



Annual Report 2021



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REVIEW OF OPERATIONS

HIGHLIGHTS

The Company is in the process of updating the definitive Feasibility Study of the Nowa Nowa Iron Ore Project which was completed in 2014.

The Work Program for the Nowa Nowa Copper project has been submitted to Victorian Department of Jobs, Precincts and Regions.

The Heads of Agreement has been executed to acquire Trigg Hill Lithium project in Western Australia.

NOWA NOWA PROJECT

Nowa Nowa Iron

The Company is updating the existing Definitive Feasibility Study which was completed in 2014 (the “**DFS**”) following the completion of an internal review on the Nowa Nowa Iron Project (the “**Project**”).

The Project is located in East Gippsland, Victoria and is proximal to the Princess Highway which provides access to several nearby towns and the existing export port facility at Eden in southern NSW.



Figure 1 - Location of the Project

The Company completed resource drilling at the Five Mile deposit outlining 9.05 Mt averaging 50.8% Fe of magnetite iron in 2014. (Refer to the ASX announcement dated 21 May 2014¹).

¹ The Company is not in possession of any new information or data relating to these historical estimates that materially impacts the reliability of these estimates or the Company's ability to verify these historical estimates as mineral resources in accordance with ASX Appendix 5A.

The Company confirms that supporting information provided in its ASX announcement of 21 May 2014 for the historical estimates referred to above continues to apply and has not materially changed.

The historical estimates included in the Company's ASX announcement of 21 May 2014 were reported in accordance with the JORC Code, 2012.

REVIEW OF OPERATIONS

| | Measured | | Indicated | | Inferred | | Total | |
|-----------|----------|------|-----------|------|----------|------|-------|------|
| | Mt | Fe% | Mt | Fe% | Mt | Fe% | Mt | Fe% |
| Five Mile | 2.25 | 52.8 | 4.32 | 50.4 | 2.49 | 49.7 | 9.05 | 50.8 |

Table 1 - Five Mile Estimated Resources (cut off of 40% Fe)

The Company completed the DFS in September 2014, based on the concept that beneficiated ore @ 58% Fe fines would be produced and transported from the mine 234km by road transport to the Port of Eden.

In this financial year, the Company appointed Engenium to update the DFS to review the production of a Direct Shipping Ore (“**DSO**”) with 50% Fe magnetite content. The updated DFS will focus on mining ore at the Five Mile magnetite iron deposit but will exclude the already identified satellite deposits at Six Mile Deposit and Seven Mile Deposit (the “**Satellite Deposits**”). The Company considers that the DSO product strategy will maximise value for shareholders given it reduces the timetable and capital requirements for the Company to commence production.

Mining

The revised DFS mining section has been reviewed by Mining One Pty Ltd.

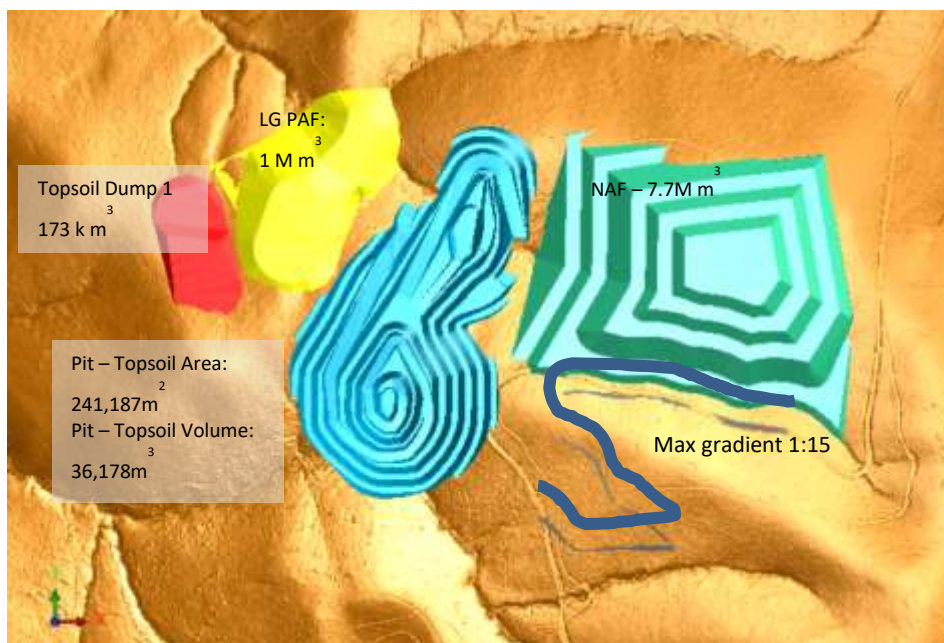


Figure 2: Revised Waste Dump and LG PAF stockpile layout

The revised DFS will assume mining of high-grade ore only. Low grade ore will not be produced and the Project’s footprint is reduced accordingly.

This reduced footprint and relocating the waste dump allows the realignment of Buchan Road. The length of realignment of Buchan Road is significantly reduced compared to the DFS in 2014, resulting in an expected reduced initial capital expenditure for road construction.

Beneficiation Testwork

In April 2021, the Company completed beneficiation testwork carried out by ALS Metallurgy.

Drill core samples were collected from drill holes completed by Eastern Iron during resource drilling at Five Mile deposit in 2013. Composite samples were prepared from the core samples by ALS Metallurgy for Davis Tube Wash (DTW) and wet low intensity magnetic separation (Wet LIMS).

REVIEW OF OPERATIONS

A Composite sample was prepared at 50.4% Fe, 15.00% SiO₂, 2.59% Al₂O₃, and 0.03% P, which is in the range of iron content of the proposed DSO products for export from the Five Mile deposit. The object of this testwork was to determine the product specification of magnetite concentrates produced from Nowa Nowa DSO through Wet LIMS.

The samples were tested by DTW at grind sizes of 80% passing 106, 75, and 45 micron.

The results are summarised below:

Table 2. Analysis of DTW magnetite concentrates at 106, 75 and 45 micron grind.

| DTW Conc. | | Fe (%) | SiO ₂ (%) | Al ₂ O ₃ (%) | P (%) | S (%) | Fe Rec% (%) |
|-----------|------------|--------|----------------------|------------------------------------|-------|-------|-------------|
| Composite | 106 micron | 64.7 | 5.91 | 0.65 | 0.011 | 0.16 | 69.3 |
| Composite | 75 micron | 68.1 | 3.68 | 0.25 | 0.007 | 0.038 | 68.0 |
| Composite | 45 micron | 69.0 | 2.94 | 0.23 | 0.006 | 0.023 | 67.3 |

The samples were also treated by wet magnetic separation at grind sizes of 80% passing 45 micron and at 1100 gauss. The Wet LIMS product produced below is a high-quality iron product similar to many widely traded magnetite concentrates supplied as pellet feed in iron content and the level of deleterious elements.

The results are summarised in the table below:

Table 3. Analysis of Wet LIMS magnetite concentrates at 45 micron grind.

| Wet LIMS Conc. | | Fe (%) | SiO ₂ (%) | Al ₂ O ₃ (%) | P (%) | S (%) | Fe Rec% (%) |
|----------------|-----------|--------|----------------------|------------------------------------|-------|-------|-------------|
| Composite | 45 micron | 68.9 | 2.97 | 0.23 | 0.008 | 0.022 | 67.4 |

Proposed Processing and On-Site Infrastructure

The proposed Project operations will process mined ore on site via crushing and screening to produce a magnetite DSO product @ 50% Fe. No on-site beneficiation will be employed which was considered in the DFS in 2014. As such, a magnetic separation plant is not required which will not only reduce the footprint of on-site infrastructure but it will also reduce initial capital expenditure and operating costs for ore processing.

Port of Eden

The Port of Eden is located in NSW and can accommodate P-Panamax vessels with up to 75,000 MT intake. Currently, the existing conveying and ship loading systems are used to export forestry products. As considered in the 2014 DFS, minimal modifications to these systems can be made to allow the facilities to be suitable for iron ore product export. Pentarch Logistics Pty Ltd (“**Pentarch**”) is the operator of the port facilities at the Port of Eden

In August 2021, the Company and Pentarch executed an MOU, and Pentarch has agreed to provide port facilities to the Company to export iron products produced from the Project (the “Product”). The parties have agreed to work cooperatively to investigate storage of the Product and utilization of the port facilities to export up to 1.5 million tonnes per annum of the Product from the Port of Eden.

The parties will enter into negotiations aimed at finalising a binding commercial agreement.

The Company is concurrently progressing the permitting and approvals process to ensure a rapid development of the Project is possible, subject to favourable results being achieved through the updated DFS.

Nowa Nowa Copper

In this financial year, the Company submitted a proposed drilling Work Program for Nowa Nowa Copper Project EL 006183 to the Victorian Department of Jobs, Precincts and Regions (“DJPR”).

It is anticipated that all drillholes will intersect 70 – 80 metres of overburden from surface and then penetrate through mixed volcanic and sedimentary rocks hosting the target mineralisation. The programme is expected to be completed within 2 weeks of commencing work on site.

REVIEW OF OPERATIONS

The details of the proposed drillholes are shown in Table 1 below.

| Drillhole | MGAE | MGAN | Depth | Azimuth | Dip |
|-----------|--------|---------|-------|---------|-----|
| Prop1 | 599790 | 5826159 | 200 | 300 | -60 |
| Prop2 | 599832 | 5826133 | 200 | 300 | -60 |
| Prop3 | 599689 | 5826087 | 200 | 300 | -60 |
| Prop4 | 599727 | 5826064 | 200 | 300 | -60 |

Table 4: Proposed Drillholes

Eastern Iron has selected a drill contractor through a tendering process, to conduct the previously announced work programme at its Nowa Nowa Copper Project EL 006183.

The work programme is planned to be commenced once the approval from DJPR is received.

NEW PROJECTS SEARCH AND ACQUISITION

Subsequent Events

Trigg Hill Lithium Project

The Company has entered into a binding Heads of Agreement (the "HOA") with Amery Holdings Pty Ltd ACN 009 269 612 (Amery) to acquire 100% interest in the Trigg Hill Project (E 45/5728), located in the Shaw River district, East Pilbara, Western Australia (the "**Trigg Hill Project**") (see ASX announcement on 4 August 2021).

Location and tenures

The Trigg Hill Project is located in East Pilbara, Western Australia about 225km by road from Port Hedland. The nearest town is Marble Bar located 78km by road. The Trigg Hill Project is adjacent to the Mont Webber DSO iron ore mine and camp (Atlas Iron), with existing mine infrastructure including roads, water bores and communications located on the Trigg Hill licence.

The Trigg Hill Project is located approximately 75km SE of the Pilgangoora Lithium mine and 77km SE of the Wodgina Lithium and Tantalum mine. The Trigg Hill Project is also located 80km SW of Global Lithium Resources' Marble Bar Lithium Project.

