

# **EASTERN IRON LIMITED**

ABN 70 126 678 037

## **Half Year Financial Report 31 December 2020**

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## **Board of Directors**

Eddie King – Non-Executive Chairman

Myles Fang – Non-Executive Director

Therese Taylor – Non-Executive Director

Nathan Taylor – (alternate Therese Taylor)

## **Company Secretary**

Ian White

## **Principal and Registered Office**

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## **Auditor**

BDJ Partners

Level 8, 124 Walker Street

North Sydney, NSW 2060

## **Securities Exchange Listing**

Australian Securities Exchange

ASX Code: EFE

# Directors' Report

Your Directors submit their report for Eastern Iron Limited for the half year ended 31 December 2020.

## Directors Report

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

Eddie King	Non-Executive Chairman
Myles Fang	Non-Executive Director
Therese Taylor	Non-Executive Director
Nathan Taylor (alternate Therese Taylor)	Non-Executive Director

## Review and results of operations

### Financial results

The net results of operations after applicable income tax expense for the half year was a loss of \$238,482 (2019: \$207,561). There was no exploration write off during the period (2019: \$17,750).

### Nowa Nowa Copper Project

The Company has commenced further work on Nowa Nowa Copper Project. The tenement is located in Eastern Victoria, 270km east of Melbourne and 8km north of the township of Nowa Nowa. Gippsland Iron Pty Ltd ("**Gippsland Iron**"), a wholly owned subsidiary of Eastern Iron is the holder and manager of the tenement. Previous works have identified extensive Silurian volcanics and three highest priority VTEM targets.

The Company has submitted a Work Program detailing a drill program over the Nowa Nowa Copper Project EL 006183 to the Victorian Department of Jobs, Precincts and Regions ("**DJPR**") in 2020. The Company has appointed a contractor to complete the drill program which will include four 200m Reverse Circulation (RC) drillholes at the Three Mile prospect (Figure 1).

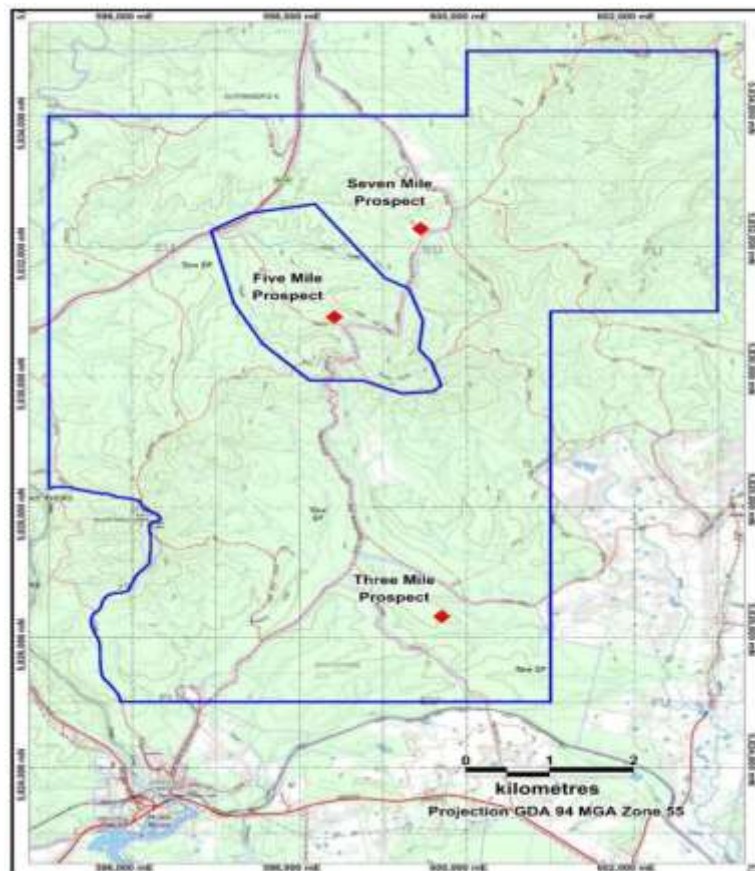


Figure 1: Location of Nowa Nowa Project and its Prospects.

# Directors' Report

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 work programme is planned to commence in March 2021, subject to DJPR work plan approval. The programme is expected to be completed within 2 weeks of commencing work on site. 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 1: Proposed drillholes.

## Nowa Nowa Iron Project

The Company has continued to investigate the potential to mine and produce iron ore from its wholly owned Nowa Nowa Iron Ore Project.

With review of the DFS completed in 2014, and recent iron ore market, the Company has investigated an option to export 50% Fe DSO produced from Nowa Nowa Iron Ore Project (the "DSO"). The Company has been in discussion with possible end users of the DSO in China.

## New Projects Search and Acquisition

Eastern Iron has been actively reviewing opportunities during the year to acquire an advanced exploration project for base or precious metals.

## Capital Raising

In August 2020, the Company completed a placement to sophisticated investors of 61,785,056 ordinary shares at \$0.004 per share, to raise \$247,140 before offer costs.

The funds raised will provide the Company with general working capital and more specifically to fund the exploration activities at Nowa Nowa Copper Project.

## Principal activities

The principal activity of the Company is the exploration of iron ore, precious and base metals resources and the development of those resources into economic, cash flow generating mines.

## Dividends

No dividends were paid or proposed during the period.

