----------------|-----------------------------|-----------------------------|-----------------|------------------------------------|--------------------------------|
|                          | \$                    | \$             | \$                          | \$                          | \$              | \$                                 | \$                             |
| <b>2021</b>              |                       |                |                             |                             |                 |                                    |                                |
| Lease liabilities        | 27,220                | -              | -                           | -                           | -               | 27,220                             | 27,220                         |
| Trade and other payables | 512,825               | -              | -                           | -                           | -               | 512,825                            | 512,825                        |
| <b>2020</b>              |                       |                |                             |                             |                 |                                    |                                |
| Lease liabilities        | 112,410               | 84,891         | 46,180                      | -                           | -               | 243,481                            | 243,481                        |
| Trade and other payables | 307,231               | -              | -                           | -                           | -               | 307,231                            | 307,231                        |

#### 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 consolidated entity'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 the return.

#### Currency Risk

The consolidated entity is not exposed to currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currencies of consolidated entity, which is the Australian dollar (AUD).

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2021**

### **Note 22 Financial Risk Management (Continued)**

The consolidated entity has not entered into any derivative financial instruments.

#### *Exposure to currency risk*

The consolidated entity and the Company are not exposed to currency risk and at balance date the consolidated entity and the Company holds no financial assets or liabilities which are exposed to foreign currency risk.

#### **Interest rate risk**

The consolidated entity is exposed to interest rate risk on cash investments, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The consolidated entity does not use derivatives to mitigate these exposures.

The consolidated entity adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short term deposits bearing interest income at commercial rates.

#### *Profile*

At the reporting date the interest rate profile of the consolidated entity's and the Company's interest-bearing financial instruments

|  | 2021<br>\$ | 2020<br>\$ |
|--|------------|------------|
| <b>Fixed rate instruments</b>                      |            |            |
| Financial assets (surplus cash invested)           | 144,306    | 166,696    |
| Financial liabilities (plant and equipment leases) | -          | 29,670     |

#### *Fair value sensitivity analysis for fixed rate instruments*

The consolidated entity does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

#### **Commodity Price Risk**

The consolidated entity operates primarily in mineral sands and steel industry waste recycling technology development and in exploration and evaluation and accordingly the consolidated entity's financial assets and liabilities are subject to minimal commodity price risk.

#### **Capital Management**

The consolidated entity's objectives when managing capital are to safeguard the consolidated entity's ability to continue as a going concern, in order to maintain a strong capital base sufficient to maintain future technology development and exploration of projects. In order to maintain or adjust the capital structure, the consolidated entity may issue new shares or sell assets to reduce debt. The consolidated entity's focus has been to raise sufficient funds through equity to fund technology development and exploration and evaluation activities. The consolidated entity monitors capital on the basis of the gearing ratio, however there are no external borrowings at 30 June 2021.

The consolidated entity provides employees with opportunities to participate in the Austpac Resources N.L. Staff Share Purchase Plan.

There were no changes in the consolidated entity's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2021**

### **Note 23 Contingent Liabilities**

An ex-employee has served the Company a letter of demand for redundancy and other payments. The Company disputes the claims, and the Directors are of the view that there are no reasonable grounds for the ex-employee for such a claim. (2020: Nil)

Included in Receivables, an amount of \$535,827 is owed by the ex-employee. Included in Current Liabilities is a provision of \$453,839 for the ex-employee's holiday pay and long service leave. The Company is of the view that it is unlikely that \$535,827 owed by the ex-employee is capable of being recovered from the ex-employee. Accordingly, the Company has made provisions for the netting of amounts owed and the non-recovery of the net difference payable to the Company \$81,988.

Part of the condition for the Newcastle site lease finished, there is estimate a \$25,000 for the EPA and clear out.

There are no other material contingent liabilities for the year ended 30 June 2021.