The Trigg Hill Project comprises 1 Exploration Licence Application (ELA 45/5728) which covers 5 blocks. The ELA is expected to be granted in December quarter 2021.

| EL No. | Permit Name | Status | Applied For | No. Sub-blocks |
|-----------|-------------|-------------|-------------|----------------|
| E 45/5728 | Trigg Hill | Application | 6-Jul-20 | 5 |

Geology

Regionally, The Trigg Hill Project is located within the East Pilbara granite-greenstone terrain, which is characterised by granitic rocks of the Shaw Batholith. Metamorphosed granitic rocks of the Archean Tambina, Split Rock and Callina Supersuites in the center and southeast of the project area dominate the local geology. The granitic rocks contain extensive swarms of late-stage pegmatites, the source of the tin and tantalum mineralisation in the area. Pegmatite dykes related to the various granitic plutons have been intruded into the greenstone sequences and occur in swarms. These are variably fractionated and several have been located that fall at the end of the fractionation sequence in the Lithium- Caesium- Tantalum (LCT) category.

There are two types of pegmatites in the group. The first shows cassiterite, monazite and tautauxenite, as sub-parallel swarms less than 0.5 metres wide dykes. The second are albite pegmatites, zoned with quartz cores, and containing beryl, formanite, lepidolite, muscovite, spodumene, ytrotantalite, and zinnwaldite. The largest pegmatite exposure is described as tantalum and rare earth bearing in a 200 x 10 metre area, at Trigg Hill, with further pegmatites to the north-west.

REVIEW OF OPERATIONS

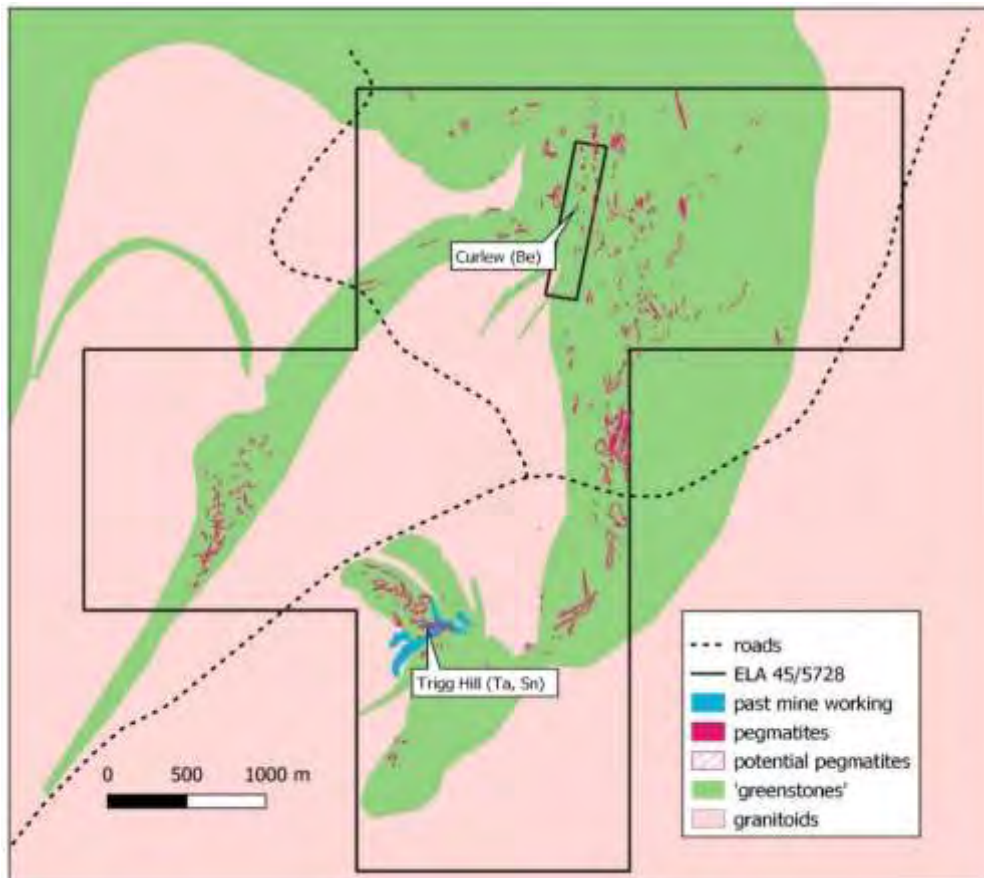


Figure 3: Simplified Geology with known and potential pegmatites

History

The Trigg Hill Project covers the entire Trigg Hill pegmatite swarm and the Curlew pegmatite swarm except for one excised mining lease (M 45/1267) totalling 0.22sq km, covering the Curlew emerald deposit. The history is well documented by Jacobson *et al.*

Trigg Hill Pegmatites

The tantalum mineral formanite was first discovered at Trigg Hill in 1906. During the 1960s, 340kg of tin-tantalum concentrates were produced. Several small pits and trenches were made in a large tantalum and rare earth bearing pegmatite. Pilgan Mining Ltd exploited in a small-scale operation eluvial and alluvial material surrounding the Trigg Hill pegmatite from 1980-82. They treated 21,000 cubic metres of material and produced an estimate ten tons of tantalum and tin concentrates. Trigg Hill is the Type locality of mineral formanite, analysis of formanite by Simpson (1948) contained 54% Ta₂O₅, 27.7% (Y, Er)₂O₃, 1.8% Nb₂O₅ and 3% other REO Th, U.

Work subsequent to mining included stream sediment and soil sampling, mapping and limited rock chip sampling. Soil sampling returned strong Li and Cs anomalism associated with pegmatite outcrops and areas of interpreted soil covered pegmatite or greisen.

No drilling of the Trigg hill pegmatites has been recorded.

Curlew Pegmatites

The Curlew emerald deposit (excised) was discovered prior to 1940 and was mined from 1976 to 1982 with variable success.

Emeralds, beryl, scheelite and molybdenite are associated with a narrow LCT pegmatite vein. The more prospective pegmatites are the larger LCT pegmatites within the swarm that surrounds the emerald mine. These pegmatites contain formanite and cassiterite and in 2018 limited sampling by Lithium Australia confirmed the presence of lepidolite with pegmatite rock chip samples up to 2.9% Li₂O.

No drilling has been recorded on any of the Curlew pegmatites.

REVIEW OF OPERATIONS

Ta, REO, Li Mineralogy

Jacobson *et al* documents the presence of tantalum-REO minerals formanite, microlite, calciosamarskite, tanteuxenite and lithium minerals spodumene, lepidolite and zinnwaldite but there are no details attributed to the record. Fresh exposures or pegmatite are limited however the LCT pegmatites are zone albite type. A single scintillometer traverse (Skotsch 1994) indicates that the LCT pegmatites may be more extensive than indicated by surface exposures, see Figure 5.

Potential

There are hundreds of pegmatite outcrops within the greenstones within the Trigg Hill to Curlew greenstone area covering about 5km², most of these are small to medium in size however potential for larger LCT pegmatite bodies particularly in areas of folded or faulted greenstones such as at Trigg Hill.

The pegmatites have potential for tantalum, REO, lithium and tin. The larger zoned LCT pegmatites will be more prospective for the presence spodumene whilst lepidolite can occur in narrow dykes.

Radiometrics (U) can be used to locate larger tantalum pegmatites within greenstone host, some indications of subsurface pegmatites already located (refer figures 3 and figures 4).

Commercial Terms

The Company entered into a HOA to acquire a 100% interest in the Project (which includes E45/5728) ("Tenement") on the key terms as follows:

- The Company pay Amery a cash option fee of \$10,000 (excluding GST) ("Cash Option Fee") and issue Amery \$20,000 worth of fully paid ordinary shares in the Company ("Shares"), within 7 days of the date when the Tenement is granted (Grant Date), to earn an option for 12 months from the Grant Date.
- The Company has the right to extend the option period in 12 month intervals on up to 3 occasions by giving written notice to the Vendor at any time prior to its expiry and payment of a fee of \$15,000 at the Company's election by cash or Shares or a combination of both.
- The Company can exercise the option to acquire a 100% interest in the Project during the option period to complete the transaction ("Completion"), by paying Amery \$250,000 in cash, and either \$500,000 in cash or \$500,000 in Shares.
- The Company must complete a minimum of 800 metres of drilling on the Tenement within 15 months of the Grant Date.
- The Company agrees to pay a royalty payment to Amery equivalent to the value of 1.5% of net smelter return on all minerals produced from the Tenements.
- The Company agrees to grant Amery a call option to acquire the whole of the Company's interest in the Tenement for the nominal consideration of \$1 in cash if the Company wishes to relinquish the Tenement after the Completion.
- The Company agrees to engage Mr Mark Calederwood, via Amery, as a consultant.

Corporate Activities

Capital Raising

In February 2021, the Company announced a capital raising of approximately \$2,200,000 ("Capital Raising").

The Capital Raising will consist of:

1. A placement to sophisticated and professional investors of approximately 137,500,000 fully paid ordinary shares ("**Shares**") and 68,750,000 free attaching options exercisable at \$0.012 each on or before 31 January 2023 ("**Options**") on the basis of one Option for every two Shares issued (the "**Placement**"), in two tranches:
 - a. **Tranche 1:** 62,500,000 Shares and 31,250,000 Options.
 - b. **Tranche 2:** 75,000,000 Shares and 37,500,000 Options.

REVIEW OF OPERATIONS

The Placement will raise approximately \$1,100,000 before costs.

2. A fully underwritten non-renounceable entitlements issue on a 1 for 4 basis at an issue price of \$0.008 per Share with one (1) free attaching Option for every two (2) Shares issued, to raise approximately \$1,072,770 ("**Entitlements Issue**").

The Entitlements Issue is being undertaken pursuant to a short form prospectus under section 713 of the Corporations Act 2001 (the "Prospectus") which was lodged with ASIC and ASX on 23 April 2021. All Options will be issued pursuant to a separate offer under the Prospectus.

On the 18 May 2021, the Company completed the Capital Raising and raised \$2.2m (before costs).

The funds raised provides the Company with general working capital, funding for the exploration activities at Nowa Nowa Copper Project and updating DFS of Nowa Nowa Iron Project.

CORPORATE

In April, Mr Nathan Taylor resigned as the Alternate Director for Mrs Therese-Marie Taylor, to focus on his other interests. Mr Taylor had been the Alternative Director for Mrs Taylor since July 2017 and the Company thanks him sincerely for his contribution during this period.

PROGRAM FOR 2021 – 2022

Nowa Nowa Iron

The Company will continue to update the Nowa Nowa Iron Ore Project DFS and commence progressing the permitting and approvals process to ensure a rapid development of the Project.

Nowa Nowa Copper

The Company will undertake a four hole drilling program totalling 800 metres at its Three Mile Prospect.

Trigg Hill Lithium

The Company will undertake exploration activities when the tenement is granted.

Other Projects

The Company will continue its search for a suitable additional exploration project.

Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves of Nowa Nowa Iron Project is based on information compiled by Greg De Ross, BSc, who is a Fellow of the Australasian Institute of Mining and Metallurgy and a consultant of Eastern Iron Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr De Ross consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this release that relates to the Exploration Results of the Trigg Hill Project is based on and fairly represents information and supporting documents compiled by Mr Mark Calderwood, the sole director of Amery Holdings Pty Ltd. Mr. Calderwood is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Calderwood has sufficient relevant experience in respect to the style of mineralization under consideration and to the activity being undertaken to qualify as a Competent Person within the definition of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code). Mr Calderwood consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

TENEMENT SCHEDULE AND RESOURCE SUMMARY

TENEMENT SCHEDULE

As at 6 September 2021

| Tenement | Tenement Number | Location | Interest | Joint Venture Details |
|--------------------------|-----------------|---------------------------------------|----------|-----------------------|
| Victoria | | | | |
| Nowa Nowa EL | EL 6183 | 30km NE of Lakes Entrance, E Victoria | 100% | Note 1 |
| Tara EL Application | EL 5545 | 50km NE of Lakes Entrance, E Victoria | 100% | Note 1 |
| Five Mile RL Application | RL 006488 | 30km NE of Lakes Entrance, E Victoria | 100% | Note 1 |

EL: Exploration Licence

RL: Retention Licence

Note 1: Held by Gippsland Iron Pty Ltd, a wholly owned subsidiary of Eastern Iron.

RESOURCE SUMMARY

As at 30 June 2021

This report has been approved by and fairly represents information and supporting documents compiled by Mr Greg De Ross, BSc. Mr De Ross is a consultant of Eastern Iron Limited and is a Fellow of the Australasian Institute of Mining and Metallurgy and is bound by and follows the Institutes codes and recommended practices. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

The information in this table that relates to Estimation and Reporting of Mineral Resources has been prepared by and is based on and fairly represents information and supporting documents compiled by Mr Rupert Osborn BSc, MSc who is a member of the Australasian Institute of Geoscientists, a full time employee of H&S Consultants and an independent consultant to Eastern Iron. Full details of the Nowa Nowa Resource estimate including Table 1 details and competent person consents were published on 21 May 2014 under the guidelines of the JORC 2012 Code in a report to the ASX titled "Resource Upgrade at Nowa Nowa Iron Project".

Eastern Iron confirms that it is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and technical parameters underpinning the Mineral resource Estimates in the report continue to apply and have not materially changed.

NOWA NOWA, VICTORIA

| Prospect | Measured | | Indicated | | Inferred | | Total | |
|-----------|----------|------|-----------|------|----------|------|-------|------|
| | Mt | Fe % | Mt | Fe% | Mt | Fe % | Mt | Fe % |
| Five Mile | 2.25 | 52.8 | 4.32 | 50.4 | 2.49 | 49.7 | 9.05 | 50.8 |

Note decimals do not imply precision and are used to avoid rounding errors

Resource is estimated at a lower cut-off of 40%.

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2021.

DIRECTORS

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

| Director | Qualifications and Experience |
|---|---|
| <p>Ariel Edward King BComm, BEng (Mining – Hons)</p> <p>Non-Executive Chairman</p> | <p>Appointed July 2017</p> <p>Mr King holds a Bachelor of Commerce and Bachelor of Engineering (Mining Systems) from the University of Western Australia. His past experience includes being a manager for a boutique investment banking firm, where he specialised in the technical and financial analysis of global resource projects for equity research and acquisitions. He was also a representative for a stockbroking and corporate advisory firm where he specialised in providing corporate advisory services for micro-cap ASX-listed companies.</p> <p>During the past three years Mr King has also served as a director of the following listed companies:</p> <ul style="list-style-type: none"> • Ragnar Metals Limited (ASX: RAG) – appointed 10 February 2017 • ECS Botanics Holdings Limited (ASX: ECS formerly Axxis Technology Group Limited – appointed 11 January 2017, resigned 26 March 2019 • Pure Minerals Limited (ASX: PM1) – appointed 26 March 2018 • European Cobalt Ltd (ASX: EUC) – appointed 4 October 2016, resigned 1 April 2020 • Six Sigma Metals Limited (ASX: SI6) – appointed 12 June 2018. Resigned 9 April 2020 • Sultan Resources Limited (ASX: SLZ) – appointed 1 June 2018, resigned 12 March 2019 • Bowen Coking Coal Limited (ASX: BCB) – appointed 22 April 2015, resigned 12 December 2018 |
| <p>Myles Fang</p> <p>Non-Executive Director</p> | <p>Appointed March 2018</p> <p>Mr Fang is an engineer with more than 20 years experience in business development, corporate & project management, project finance, and M&A, including 15 years' experience in mining industry, both in Australia and overseas.</p> <p>He has experience on all the aspects of project development through exploration, feasibility studies and resources development and mining in commodities such as iron ore, coal, base and precious metals, and mineral sands.</p> <p>Mr Fang has been a senior executive of WPG Resources Ltd, and Aard Metals Ltd.</p> |
| <p>Therese-Marie Taylor</p> <p>Non-Executive Director</p> | <p>Appointed July 2017</p> <p>Ms Taylor is an accountant with extensive experience in the mining, energy and utilities sectors including a period with the Treasury and Commodities Division of Australia's largest investment bank. In this role, she provided accounting services and advice relating to mining and commodity related transactions.</p> <p>During the past three years Ms Taylor has not served as a director of any other listed companies.</p> |
| <p>Nathan Taylor</p> <p>Alternate Director to Therese-Marie Taylor</p> | <p>Appointed July 2017 (resigned 29 April 2021)</p> <p>Mr Taylor brings to the Board mergers, acquisitions and capital markets experience having worked on numerous domestic and cross border transactions throughout his career. Mr Taylor started his career as a corporate lawyer for a large Australian law firm before working for global and domestic banks in their equity capital markets divisions.</p> <p>During the past three years Mr Taylor has not served as a director of any other listed companies.</p> |

DIRECTORS' REPORT

COMPANY SECRETARY

| | |
|--|---|
| Ian White BBus, MBA, Grad Dip CSP, FCPA | Appointed 14 August 2012 Mr White is an experienced business professional who holds a Bachelor of Business, a Graduate Diploma in Company Secretarial Practise and an MBA specialising in marketing. His experience has been gained over 44 years including periods as CFO and Group Company Secretary for a number of large ASX listed companies. More recently, Mr White has focused on the resources and technology sectors. Mr White is a Director of Professional Edge Pty Ltd, a company that provides legal, financial and company secretarial services to a number of ASX listed companies. |
|--|---|

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

As at the date of this report, the interests of the Directors in the shares and options of Eastern Iron Limited were:

| Directors | Shares directly and indirectly held | Options directly and indirectly held |
|-----------|-------------------------------------|--------------------------------------|
| A King | - | 7,000,000 |
| T Taylor | 11,904,767 | 7,000,000 |
| N Taylor | - | - |
| M Fang | 87,500 | 7,008,750 |

PRINCIPAL ACTIVITIES

The principal activity of the Group is the exploration for and delineation of iron ore, precious and base metals resources in Australia/Asia Pacific region and the development of those resources into economic, cash flow generating mines.

RESULTS

The net result of operations after applicable income tax expense was a loss of \$592,397 (2020: 457,368). There were no write-off of exploration expenditure and investment during the year (2020: \$53,601 and \$30,000 respectively).

DIVIDENDS

No dividends were paid or proposed during the period.

REVIEW OF OPERATIONS

A review of the operations of the Company during the financial period and the results of those operations commence on page 1 in this report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Directors are not aware of any significant changes in the state of affairs of the Group occurring during the financial period, other than as disclosed in this report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There were, at the date of this report, no matters or circumstances which have arisen since 30 June 2021 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years, other than already detailed in the report.

- On 4 August 2021, the Group entered into a binding Heads of Agreement with Amery Holdings Pty Ltd for an option to acquire a 100% interest in the Trigg Hill Lithium Project.
- On 15 September 2021, the Company and Ya Hua International Investments and Development Co Ltd executed a Subscription Agreement for a strategic placement of \$1.05 million to Yahua, subject to all necessary government, regulatory and shareholder approvals. Consequent to the Subscription, Yahua will become a substantial shareholder of the Company. The Company also received commitments from sophisticated and professional investors for further investment of \$2.52 million from a share placement for a total capital raising of \$3.57 million before costs.
- On 23 September 2021, the Company raised \$2.52 million in cash through the issue of 109,500,000 shares at \$0.023 per share and 21,900,000 free attaching options exercisable at \$0.012 each, expiring on 31 January 2023. The issue was made to the previously committed sophisticated and professional investors referred to above.

DIRECTORS' REPORT

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

As the Company's areas of interest are at an early stage of exploration, it is not possible to postulate likely developments and any expected results. The Company is hoping to identify other iron ore, precious and base metal exploration and evaluation targets.

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

Details of unissued shares or interests under option for Eastern Iron Limited as at the date of this report are:

| No. shares under option at start of the year | Class of share | Issued | Exercise price of option | No. shares under option at end of the year |
|--|----------------|-------------|--------------------------|--|
| - | Ordinary | 155,773,193 | \$0.012 | 155,773,193 |
| - | Ordinary | 23,000,000 | \$0.0142 | 23,000,000 |

The holders of these options do not have the right, by virtue of the option, to participate in any share issue of the Company or of any other body corporate or registered scheme.

On 23 August 2021 the Company issued 312,500 fully paid ordinary shares as a result of the exercise of 312,500 listed options.

ENVIRONMENTAL PERFORMANCE

Eastern Iron and its wholly owned subsidiaries hold exploration licence applications and a mining licence issued by the Victorian Department of Economic Development, Jobs, Transport and Resources which specifies guidelines for environmental impacts in relation to exploration activities. The licence conditions provide for the full rehabilitation of the areas of exploration in accordance with the Department's guidelines and standards. There have been no significant known breaches of the licence conditions.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification

The Company has not, during or since the end of the financial period, in respect of any person who is or has been an officer of the Company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings except for the Company Secretary who has been granted an indemnity for services provided under his contract.

Insurance Premiums

During the financial period the Company has paid premiums to insure each of the Directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The premiums paid are not disclosed as such disclosure is prohibited under the terms of the contract.

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2021 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

DIRECTORS' REPORT

Details of Key Management Personnel

Details of KMP including the top five remunerated executives of the Parent and Group are set out below.

| Directors | |
|--|---|
| Ariel King | Non-executive Chairman |
| Myles Fang | Non-executive Director |
| Therese-Marie Taylor | Non-executive Director |
| Nathan Taylor (resigned 29 April 2021) | Alternate Director for Therese-Marie Taylor |
| Key Management Personnel | |
| Ian White | Company Secretary |

Remuneration Philosophy

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board believes that executive remuneration satisfies the following key criteria:

- Competitiveness and reasonableness.
- Acceptability to shareholders.
- Performance linkage/alignment of executive compensation.
- Transparency.
- Capital management.

These criteria result in a framework which can be used to provide a mix of fixed and variable remuneration, and a blend of short and long term incentives in line with the Company's limited financial resources.

Fees and payments to the Company's Non-Executive Directors and Senior Executives reflect the demands which are made on, and the responsibilities of, the Directors and the senior management. Such fees and payments are reviewed annually by the Board. The Company's Executive and Non-Executive Directors, Senior Executives and Officers may be offered to receive options under the Company's Employee Share Option Scheme.

Non-Executive Director Remuneration Arrangements

Directors are entitled to remuneration out of the funds of the Company but the remuneration of the Non-Executive Directors (NED) may not exceed in any year the amount fixed by the Company in general meeting for that purpose. The aggregate remuneration of the NED's has been fixed at a maximum of \$250,000 per annum to be apportioned among the NED's in such a manner as the Board determines. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as Directors.