### **Note 24 Parent Entity Disclosures**

As at, and throughout, the financial year ended 30 June 2021 the parent entity of the Group was Austpac Resources N.L.

|  | <b>2021</b>      | <b>2020</b>      |
|--|------------------|------------------|
|  | <b>\$</b>        | <b>\$</b>        |
| <b>Result of parent entity</b>                         |                  |                  |
| Loss for the year                                      | (436,450)        | (231,493)        |
| Other comprehensive income                             | -                | -                |
| <b>Total comprehensive loss for the period</b>         | <u>(436,450)</u> | <u>(231,493)</u> |
| <br>   |                  |                  |
| <b>Financial position of parent entity at year end</b> |                  |                  |
| Current assets   | 228,526          | 474,842          |
| Non-current assets                                     | 2,021,862        | 2,278,763        |
| Total assets   | <u>2,250,388</u> | <u>2,753,605</u> |
| Current liabilities                                    | 808,722          | 829,309          |
| Non-current liabilities                                | -                | 46,180           |
| Total liabilities                                      | <u>808,722</u>   | <u>875,489</u>   |
| <b>Net Assets</b>                                      | <u>1,441,666</u> | <u>1,878,116</u> |
| <b>Equity</b>  |                  |                  |
| Share capital  | 89,660,490       | 89,660,490       |
| Accumulated losses                                     | (88,218,824)     | (87,782,374)     |
| <b>Total equity</b>                                    | <u>1,441,666</u> | <u>1,878,116</u> |

### **Subsequent Events**

On 12 October 2021, the Company has applied the voluntary deregistration of the dormant subsidiaries Almeth Pty Ltd and Austpac Technology Pty Ltd.

The Directors are not aware of any other material subsequent events which affect the financial position of the Company after 30 June 2021.

## **DIRECTORS' DECLARATION**

1. In the opinion of the Directors of Austpac Resources N.L.:
  - a. the consolidated financial statements and notes set out on pages 10 to 34 and the remuneration report in the Director's Report are in accordance with the Corporations Act 2001, including:
    - i. giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2021 and of their performance for the year ended on that date; and
    - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;
  - b. the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a); and
  - c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the individuals acting in the role of chief executive officer and chief financial officer functions for the financial year ended 30 June 2021.

Signed in accordance with a resolution of the Directors.



T. Cuthbertson

Chairman

Sydney, 29 October 2021



C. Iles

Director

## **ADDITIONAL STOCK EXCHANGE INFORMATION**

### **Directors' Interests**

The maximum contingent liability of the group for termination benefits under service agreements with directors and persons who take part in the management of the parent entity amount to \$nil at 30 June 2021.

### **Shareholdings**

#### Substantial Shareholders

The number of shares held by the substantial shareholders listed in the holding company's register as at 28 September 2021 was:

|                                | Number of Ordinary<br>Shares Held | Percentage (%) held to<br>Issued Capital |
|--------------------------------|-----------------------------------|--|
| YANGANG (HONG KONG) CO LIMITED | 365,000,000                       | 11.53                                    |

#### Class of shares and voting rights

At 14 October 2021 there were 3,873 holders of the ordinary shares of the holding company. The voting rights attaching to the ordinary shares, set out in Article 32 of the holding company's Articles of Association, are:

"Subject to any rights or restrictions for the time being attached to any class or classes of shares –

- a) at meetings of members or classes of members each member entitled to vote may vote in person or by proxy or attorney; and
- b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share he holds."

### **Offices and Officers**

|                                      |  |
|--------------------------------------|--|
| Company Secretary:                   | Kenneth Lee  |
| Principal Registered Office:         | Level 5, 37 Pitt Street, Sydney NSW 2000   |
| Telephone:                           | (02) 9252 2599   |
| Location of Registers of Securities: | Link Market Services Limited<br>Securities Registration Services<br>Level 12<br>680 George Street<br>Sydney NSW 2000 |

Austpac Resources N.L. is an Australian incorporated listed public no liability company domiciled in Australia.