The Board resolved from 22 February 2018 to set Directors fees at \$60,000 p.a. for all Non-Executive Directors including the Chairman, with no additional payments for Chairing Board Committee's.

Service Agreements

Remuneration and other terms of employment for key management personnel are formalised in employment contracts and contractor agreements. Details of these agreements are set out below.

Company Secretary – Ian White

- Contract term: Rolling contract. Either party may terminate the agreement with one months' notice.
- Remuneration: Retainer amount of \$2,500 per month plus \$163 per hour (2020: \$2,500 plus \$163) plus GST for services outside of an agreed scope of work as at 30 June 2021.
- Termination payments: Nil

DIRECTORS' REPORT

Directors and Key Management Personnel Remuneration for the Year Ended 30 June 2021

| | Short-term benefits | | Post employment | Share-based payments | Total \$ |
|---|-------------------------|--------------------|--------------------|----------------------|----------------|
| | Cash salary and fees \$ | Consulting fees \$ | Super-annuation \$ | Options \$ | |
| Directors | | | | | |
| A King | 60,000 | - | - | 33,220 | 93,220 |
| M Fang | 60,000 | 31,085 | - | 33,220 | 124,305 |
| T Taylor | 60,000 | - | - | 33,220 | 93,220 |
| Total Directors | 180,000 | 31,085 | - | 99,660 | 310,745 |
| Other – Key Management Personnel | | | | | |
| I White | - | 32,598 | - | 4,746 | 37,344 |
| Total KMP | - | 32,598 | - | 4,746 | 37,344 |
| Totals | 180,000 | 63,683 | - | 104,406 | 348,089 |

No performance based remuneration was paid in the 2021 financial period.

Directors and Key Management Personnel Remuneration for the Year Ended 30 June 2020

| | Short-term benefits | | Post employment | Share-based payments | Total \$ |
|---|-------------------------|--------------------|--------------------|----------------------|----------------|
| | Cash salary and fees \$ | Consulting fees \$ | Super-annuation \$ | Options \$ | |
| Directors | | | | | |
| A King | 60,000 | - | - | - | 60,000 |
| M Fang | 60,000 | 18,370 | - | - | 78,370 |
| T Taylor | 60,000 | - | - | - | 60,000 |
| Total Directors | 180,000 | 18,370 | - | - | 198,370 |
| Other – Key Management Personnel | | | | | |
| I White | - | 25,000 | - | - | 25,000 |
| Total KMP | - | 25,000 | - | - | 25,000 |
| Totals | 180,000 | 43,370 | - | - | 223,370 |

No performance based remuneration was paid in the 2020 financial period.

- a) M Fang was paid as the Company's Executive Director and Acting CEO up to 30 September 2018. Thereafter, he was paid as Non-Executive Director.

Share-Based Compensation

Employee Share Option Plan

The Company has established the Eastern Iron Employee Share Option Plan ("Plan") to assist in the attraction, retention and motivation of employees of the Company. There are no options granted under the Plan as at the date of this report. The Plan will be administered by the Board in accordance with the rules of the Plan, and the rules are subject to the Listing Rules.

A summary of the Rules of the Plan follows. All full-time employees will be eligible to participate in the Plan. The allocation of options to each employee is at the discretion of the Board. The options will be issued for nil consideration and are non-transferable, except with the consent of Directors. However, at the time of accepting the offer to participants of the Plan, the eligible employee may nominate another person in whose favour the options should be granted. If permitted by the Board, options may be issued to an employee's nominee (for example, a spouse or family company).

Each option is to subscribe for one fully paid ordinary share in the Company and will expire five years from its date of issue. An option is exercisable at any time from its date of issue. Options will be granted free.

DIRECTORS' REPORT

The exercise price of options will be determined by the Board. The total number of shares the subject of options issued under the Plan, when aggregated with issues during the previous five years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital.

If, prior to the expiry date of options, a person ceases to be an employee of a Group company for any reason (other than termination with cause), the options held by that person (or that person's nominee) must be exercised within one month thereafter otherwise they will automatically lapse. The Plan may be terminated or suspended at any time.

Except with the consent of the Directors, options may not be transferred. The Company will not apply for official quotation of any options. Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.

If there is a bonus share issue to the holders of shares, the number of shares over which an option is exercisable will be increased by the number of shares which the optionholder would have received if the option had been exercised before the record date for the bonus issue. The options or exercise price of the options will be adjusted if there is a pro-rata issue, bonus issue or any reconstruction in accordance with the Listing Rules. If there is a pro-rata issue (other than a bonus share issue) to the holders of shares, the exercise price of an option will be reduced to take account of the effect of the pro-rata issue. If there is a reorganisation of the issued capital of the Company, unexercised options will be reorganised in accordance with the Listing Rules.

Subject to obtaining required members' approval to authorise the granting of financial assistance to a participant, the Directors can make loans to eligible employees in connection with shares to be issued upon exercise of options under the Plan.

The Board may amend the Plan Rules subject to the requirements of the Listing Rules.

Compensation Options: Granted and Vested During the Year

Share-based Payments held by Directors and Key Management as at 30 June 2021

| | Grant date | Balance at start of the year | Granted no. | Vested no. | Vested % | Value of options granted at the grant dated (note 13) \$ | Number of options exercised | Value of options exercised at the exercise date \$ | Value of options lapsed during the year \$ | Balance at the end of the year \$ |
|-------------------------------------|------------|------------------------------|-------------|------------|----------|--|-----------------------------|--|--|-----------------------------------|
| Directors and Key Management | | | | | | | | | | |
| A King | 31 Jan 21 | - | 7,000,000 | 7,000,000 | 100% | 33,220 | - | - | - | 33,220 |
| M Fang | 31 Jan 21 | - | 7,000,000 | 7,000,000 | 100% | 33,220 | - | - | - | 33,220 |
| T Taylor | 31 Jan 21 | - | 7,000,000 | 7,000,000 | 100% | 33,220 | - | - | - | 33,220 |
| I White | 31 Jan 21 | - | 1,000,000 | 1,000,000 | 100% | 4,746 | - | - | - | 4,746 |

The value of options granted during the period is recognised as compensation over the vesting period of the grant, in accordance with Australian Accounting Standards. There were no options exercised during the year.

For details on the valuation of the options, including models and assumptions used, please refer to Note 13.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures during the period.

MEETINGS OF DIRECTORS

The following table sets out the number of Directors' meetings and meetings of Committees of Directors, held during the financial year and the number of meetings attended by each Director:

| | Board of directors | | Audit committee | |
|----------|--------------------|----------|-----------------|----------|
| | Eligible | Attended | Eligible | Attended |
| A King | 10 | 10 | 1 | 1 |
| M Fang | 10 | 10 | - | - |
| T Taylor | 10 | 0 | - | - |
| N Taylor | 10 | 10 | 1 | 1 |

The duties of the Corporate Governance Committee were carried out by the full Board at Board meetings for the 2021 financial year. The Remuneration and Nomination Committee did not meet during the 2021 financial year as remuneration matters were dealt with by the Board as a whole.

Auditor's Independence Declaration

To the directors of Eastern Iron Limited

As engagement partner for the audit of Eastern Iron Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

BDJ Partners



.....
Gregory Cliffe

Partner

23 September 2021

Tax

Accounting

**Financial
Advice**

Super

Audit

Loans

Phone

+61 2 9956 8500

Email

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Office

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Walker Street
North Sydney
NSW 2060

Postal

PO Box 1664,
North Sydney

DIRECTORS' REPORT

Non-audit services

The Company's auditor, BDJ Partners did not provide non-audit services for Eastern Iron during the financial year ended 30 June 2021 (2020: Nil). The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Signed at Sydney this 24th day of September 2021 in accordance with a resolution of the Directors.



Ariel Edward King
Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2021 \$ | 2020 \$ |
|---|------|------------------|------------------|
| - | | | |
| Revenue | 3 | 37 | 2,197 |
| ASX and ASIC fees | | (31,533) | (22,299) |
| Audit fees | 17 | (27,300) | (26,500) |
| Contract administration services | | (86,220) | (75,178) |
| Directors fees (net of costs recharged to exploration projects) | | (130,000) | (100,000) |
| Share-based payments | | (199,472) | - |
| Exploration expenditure expensed | 9 | - | (53,601) |
| Investment write off | | - | (30,000) |
| Impairment loss on investment | 10 | - | (90,000) |
| Rent | | (8,678) | (5,500) |
| Insurance | | (17,270) | (18,552) |
| Other expenses from ordinary activities | | (91,961) | (37,935) |
| Loss before income tax expense | | (592,397) | (457,368) |
| Income tax expense | 4 | - | - |
| Loss after income tax expense | | (592,397) | (457,368) |
| Total comprehensive (loss) attributable to members of Eastern Iron Limited | | (592,397) | (457,368) |
| Basic loss per share (cents per share) | 14 | 0.11 | 0.11 |
| Diluted loss per share (cents per share) | 14 | 0.11 | 0.11 |

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

| | Note | 2021 \$ | 2020 \$ |
|---|------|------------------|------------------|
| Current assets | | | |
| Cash assets | 5 | 1,495,886 | 109,810 |
| Receivables | 6 | 52,930 | 15,529 |
| Total current assets | | 1,548,816 | 125,339 |
| Non-current assets | | | |
| Tenement security deposits | 7 | 20,000 | 20,000 |
| Property, plant and equipment | 8 | 536 | 1,335 |
| Deferred exploration and evaluation expenditure | 9 | 3,510,065 | 3,158,721 |
| Total non-current assets | | 3,530,601 | 3,180,056 |
| Total assets | | 5,079,417 | 3,305,395 |
| Current liabilities | | | |
| Payables | 11 | 97,748 | 103,132 |
| Total current liabilities | | 97,748 | 103,132 |
| Total liabilities | | 97,748 | 103,132 |
| Net assets | | 4,981,669 | 3,202,263 |
| Equity | | | |
| Contributed equity | 12 | 17,207,684 | 15,037,353 |
| Accumulated losses | | (12,427,487) | (11,835,090) |
| Reserves | 13 | 201,472 | - |
| Total equity | | 4,981,669 | 3,202,263 |

The 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

| | 2021 \$ | 2020 \$ |
|--|------------------|------------------|
| Note | | |
| Cash flows from operating activities | | |
| Payment to suppliers and employees | (424,977) | (224,742) |
| Interest received | 38 | 2,791 |
| Net cash flows (used in) operating activities | (424,939) | (221,951) |
| Cash flows from investing activities | | |
| Expenditure on mining interests (exploration) | (367,316) | (140,130) |
| Payment tenement security deposits | - | (10,000) |
| Refund tenement security deposits | - | 2,502 |
| Net cash flows (used in) investing activities | (367,316) | (147,628) |
| Cash flows from financing activities | | - |
| Proceeds from issue shares (net of costs) | 2,178,331 | - |
| Net cash flows from financing activities | 2,178,331 | - |
| Net increase/(decrease) in cash held | 1,386,076 | (369,579) |
| Add opening cash brought forward | 109,810 | 479,389 |
| Closing cash carried forward | 1,495,886 | 109,810 |

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

| | | Attributable to the shareholders of Eastern Iron Limited | | | |
|---|------|--|--------------------------|------------------|--------------------|
| | Note | Issued capital \$ | Accumulated losses \$ | Reserves \$ | Total equity \$ |
| At 1 July 2019 | | 15,037,353 | (11,501,231) | 123,509 | 3,659,631 |
| Loss for the period | | - | (457,368) | - | (457,368) |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income/(loss) for the period | | - | (457,368) | - | (457,368) |
| Transactions with owners in their capacity as owners: | | | | | |
| Issue of share capital, net of transaction costs | 12 | - | - | - | - |
| Expired options | | - | 123,509 | (123,509) | - |
| Total transactions with owners in their capacity as owners | | - | 123,509 | (123,509) | - |
| At 30 June 2020 | | 15,037,353 | (11,835,090) | - | 3,202,263 |
| At 1 July 2020 | | 15,037,353 | (11,835,090) | - | 3,202,263 |
| Loss for the period | | - | (592,397) | - | (592,397) |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income/(loss) for the period | | - | (592,397) | - | (592,397) |
| Transactions with owners in their capacity as owners: | | | | | |
| Share-based payments | | - | - | 199,472 | 199,472 |
| Underwriter options offer | | - | - | 2,000 | 2,000 |
| Issue of share capital, net of transaction costs | 12 | 2,170,331 | - | - | 2,170,331 |
| Total transactions with owners in their capacity as owners | | 2,170,331 | - | 201,472 | 2,371,803 |
| At 30 June 2021 | | 17,207,684 | (12,427,487) | 201,472 | 4,981,669 |

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1. CORPORATE INFORMATION

The financial report of Eastern Iron Limited (the Company) for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 24 September 2021.

Eastern Iron Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange Ltd using the ASX code EFE.

The consolidated financial statements comprise the financial statements of Eastern Iron Limited and its subsidiaries (the Group or Consolidated Entity).

The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has been prepared on a historical cost basis. All amounts are presented in Australian dollars.

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Eastern Iron Limited (Eastern Iron or the "Company") and its subsidiaries if applicable ("the Group") as at 30 June each year. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Subsidiaries are fully consolidated from date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Property, Plant and Equipment

Plant and equipment is stated at cost, less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Plant and equipment – 3 - 8 years.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An item of plant and equipment is derecognised upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

Recoverable Amount of Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

Financial Instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- Amortised cost
- Fair value through profit or loss FVTPL
- Fair value through other comprehensive income equity instrument (FVOCI equity)
- Fair value through other comprehensive income debt investments (FVOCI debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised Cost

Assets measured at amortised cost are financial assets where:

- The business model is to hold assets to collect contractual cash flows; and
- The contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair Value Through Other Comprehensive Income

The Company does not hold any assets measured at fair value through other comprehensive income.

Financial assets through profit or loss

The Company does not hold any assets measured at fair value through profit or loss.

Impairment of Financial Assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

Financial Assets Measured at Amortised Cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- The other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- The financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade Receivables and Contract Assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other Financial Assets Measured at Amortised Cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial Liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities

Exploration, Evaluation, Development and Restoration Costs

Exploration and Evaluation

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- Such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale.
- Exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development.

Exploration and Evaluation – Impairment

The Directors assess at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation cost whether the above carry-forward criteria are met.

Accumulated costs in respect of areas of interest are written off or a provision made in the Income Statement when the above criteria do not apply or when the Directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis, provisions would be reviewed and if appropriate, written back.

Development

Development expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the Directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property.

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until a decision has been made to commence mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

Restoration

Provisions for restoration costs are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Remaining Mine Life

In estimating the remaining life of the mine at each mine property for the purpose of amortisation and depreciation calculations, due regard is given not only to the volume of remaining economically recoverable reserves but also to limitations which could arise from the potential for changes in technology, demand, product substitution and other issues that are inherently difficult to estimate over a lengthy time frame.

Mine Property Held for Sale

Where the carrying amount of mine property and related assets will be recovered principally through a sale transaction rather than through continuing use, the assets are reclassified as Mine Property Held for Sale and carried at the lower of the assets' carrying amount and fair value less costs to sell – where such fair value can be reasonably determined, and otherwise at its carrying amount. Liabilities and provisions related to mine property held for sale are similarly reclassified as Liabilities – Mine Property Held for Sale and, Provisions – Mine Property Held for sale, as applicable, and carried at the value at which the liability or provisions expected to be settled.

Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of one year or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts, if any.

Trade and Other Payables and Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money 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, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee Entitlements

Liabilities for wages and salaries are recognised and are measured as an amount unpaid at the reporting date at current pay rates in respect of an employee's services up to that date. Current employees are entitled to annual leave and long service leave.

Share-Based Payments

In addition to salaries, the Company provides benefits to certain employees (including Directors and Key Management personnel) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). There is currently an Employee Share Option Plan in place to provide these benefits.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of the options is determined by using the Black-Scholes option pricing model. In valuing transactions settled by way of issue of options, no account is taken of any vesting limits or hurdles, or the fact that the options are not transferable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- The extent to which the vesting period has expired.
- The Company's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, at a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification. If an equity-settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised is recognised immediately. However, if a new award is substituted for the cancelled award and designated a

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FOR THE YEAR ENDED 30 JUNE 2021

replacement award on the date it is granted, the cancelled and the new award are treated as if there was a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share except where such dilution would serve to reduce a loss per share.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Income Tax

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

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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

Currency

Both the functional and presentation currency is Australian dollars (A\$).

Impairment of Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Significant Accounting Judgements, Estimates and Assumptions

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

Share-Based Payment Transactions

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted, as detailed in Notes 13 and 15.

Capitalisation and Write-Off of Capitalised Exploration Costs

The determination of when to capitalise and write-off exploration expenditure requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions.

Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings Per Share

Basic earnings per share is calculated as net profit attributable to members of the Company, adjusted to exclude any costs of servicing equity divided by the weighted average number of ordinary shares.

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

- Costs of servicing equity.
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses.
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.
- Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Going Concern

The financial report has prepared on the going concern basis which the Group ability to pay its debts as and when they become due and payable for at least the next 12 months from the date of issuing the financial report.

For the year ended 30 June 2021, the Group incurred a loss from continuing operations after tax of \$592,397 (2020: \$457,368). The Group had operating cash outflows of \$429,939 (2020: \$221,951). The Group is continuing to minimise cash usage in its operations.

During the year, the Group successfully raised a net amount of \$2,178,331 after broker fees from a share placement to sophisticated and professional investors and non-renounceable rights issue to finance for Nowa Nowa Iron exploration, Nowa Nowa Copper exploration and working capital outlined in the prospectus dated 04 May 2021.

From a cash flow forecast for the next 12 months prepared by management, the Directors believe that the Group will have sufficient working capital to meet its project development and administrative expenses as and when they are due, and therefore, the financial report has been prepared on the going concern basis.

The Directors believe that, subject to the ability to raise the required additional funds and the continued reduction in operating costs, the Group will have sufficient working capital to enable the Group to continue as a going concern.

Accounting Standards Issued But Not Yet Effective

Australian Accounting Standards and interpretations that have been issued or amended but are not yet effective have not been adopted by the Consolidated Entity for the year ended 30 June 2021. The Consolidated Entity plans to adopt these standards at their application dates.

It is anticipated that the application of these standards will not have a material effect on the Group's results or financial report in future periods.

The director's assessment of the impact of all standards applied during the current year is that they have not had a material impact on the financial report of the company.

3. REVENUE FROM ORDINARY ACTIVITIES

| | 2021 \$ | 2020 \$ |
|---|------------|--------------|
| Interest received – other persons/corporation | 37 | 2,197 |
| | 37 | 2,197 |

4. INCOME TAX

| | 2021 \$ | 2020 \$ |
|---|------------|------------|
| Prima facie income tax (credit) on operating (loss) at 26% (2020: 27.5%) | 154,023 | 125,776 |
| Future income tax benefit in respect of timing differences – not recognised | (154,023) | (125,776) |
| Income tax expense | - | - |

No provision for income tax is considered necessary in respect of the Company as at 30 June 2021. The Company has a deferred income tax liability of Nil (2020: Nil) associated with exploration costs deferred for accounting purposes but expensed for tax purposes. This liability has been brought to account and offset by deferred tax assets attributed to available tax losses. No recognition has been given to any deferred income tax asset which may arise from available tax losses, except to the extent offset against deferred tax liabilities. The Company has estimated its losses at \$10,939,049 (2020: \$10,463,109) as at 30 June 2021. There was no adjustment to deferred tax during the year. A benefit of 26% (2020: 27.5%) of approximately \$2,844,153 (2020: \$2,877,355) associated with the tax losses carried forward will only be obtained if:

- The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised.
- The Company continues to comply with the conditions for deductibility imposed by the law.
- No changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

5. CASH AND CASH EQUIVALENTS

| | 2021 \$ | 2020 \$ |
|--------------|------------------|----------------|
| Cash at bank | 1,495,886 | 109,810 |
| | 1,495,886 | 109,810 |

Bank negotiable certificates of deposit, which are normally invested between 30 and 365 days were used during the period and are used as part of the cash management function.

6. RECEIVABLES – CURRENT

| | 2021 \$ | 2020 \$ |
|---------------------|---------------|---------------|
| Other debtors | 2 | 2 |
| GST receivables | 34,395 | 880 |
| Interest receivable | - | 1 |
| Prepayments | 18,533 | 14,646 |
| | 52,930 | 15,529 |

7. TENEMENT SECURITY DEPOSITS

| | 2021 \$ | 2020 \$ |
|------------------------------|---------------|---------------|
| Cash at bank – bank deposits | 20,000 | 20,000 |
| | 20,000 | 20,000 |

These deposits are restricted so that they are available for any rehabilitation that may be required on exploration tenements (Note: 19).

8. PROPERTY, PLANT AND EQUIPMENT

| | Plant & equipment \$ | Total \$ |
|--------------------------------|----------------------------|--------------|
| Year ended 30 June 2020 | | |
| Opening net book amount | 3,764 | 3,764 |
| Additions | - | - |
| Depreciation expense | (2,429) | (2,429) |
| Closing net book amount | 1,335 | 1,335 |
| At 30 June 2020 | | |
| Cost | 44,209 | 44,209 |
| Accumulated depreciation | (42,874) | (42,874) |
| Net book amount | 1,335 | 1,335 |
| Year ended 30 June 2021 | | |
| Opening net book amount | 1,335 | 1,335 |
| Additions | - | - |
| Depreciation expense | (799) | (799) |
| Closing net book amount | 536 | 536 |
| At 30 June 2021 | | |
| Cost | 44,209 | 44,209 |
| Accumulated depreciation | (43,673) | (43,673) |
| Net book amount | 536 | 536 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

9. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

| | 2021 \$ | 2020 \$ |
|--|------------------|------------------|
| Costs brought forward | 3,158,721 | 3,104,370 |
| Costs incurred during the period | 351,344 | 107,952 |
| Expenditure written off during period | - | (53,601) |
| Costs carried forward | 3,510,065 | 3,158,721 |
| Exploration expenditure costs carried forward are made up of: | | |
| Expenditure on joint venture areas | - | - |
| Expenditure on non joint venture areas | 3,510,065 | 3,158,721 |
| Costs carried forward | 3,510,065 | 3,158,721 |

The above amounts represent costs of areas of interest carried forward as an asset in accordance with the accounting policy set out in Note 2. The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect of the relevant area of interest, is not charged until a mining operation has commenced.