## **ADDITIONAL STOCK EXCHANGE INFORMATION**

### **Distribution of Shareholders as at 14 October 2021**

| <u>Unit</u>      | <u>Number of Ordinary Shareholders</u> |
|------------------|--|
| 1-1,000          | 187                                    |
| 1,001-5,000      | 550                                    |
| 5,001-10,000     | 465                                    |
| 10,001-100,000   | 1,434                                  |
| 100,001 and over | 1,237                                  |

Holders of less than a marketable parcel: 2,982

### **20 Largest Shareholders as at 14 October 2021**

|  | <u>Number of Ordinary<br/>Shares Held</u> | <u>Percentage (%) held to<br/>Issued Capital</u> |
|--|---|--|
| YANGANG (HONG KONG) CO LIMITED                           | 365,000,000                               | 11.53  |
| MR JOHN MCGREGOR SKINNER                                 | 119,510,200                               | 3.78   |
| PRESTCORP PTY LIMITED                                    | 105,634,910                               | 3.34   |
| KRONOS INTERNATIONAL INC.                                | 76,470,588                                | 2.42   |
| MR WILLIAM JOHN GAYMANS & MRS ZELDA ELIZABETH<br>GAYMANS | 73,193,385                                | 2.31   |
| MR RICHARD LOUDEN DELANEY & MR IAN ARTHUR CAINS          | 71,741,440                                | 2.27   |
| MR STEPHEN JOSEPH HARRIS                                 | 62,500,000                                | 1.97   |
| MR RICHARD LOUDEN DELANEY                                | 56,714,460                                | 1.79   |
| MR TUGCAN RAUF SACKESSEN                                 | 50,000,000                                | 1.58   |
| FGDG SUPER PTY LTD                                       | 44,000,000                                | 1.39   |
| MR MANFRED KARL HEINZ RAABE                              | 40,000,000                                | 1.26   |
| MS ROSEMARIE CREMONA                                     | 34,018,707                                | 1.07   |
| ORIENT ZIRCONIC RESOURCES (AUSTRALIA) PTY LTD            | 33,000,000                                | 1.04   |
| BALLADONIA INVESTMENTS PTY LTD                           | 32,367,054                                | 1.02   |
| MR DAVID SOLOMON CLAXTON                                 | 29,000,000                                | 0.92   |
| MR RIK DEATON  | 28,480,000                                | 0.90   |
| MILLEAST INVESTMENTS PTY LTD                             | 27,300,000                                | 0.86   |
| MR PETER KEVIN KING                                      | 26,370,584                                | 0.83   |
| MR KERRY CAMERON KING & MRS CHRISTINE MARGARET<br>KING   | 25,000,000                                | 0.79   |
| BNP PARIBAS NOMINEES PTY LTD                             | 23,733,747                                | 0.75   |

The 20 largest shareholders hold 41.82% of the ordinary shares of the holding company.

**Austpac Resources N.L.**  
**ABN 87 002 264 057**  
**and Controlled Entities**

## **CORPORATE DIRECTORY**

### **Members of the Board**

Mr Terry Cuthbertson  
**Chairman**

Mr Colin Iles  
**Director/CEO**

Mr Geoff Hiller BEng – Mining (Hons), BEng – Civil (Hons), MBA  
**Director**

### **Secretaries**

Mr Kenneth Lee FCA (England & Wales), MBA  
**Company Secretary**

### **Auditor**

**MNSA Pty Ltd**  
Level 1, 283 George Street  
Sydney NSW 2000

### **Solicitors**

**GrilloHiggins Lawyers**  
Level 4, 114 William Street  
Melbourne VIC 3000

### **Share Registry**

**Link Market Services Limited**  
Securities Registration Services  
Level 12, 680 George Street  
Sydney NSW 2000

### **Banker**

**ANZ Bank**  
115 Pitt Street, Sydney, NSW 2000

**Commonwealth Bank Australia**  
51 Willoughby Road, Crows Nest NSW 2065

### **Stock Exchange Listing**

Australian Securities Exchange Limited (Sydney)

### **Company Website**

<http://www.austpacresources.com>