10. INVESTMENT

| | 2021 \$ | 2020 \$ |
|--|------------|------------|
| Option agreement for acquisition of Ion Mining Pty Ltd. | - | - |

Details of investment carrying amount recognised on the balance sheet as follows:

| | 2021 \$ | 2020 \$ |
|---------------------------------------|------------|------------|
| Opening net book amount | - | 120,000 |
| Written off during the financial year | - | (30,000) |
| Provision for impairment | - | (90,000) |
| Closing net book amount | - | - |

On 22 December 2017, the Company entered into an Option Agreement "Agreement" to acquire 100% of the issued capital of Ion Mining Pty Ltd "Ion". In consideration for entering into this Agreement, the Company paid an option fee of \$120,000 to Ion. The Agreement expired on 28 December 2018 however the Company has negotiated an extension of the Agreement until 30 days from the date that the Polish Ministry of Environment grants the relevant tenements to Ion. On 12 February 2020, the Company has elected not to exercise its option to acquire Ion Mining Pty Ltd ("Ion Mining") and its Polish cobalt project. Under the terms of the Option Agreement, the Company is able to recover 75% of the previously paid \$120,000 to acquire this option through the future issue by Ion Mining to the Company of fully paid ordinary shares. As a result, the Group write-off \$30,000 from the investment amount during the year.

At reporting date, the Board reviewed the carrying amount of the investment to determine whether there is any indication the amount may be impaired. Due to Ion Mining experienced a poor result at year end, the shares value was under performed resulting in the carrying amount of the investment exceeded the estimate of recoverable value on these shares and the shares value cannot be determined when these shares are issued. Therefore, the Board decided to write down the carrying amount of \$90,000 on investment amount to the minimum. If value of shares in Ion Mining are improved in the future and the investment amount increased to its recoverable amount, then the Group will reverse the impairment loss previously recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

11. PAYABLES – CURRENT LIABILITIES

| | 2021 \$ | 2020 \$ |
|------------------|---------------|----------------|
| Trade creditors | 55,905 | 61,982 |
| Accrued expenses | 41,843 | 41,150 |
| | 97,748 | 103,132 |

12. CONTRIBUTED EQUITY

(a) Share capital

745,231,820 fully paid ordinary shares (2020: 411,900,378)
Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share issue costs

| | 2021 \$ | 2020 \$ |
|--|-------------------|-------------------|
| | 18,262,715 | 15,843,203 |
| | (1,055,031) | (805,850) |
| | 17,207,684 | 15,037,353 |

Movements in ordinary shares on issue

At 1 July 2019

Shares issued

At 30 June 2020

Shares issued (i) (ii) (iii) (iv)

At 30 June 2021

| | Number | \$ |
|--|--------------------|-------------------|
| | 411,900,378 | 15,843,203 |
| | - | - |
| | 411,900,378 | 15,843,203 |
| | 333,331,442 | 2,419,512 |
| | 745,231,820 | 18,262,715 |

- (i) The Company issued 61,785,056 shares at \$0.004 each under share placement on 10 August 2020.
- (ii) The Company issued 62,500,000 shares at \$0.008 each under Tranche 1 share placement on 10 February 2021.
- (iii) The Company issued 75,000,000 shares at \$0.008 each under Tranche 2 share placement on 30 April 2021.
- (iv) The Company issued 134,046,386 shares at \$0.008 each under Non-renounceable Rights Issue on 20 May 2021.

(b) Options

| Date | Number of options | Exercise price | Expiry date | Vested and exercisable at end of the year number | Weighted average exercise price | |
|------------------------|--------------------|----------------|-------------|--|---------------------------------|-----|
| <i>Listed</i> | | | | | | |
| At 1 July 2020 | - | - | - | - | - | |
| 10 Feb 2021 | 31,250,000 | \$0.012 | 31 Jan 23 | 31,250,000 | \$0.0120 | (a) |
| 30 Apr 2021 | 37,500,000 | \$0.012 | 31 Jan 23 | 37,500,000 | \$0.0120 | (b) |
| 20 May 2021 | 67,023,193 | \$0.012 | 31 Jan 23 | 67,023,193 | \$0.0120 | (c) |
| 20 May 2021 | 20,000,000 | \$0.012 | 31 Jan 23 | 20,000,000 | \$0.0120 | (d) |
| At 30 June 2021 | 155,773,193 | | | 155,773,193 | | |
| <i>Unlisted</i> | | | | | | |
| At 1 July 2020 | - | - | - | - | - | |
| 20 May 2021 | 23,000,000 | \$0.0142 | 12 May 23 | 23,000,000 | \$0.0142 | (e) |
| At 30 June 2021 | 23,000,000 | | | 23,000,000 | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

- Allot of options to sophisticated and professional investors of one option for every two shares issued under Tranche 1 share placement on 10 February 2021.
- Allot of options to sophisticated and professional investors of one option for every two shares issued under Tranche 2 share placement on 30 April 2021.
- Allot of options to shareholders of one option for every two shares issued under Non-renounceable Rights on 20 May 2021.
- Allot of options to Underwriter as part of underwriting fee associated with Non-renounceable Rights Issue on 20 May 2021 approved by shareholders at the General Meeting held on 13 April 2021.
- Allot of options to Directors, employee, and consultant approved by shareholders at the General Meeting held on 13 April 2021.

Terms and Conditions of Contributed Equity

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Options

Options do not carry voting rights or rights to dividend until options are exercised.

13. RESERVES/SHARE-BASED PAYMENTS

Reserves

| | 2021 \$ | 2020 \$ |
|--|----------------|------------|
| Balance at 1 July | - | 123,509 |
| Share-based payment expense during the financial year | 199,472 | - |
| Underwriter options offer | 2,000 | - |
| Expired option value transferred to Accumulated Losses | - | (123,509) |
| Balance at 30 June | 201,472 | - |

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2021 and 2020.

Types of Share-Based Payment Plans

Share-Based Payments

An Employee Share Option Plan (ESOP) has been established where selected officers and employees of the Company can be issued with options over ordinary shares in Eastern Iron Limited. The options, issued for nil consideration, will be issued in accordance with a performance review by the Directors. The options cannot be transferred and will not be quoted on the ASX. There are no options granted under the Plan as at the date of this report.

Summary of Options Granted By The Parent Entity

| | 2021 no. | 2020 no. |
|---|-------------------|--------------|
| Outstanding at the beginning of the year | - | 20,000,000 |
| Granted during the year | 43,000,000 | - |
| Forfeited during the year | - | - |
| Exercised during the year | - | - |
| Expired during the year | - | (20,000,000) |
| Outstanding at the end of the year | 43,000,000 | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Option Pricing Model and Terms of Options

The following table lists the inputs to the options model and the terms of options granted:

| Grant date | Number of options issued | Exercise price | Expiry date | Expected volatility | Risk-free rate | Expected life years | Estimated fair value | Model used |
|------------|--------------------------|----------------|-------------|---------------------|----------------|---------------------|----------------------|--------------|
| Jan 21 | 23,000,000 | \$0.0142 | 12 May 23 | 100.00% | 1.00% | 2.3 | \$0.0047 | Binomial (a) |
| Apr 21 | 20,000,000 | \$0.0120 | 31 Jan 23 | 100.00% | 1.00% | 1.8 | \$0.0045 | Binomial (b) |

- (a) There were 21,000,000 options issued to Directors, 1,000,000 to Company Secretary and 1,000,000 as part of a consultancy agreement for services provided. These options were approved by shareholders at the General Meeting held on 13 April 2021.
- (b) There were 20,000,000 options were issued to Joint Lead Managers associated with capital raising approved by shareholders at the General Meeting held on 13 April 2021.

The options vested on grant date.

Weighted average disclosures on options

| | 2021 | 2020 |
|---|--------------------|--------|
| Weighted average exercise price of options at 1 July | - | \$0.02 |
| Weighted average exercise price of options granted during period | \$0.0132 | - |
| Weighted average exercise price of options outstanding at 30 June | \$0.0132 | - |
| Weighted average exercise price of options exercisable at 30 June | \$0.0132 | - |
| Weighted average contractual life | 1.74 years | - |
| Range of exercise price | \$0.012 - \$0.0142 | - |

14. EARNINGS PER SHARE

| | 2021 | 2020 |
|---|------------------------|------------------------|
| Net profit/(loss) used in calculating basic and diluted gain/(loss) per share | (592,397) | (457,368) |
| | Number | Number |
| Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS | 518,309,309 | 411,522,816 |
| | Cents per share | Cents per share |
| Basic earnings (loss) per share | (0.11) | (0.11) |
| Diluted earnings (loss) per share | (0.11) | (0.11) |

15. KEY MANAGEMENT PERSONNEL

Key Management Personnel Compensation

The aggregate compensation made to key management personnel of the Company is set out below:

| | 2021 \$ | 2020 \$ |
|------------------------------|----------------|----------------|
| Short term employee benefits | 243,683 | 223,370 |
| Post-employment benefits | - | - |
| Share based payments | 104,406 | - |
| | 348,089 | 223,370 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Shareholdings of Key Management Personnel

Fully paid ordinary shares held in Eastern Iron Limited

| | Balance at 1 July no. | Granted as compensation no. | Additions no. | Net other change no. | Balance at 30 June no. |
|--------------|-----------------------------|-----------------------------------|------------------|----------------------------|------------------------------|
| 2021 | | | | | |
| A King | - | - | - | - | - |
| M Fang | 70,000 | - | 17,500 | - | 87,500 |
| T Taylor | 11,904,767 | - | - | - | 11,904,767 |
| Total | 11,974,767 | - | 17,500 | - | 11,992,267 |
| 2020 | | | | | |
| A King | - | - | - | - | - |
| M Fang | 70,000 | - | - | - | 70,000 |
| T Taylor | 11,904,767 | - | - | - | 11,904,767 |
| Total | 11,974,767 | - | - | - | 11,974,767 |

Option Holdings of Key Management Personnel

Share options held in Eastern Iron Limited

| | Balance at 1 July no. | Granted as compensation no. | Issued no. | Expired options no. | Balance at 30 June no. | Balance vested at 30 June no. | Vested but not exercisable no. | Vested and exercisable no. | Options vested during year no. |
|-----------------|-----------------------------|-----------------------------------|---------------|---------------------------|------------------------------|--|---|----------------------------------|---|
| 2021 | | | | | | | | | |
| Listed | | | | | | | | | |
| A King | - | - | - | - | - | - | - | - | - |
| M Fang | - | - | 8,750 | - | 8,750 | 8,750 | - | 8,750 | 8,750 |
| T Taylor | - | - | - | - | - | - | - | - | - |
| Total | - | - | 8,750 | - | 8,750 | 8,750 | - | 8,750 | 8,750 |
| Unlisted | | | | | | | | | |
| A King | - | 7,000,000 | - | - | 7,000,000 | 7,000,000 | - | 7,000,000 | 7,000,000 |
| M Fang | - | 7,000,000 | - | - | 7,000,000 | 7,000,000 | - | 7,000,000 | 7,000,000 |
| T Taylor | - | 7,000,000 | - | - | 7,000,000 | 7,000,000 | - | 7,000,000 | 7,000,000 |
| I White | - | 1,000,000 | - | - | 1,000,000 | 1,000,000 | - | 1,000,000 | 1,000,000 |
| Total | - | 22,000,000 | - | - | 22,000,000 | 22,000,000 | - | 22,000,000 | 22,000,000 |

| | Balance at 1 July no. | Granted as compensation no. | Issued no. | Expired options no. | Balance at 30 June no. | Balance vested at 30 June no. | Vested but not exercisable no. | Vested and exercisable no. | Options vested during year no. |
|-----------------|-----------------------------|-----------------------------------|---------------|---------------------------|------------------------------|--|---|----------------------------------|---|
| 2020 | | | | | | | | | |
| Unlisted | | | | | | | | | |
| A King | 4,000,000 | - | - | (4,000,000) | - | - | - | - | - |
| M Fang | 4,000,000 | - | - | (4,000,000) | - | - | - | - | - |
| T Taylor | 4,000,000 | - | - | (4,000,000) | - | - | - | - | - |
| Total | 12,000,000 | - | - | (12,000,000) | - | - | - | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

16. RELATED PARTY DISCLOSURES

Subsidiaries

The consolidated financial statements include the financial statements of Eastern Iron Limited (the Parent Entity) and the following subsidiaries:

| Name | Country of incorporation | % Equity interest | |
|-------------------------|--------------------------|-------------------|------|
| | | 2021 | 2020 |
| Queensland Iron Pty Ltd | Australia | 100 | 100 |
| Gippsland Iron Pty Ltd | Australia | 100 | 100 |

17. AUDITORS' REMUNERATION

Audit of the Company's accounts

| | 2021 \$ | 2020 \$ |
|---------------------------------|---------------|---------------|
| Audit of the Company's accounts | 27,300 | 26,500 |
| | 27,300 | 26,500 |

18. FINANCIAL REPORT BY SEGMENT

The operating segments identified by management are as follows:

Exploration Projects Funded Directly by Eastern Iron Limited ("Exploration")

Regarding the Exploration segment, the Chief Operating Decision Maker (the Board of directors) receives information on the exploration expenditure incurred. This information is disclosed in Note 9 of this financial report. No segment revenues are disclosed as each exploration tenement is not at a stage where revenues have been earned. Furthermore, no segment costs are disclosed as all segment expenditure is capitalised, with the exception of expenditure written off which is disclosed in Note 9.

Financial information about each of these tenements is reported to the Board as a whole, on an ongoing basis.

Corporate office activities are not allocated to operating segments as they are not considered part of the core operations of any segment and comprise of the following:

- Interest revenue.
- Corporate costs.
- Depreciation and amortisation of non-project specific property, plant and equipment.

The Group's accounting policy for reporting segments is consistent with that disclosed in Note 2.

19. CONTINGENT LIABILITIES

The Company has provided guarantees totalling \$20,000 in respect of an exploration tenement in Victoria. This guarantee in respect of an exploration tenement is secured against deposits with Victorian Department of Economic Development, Jobs, Transport and Resources with a banking institution. The Company does not expect to incur any material liability in respect of the guarantees.

20. FINANCIAL INSTRUMENTS

The Board as a whole is responsible for reviewing the Company's policies on risk oversight and management and satisfying itself that Senior Management have developed and implemented a sound system of risk management and internal control. The Company's risk management policy has been designed to identify, assess, monitor and manage material business risks to ensure effective management of risk. These policies are reviewed regularly to reflect material changes in market conditions and the Company's risk profile.

The main risks identified in the Company's financial instruments are capital risk, credit risk, liquidity risk, interest rate risk and commodity price risk. Summarised below is information about the Company's exposure to each of these risks, their objectives, policies and processes for measuring and managing risk, the management of capital and financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Company. In order to achieve this objective, the Company seeks to maintain a sufficient funding base to enable the Company to meet its working capital and strategic investment needs.

The Board ensures costs are not incurred in excess of available funds and will seek to raise additional funding through the issue of shares for the continuation of the Company's operations when required.

The Company considers its capital to comprise of its ordinary share capital, option reserve and accumulated losses. There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

Financial Risk Management Objectives

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board, through the Audit Committee, has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Company's risk management policies and objectives are designed to avoid exposure to, and minimise the potential impacts of these risks on the results of the Company where such impacts may be material. The Board receives regular reports from the Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. These risks include credit risk, liquidity risk, interest rate risk and commodity price risk. The Company does not use derivative financial instruments to hedge these risk exposures.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these risks are set out below.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company mitigates credit risk on cash and cash equivalents by dealing with banks that have high credit ratings assigned by Standard and Poors. There are two counterparties for Cash and Cash equivalents which are Commonwealth Bank and Bank of Western Australia Limited. Credit risk of receivables is low as it consists predominantly of GST recoverable from the Australian Taxation Office and interest receivable from deposits held with regulated banks.

The maximum exposure to credit risk at balance date is as follows:

| | 2021 \$ | 2020 \$ |
|--|------------------|----------------|
| Cash and cash equivalents | 1,495,886 | 109,810 |
| Receivables | 52,930 | 15,529 |
| Deposits with Government Departments and banks | 20,000 | 20,000 |
| | 1,568,816 | 145,339 |

Liquidity Risk

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

Ultimate responsibility for liquidity risk rests with the Board of Directors, who have built an appropriate risk management framework for the management of the Company's short, medium and long-term funding and liquidity requirements. The Company manages liquidity by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

The following table details the Company's contractual maturities of financial liabilities:

| Financial liabilities | Carrying amount \$ | <12 months \$ | 1-3 years \$ | >3 years \$ |
|------------------------------|------------------------------|----------------------------|------------------------|--------------------------|
| 2021 | | | | |
| Payables | 97,748 | 97,748 | - | - |
| | 97,748 | 97,748 | - | - |
| 2020 | | | | |
| Payables | 103,132 | 103,132 | - | - |
| | 103,132 | 103,132 | - | - |

Liquidity Risk Continued

The following table details the Company's expected maturity for financial assets:

| Financial assets | Carrying amount \$ | <12 months \$ | 1-3 years \$ | >3 years \$ |
|--|------------------------------|----------------------------|------------------------|--------------------------|
| 2021 | | | | |
| Cash at bank and term deposits | 1,495,886 | 1,495,886 | - | - |
| Receivables | 52,930 | 52,930 | - | - |
| Deposits with banks and Government Departments | 20,000 | - | 20,000 | - |
| | 1,568,816 | 1,548,816 | 20,000 | - |
| 2020 | | | | |
| Cash at bank and term deposits | 109,810 | 109,810 | - | - |
| Receivables | 15,529 | 15,529 | - | - |
| Deposits with banks and Government Departments | 20,000 | - | 20,000 | - |
| | 145,339 | 125,339 | 20,000 | - |

Interest Rate Risk

The Company's exposure to the risks of changes in market interest rates relates primarily to the Company's cash holdings and short term deposits. These financial assets with variable rates expose the Company to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Company does not engage in any hedging or derivative transactions to manage interest rate risk.

At balance date, the Company was exposed to floating weighted average interest rates as follows:

| | 2021 \$ | 2020 \$ |
|--|-------------------|-------------------|
| Weighted average rate of cash balances | 0.01% | - |
| Cash balances | 1,495,886 | 109,810 |
| Weighted average rate of term deposits | - | - |
| Term deposits | - | - |

The Company invests surplus cash in interest-bearing term deposits with financial institutions and in doing so it exposes itself to the fluctuations in interest rates that are inherent in such a market. Term deposits are normally invested between 30 to 365 days and other cash at bank balances are at call.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

The Company's exposure to interest rate risk is set out in the table below:

| Sensitivity analysis | Carrying amount | +1.0% of AUD IR | | -1.0% of AUD IR | |
|---|------------------|-----------------|-----------------|-----------------|-----------------|
| | | Profit \$ | Other equity \$ | Profit \$ | Other equity \$ |
| 2021 | | | | | |
| Cash and cash equivalents | 1,495,886 | 14,959 | - | (14,959) | - |
| Tax charge of 27.5% | - | (4,114) | - | 4,114 | - |
| After tax profit increase/(decrease) | 1,495,886 | 10,845 | - | (10,845) | - |
| 2020 | | | | | |
| Cash and cash equivalents | 109,810 | 1,098 | - | (1,098) | - |
| Tax charge of 27.5% | - | (302) | - | 302 | - |
| After tax profit increase/(decrease) | 109,810 | 796 | - | (796) | - |

The above analysis assumes all other variables remain constant.

Commodity Price Risk

The Company is exposed to commodity price risk. This risk arises from its activities directed at exploration and development of mineral commodities. If commodity prices fall, the market for companies exploring for these commodities is affected. The Company does not hedge its exposures.

Net Fair Value Of Financial Assets and Liabilities

The carrying amount of financial assets and liabilities of the Company approximate their net fair values, given the short time frames to maturity and or variable interest rates.

21. COMMITMENTS

Licence Expenditure Requirements

In order to maintain the Company's tenements in good standing with the various mines departments, the Company will be required to incur expenditure under the terms of each licence. As at 30 June 2021 the Company holds one exploration licence, one exploration licence application and one retention licence application in Victoria. There is no expenditure requirement for title applications.

| | 2021 \$ | 2020 \$ |
|--|---------------|---------------|
| Payable not later than one year | 42,349 | 24,200 |
| Payable later than one year but not later than two years | 27,651 | 24,200 |
| Payable later than two year but not later than three years | 7,200 | 28,800 |
| | 77,200 | 77,200 |

It is likely that the granting of new licences and changes in licence areas at renewal or expiry will change the expenditure commitment to the Company from time to time. These commitments can be negotiated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

22. STATEMENT OF CASH FLOWS

| | 2021 \$ | 2020 \$ |
|--|------------------|------------------|
| Reconciliation of net cash outflow from operating activities to operating loss after income tax | | |
| (a) Operating (loss) after income tax | (592,397) | (457,368) |
| (b) | | |
| Depreciation | 799 | 2,429 |
| Share-based payments | 199,472 | - |
| Exploration costs expensed | - | 53,601 |
| Investment write off | - | 30,000 |
| Impairment of investment | - | 90,000 |
| Change in assets and liabilities: | | |
| (Increase)/Decrease in receivables | (37,401) | 1,947 |
| Decrease/Increase in trade and other creditors | 4,588 | 57,440 |
| Net cash outflow from operating activities | (424,939) | (221,951) |
| (c) For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank, deposits and bank bills used as part of the cash management function. The Company does not have any unused credit facilities. | | |
| The balance at 30 June comprised: | | |
| Cash assets | 1,495,886 | 109,810 |
| Cash on hand | 1,495,886 | 109,810 |

23. PARENT ENTITY INFORMATION

| | 2021 \$ | 2020 \$ |
|---|-------------------|------------------|
| Current assets | 1,548,669 | 125,192 |
| Total assets | 11,026,501 | 9,251,593 |
| Current liabilities | 97,748 | 103,132 |
| Total liabilities | 97,748 | 103,132 |
| Issued capital | 17,207,684 | 15,037,353 |
| Accumulated losses | (6,480,403) | (5,888,892) |
| Share based payment reserve | 201,472 | - |
| Total shareholders' equity | 10,928,753 | 9,148,461 |
| Profit/(loss) of the parent entity | (591,511) | (459,274) |
| Total comprehensive income/(loss) of the parent entity | (591,511) | (459,274) |

24. EVENTS AFTER THE BALANCE SHEET DATE

There were, at the date of this report, no matters or circumstances which have arisen since 30 June 2021 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years, other than the following:

- On 4 August 2021, the Group entered into a binding Heads of Agreement with Amery Holdings Pty Ltd for an option to acquire a 100% interest in the Trigg Hill Lithium Project.
- On 15 September 2021, the Company and Ya Hua International Investments and Development Co Ltd executed a Subscription Agreement for a strategic placement of \$1.05 million to Yahua, subject to all necessary government, regulatory and shareholder approvals. Consequent to the Subscription, Yahua will become a substantial shareholder of the Company. The Company also received commitments from sophisticated and professional investors for further investment of \$2.52 million from a share placement for a total capital raising of \$3.57 million before costs.
- On 23 September 2021, the Company raised \$2.52 million in cash through the issue of 109,500,000 shares at \$0.023 per share and 21,900,000 free attaching options exercisable at \$0.012 each, expiring on 31 January 2023. The issue was made to the previously committed sophisticated and professional investors referred to above.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Eastern Iron Limited, I state that:

In the opinion of the Directors:

- (a) The financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Group financial position as at 30 June 2021 and of its performance for the year ended on that date.
 - (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and
- (c) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
- (d) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

On behalf of the Board



Ariel Edward King

Chairman

24 September 2021

Independent Auditor's Report

To the members of Eastern Iron Limited,

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Eastern Iron Limited (the company and its subsidiaries) ("the Group"), which comprises the consolidated statements of financial position as at 30 June 2021, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

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

Basis for Opinion

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

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

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

Emphasis of Matter

We draw attention to Note 24 to the financial statements which describes that the company has received \$2.52m through the issue of shares in September 2021. In our opinion the directors' use of the going concern basis is appropriate and we conclude that a material uncertainty does not exist. Our opinion is not modified in respect of this matter.

Tax

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Postal

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North Sydney

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|--|---|
| <p>Capitalised Deferred Exploration and Evaluation Expenditure \$3.5 million Refer to Note 9</p> | |
| <p>The consolidated entity owns the rights to exploration licenses in Victoria. Expenditure relating to these areas is capitalised and carried forward to the extent they are expected to be recovered through the successful development of the respective area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.</p> <p>This area is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the balance; • The inherent uncertainty of the recoverability of the amount involved; and • The substantial amount of audit work performed. | <p>Our audit procedures included amongst others:</p> <ul style="list-style-type: none"> • Assessing whether any facts or circumstances exist that may indicate impairment of the capitalised assets; • Performing detailed testing of source documents to ensure capitalised expenditure was allocated to the correct area of interest; • Performing detailed testing of source documents to ensure expenditure was capitalised in accordance with Australian Accounting Standards; • Obtaining external confirmations to ensure the exploration licences are current and accurate; and • Assessing the reasonableness of the capitalisation of directors' fees. |

Other Information

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

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

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

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

Directors' Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Eastern Iron Limited for the year ended 30 June 2021 complies with section 300A of the Corporations Act 2001.

Responsibilities

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

BDJ Partners



.....
Gregory Cliffe
Partner

24 September 2021

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SHAREHOLDER INFORMATION

AS AT 23 SEPTEMBER 2021

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 23 September 2021.

Ordinary Shares

There are 855,169,264 fully paid ordinary shares on issue.

| Substantial shareholders | Shareholding | % |
|-------------------------------|--------------|-------|
| Citicorp Nominees Pty Limited | 150,209,041 | 17.56 |

| Top 20 holders of ordinary shares | Number | % |
|--|--------------------|---------------|
| Citicorp Nominees Pty Limited | 150,209,041 | 17.56 |
| Cs Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C> | 18,509,698 | 2.16 |
| Mr Linping Fu | 18,120,000 | 2.12 |
| Comsec Nominees Pty Limited | 13,615,707 | 1.59 |
| BNP Paribas Nominees Pty Ltd ACF Clearstream | 12,615,996 | 1.48 |
| Mrs Therese-Marie Taylor | 11,904,767 | 1.39 |
| Planning & Property Partners Pty Ltd | 11,413,003 | 1.33 |
| BNP Paribas Nominees Pty Ltd <IB AU Noms Retail client DRP> | 10,708,148 | 1.25 |
| Mr Chris Carr & Mrs Betsy Carr | 10,000,000 | 1.17 |
| Mr Adam William Connon & Mrs Belinda Ann Connon | 9,862,808 | 1.15 |
| Spring Plains Pastoral Co (Vic) Pty Ltd <Spring Plains CSPB A/C> | 9,500,000 | 1.11 |
| Wexford Rise Pty Ltd <Wexford Rise Pension A/C> | 9,500,000 | 1.11 |
| Mr Yibing Jian | 8,500,000 | 0.99 |
| Mr Necdet Ozbilen | 8,000,000 | 0.94 |
| Ms Helen Yu | 7,500,000 | 0.88 |
| Upsky Equity Pty Ltd <Upsky Investment A/C> | 6,775,000 | 0.79 |
| Berne No 132 Nominees Pty Ltd <76334 A/C> | 6,735,000 | 0.79 |
| Mr Arun Kumar Natarajan | 6,530,000 | 0.76 |
| Mr Ankur Choksi & Mrs Khyatiben Ankur Choksi <Choksi Family Superfund A/C> | 6,000,000 | 0.70 |
| Mr John Alexander Eckersley | 6,000,000 | 0.70 |
| Total of top 20 holdings | 341,999,168 | 39.97 |
| Other holdings | 513,170,096 | 60.03 |
| Total ordinary shares | 855,169,264 | 100.00 |

| Distribution of shareholders | | | |
|------------------------------|--------------------|--------------------|---------------|
| Range | No of shareholders | Shares | % |
| 1-1,000 | 42 | 13,862 | 0.00 |
| 1,001-5,000 | 56 | 177,844 | 0.02 |
| 5,001-10,000 | 68 | 606,682 | 0.07 |
| 10,001-100,000 | 1,325 | 61,475,742 | 7.19 |
| 100,001-9,999,999,999 | 835 | 792,895,134 | 92.72 |
| Totals | 2,326 | 855,169,264 | 100.00 |

SHAREHOLDER INFORMATION

AS AT 23 SEPTEMBER 2021

| Top 20 holders of quoted options - \$0.012 expiring 31 January 2023 | Number | % |
|---|--------------------|---------------|
| Mr Francesco Lucio Molino <Smile Like You Mean It A/C> | 12,500,000 | 7.05 |
| Mr Adam William Connon & Mrs Belinda Ann Connon | 10,310,034 | 5.82 |
| Mr Toni Sinozic & Mrs Anka Sinozic | 10,000,000 | 5.64 |
| Mrs Sraddha Niteshkumar Patel | 5,845,900 | 3.30 |
| Mr Yibing Jian | 4,512,500 | 2.55 |
| Mr Daymon Magdy Said | 4,000,000 | 2.26 |
| Halifax Limited | 3,992,200 | 2.25 |
| Boulton Superannuation Fund Pty Ltd <Boulton SMSF A/C> | 3,351,647 | 1.89 |
| Mr Yan Li | 3,125,000 | 1.76 |
| Mr John Clifford Goulding & Mrs Carol Ann Goulding | 3,000,000 | 1.69 |
| Mrs Erin Rebecca Hunter Myall | 3,000,000 | 1.69 |
| Mr Zhifeng Zhang | 3,000,000 | 1.69 |
| Mr Bilal Ahmad | 2,700,000 | 1.52 |
| Mr Ankur Hareshchandra Choksi & Mrs Khyatiben Ankur Choksi | 2,615,751 | 1.48 |
| Mr Michael Howe | 2,245,373 | 1.27 |
| Mr James David William Taylor & Mrs Erin Ann Taylor <Taylor Super Fund A/C> | 2,187,500 | 1.23 |
| Mr Gordon Sze Mean Ho | 2,163,959 | 1.22 |
| Mr Daniel Aaron Hylton Tuckett | 2,050,000 | 1.16 |
| Mr John Giardina | 2,000,000 | 1.13 |
| Mr Henry Ramon Dawson | 2,000,000 | 1.13 |
| Total of top 20 holdings | 84,599,864 | 47.73 |
| Other holdings | 92,635,813 | 52.27 |
| Total quoted options | 177,235,677 | 100.00 |

| Distribution of quoted options | | | |
|---------------------------------------|----------------------------|--------------------|---------------|
| Range | No of optionholders | Options | % |
| 1-1,000 | 15 | 6,245 | 0.00 |
| 1,001-5,000 | 19 | 42,220 | 0.02 |
| 5,001-10,000 | 25 | 182,869 | 0.10 |
| 10,001-100,000 | 132 | 6,165,464 | 3.48 |
| 100,001-9,999,999,999 | 201 | 170,838,879 | 96.40 |
| Totals | 392 | 177,235,677 | 100.00 |

SHAREHOLDER INFORMATION

AS AT 23 SEPTEMBER 2021

| Top holders unquoted options - \$0.0142 expiring 12 May 2023 | Number | % |
|---|-------------------|---------------|
| King Corporate Pty Ltd | 7,000,000 | 30.43 |
| Rui Fang | 7,000,000 | 30.43 |
| Therese-Marie Taylor | 7,000,000 | 30.43 |
| Other holders | 2,000,000 | 8.71 |
| Total unquoted options | 23,000,000 | 100.00 |

| Distribution of unquoted options | | | |
|---|----------------------------|-------------------|---------------|
| Range | No of optionholders | Options | % |
| 1-1,000 | 0 | 0 | 0.00 |
| 1,001-5,000 | 0 | 0 | 0.00 |
| 5,001-10,000 | 0 | 0 | 0.00 |
| 10,001-100,000 | 0 | 0 | 0.00 |
| 100,001-9,999,999,999 | 5 | 23,000,000 | 100.00 |
| Totals | 5 | 23,000,000 | 100.00 |

Voting Rights

There are no restrictions on voting rights. On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof.

Quoted and unquoted options carry no voting rights.

Corporate Governance Statement

The Company's Corporate Governance Statement can be found on the Company's website at:
www.easterniron.com.au/company-profile/corporate-governance.

Other

There are 169 shareholders with less than a marketable parcel of shares.

There is no current on-market buy-back.

Corporate Directory

Board of Directors Ariel Edward King
Non-Executive Chairman

Myles Fang
Non-Executive Director

Therese-Marie Taylor
Non-Executive Director

Nathan Taylor (alternate to Therese-Marie Taylor resigned April 2021)

Company Secretary Ian White

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Bankers Commonwealth Bank
Macquarie Bank

Securities Exchange Listing Australian Securities Exchange
ASX Code: EFE





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