## Significant events after the balance date

In February 2021, the Company launched capital raising of approximately \$2,200,000, consisting of a placement of approximately 137,500,000 fully paid ordinary shares at an issue price of \$0.008 per Share and 68,750,000 free attaching options exercisable at \$0.012 each on or before 31 January 2023 on the basis of one (1) Option for every two (2) Shares issued to raise approximately \$1,100,000 before costs, and 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 \$1,072,371.

The proceeds will provide the Company with general working capital in addition to providing the funding for exploration activities at Nowa Nowa Copper Project and further investigation into the potential to develop the Nowa Nowa Iron Ore Project.

The total funds raised after 31 December 2020 to the date of this half-year report is authorised for issue are disclosed in Note 2.

# Directors' Report

## Auditor's independence declaration

A copy of the Auditor's Independence Declaration to the Directors as required under section 307C of the *Corporations Act 2001* is set out on page 14.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Eddie King', is positioned above the printed name.

Eddie King  
Chairman

12 March 2021

# Consolidated Statement of Comprehensive Income

## For the half year ended 31 December 2020

	Note	31 December 2020 \$	31 December 2019 \$
<b>Revenue</b>	4	9	2,227
ASX and ASIC fees		(13,743)	(18,016)
Audit fee		(11,800)	(10,500)
Contract administration services		(40,517)	(44,239)
Directors fees		(90,000)	(90,000)
Exploration expenditure written off		-	(17,750)
Insurance		(6,210)	(9,113)
Rent		(5,078)	(2,800)
Other expenses from ordinary activities		(71,143)	(17,370)
<b>Loss before income tax expense</b>		<b>(238,482)</b>	<b>(207,561)</b>
Income tax income/(expense)		-	-
<b>Loss after income tax expense</b>		<b>(238,482)</b>	<b>(207,561)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income for the period attributable to members of Eastern Iron Limited</b>		<b>(238,482)</b>	<b>(207,561)</b>
<b>Earnings per share</b>			
Basic loss per share (cents per share)	8	(0.05)	(0.05)
Diluted loss per share (cents per share)	8	(0.05)	(0.05)

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

# Consolidated Statement of Financial Position

As at 31 December 2020

		31 December 2020 \$	30 June 2020 \$
	Note		
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	127,990	109,810
Receivables		11,440	15,529
<b>Total current assets</b>		<b>139,430</b>	<b>125,339</b>
<b>Non-current assets</b>			
Tenement security deposits	7	20,000	20,000
Plant and equipment		696	1,335
Deferred exploration and evaluation expenditure	6	3,171,273	3,158,721
<b>Total non-current assets</b>		<b>3,191,969</b>	<b>3,180,056</b>
<b>Total assets</b>		<b>3,331,399</b>	<b>3,305,395</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		142,432	103,132
<b>Total current liabilities</b>		<b>142,432</b>	<b>103,132</b>
<b>Total liabilities</b>		<b>142,432</b>	<b>103,132</b>
<b>Net assets</b>		<b>3,188,967</b>	<b>3,202,263</b>
<b>EQUITY</b>			
Contributed equity	9	15,262,539	15,037,353
Accumulated losses		(12,073,572)	(11,835,090)
<b>Total equity</b>		<b>3,188,967</b>	<b>3,202,263</b>

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

For the half year ended 31 December 2020

	Note	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
<b>At 1 July 2019</b>		15,037,353	(11,501,231)	123,509	3,659,631
Loss for the period		-	(207,561)	-	(207,561)
Other comprehensive income		-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>		-	<b>(207,561)</b>	-	<b>(207,561)</b>
<u>Transactions with owners in their capacity as owners:</u>					
Expired options		-	123,509	(123,509)	-
<b>At 31 December 2019</b>		<b>15,037,353</b>	<b>(11,585,283)</b>	-	<b>3,452,070</b>
<b>At 1 July 2020</b>		<b>15,037,353</b>	<b>(11,835,090)</b>	-	<b>3,202,263</b>
Loss for the period		-	(238,482)	-	(238,482)
Other comprehensive income		-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>		-	<b>(238,482)</b>	-	<b>(238,482)</b>
<u>Transactions with owners in their capacity as owners:</u>					
Issue of share capital, net of transaction costs	6	225,186	-	-	225,186
<b>At 31 December 2020</b>		<b>15,262,539</b>	<b>(12,073,572)</b>	-	<b>3,188,967</b>

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



# Consolidated Statement of Cash Flows

## For the half year ended 31 December 2020

		31 December 2020	31 December 2019
	Note	\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(180,570)	(193,879)
Interest received		9	2,227
<b>Net cash flows (used in) operating activities</b>		<b>(180,561)</b>	<b>(191,652)</b>
<b>Cash flows from investing activities</b>			
Payments for deferred exploration and evaluation expenditure		(26,445)	(48,909)
Payments for tenement security deposits		-	(10,000)
<b>Net cash flows (used in) investing activities</b>		<b>(26,445)</b>	<b>(58,909)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	9	247,140	-
Payments for share issue costs	9	(21,954)	-
<b>Net cash flows (used in) from financing activities</b>		<b>225,186</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>		<b>18,180</b>	<b>(250,561)</b>
Add opening cash brought forward		109,810	479,389
<b>Closing cash carried forward</b>	5	<b>127,990</b>	<b>228,828</b>

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

# Notes to the Consolidated Financial Statements

## For the half year ended 31 December 2020

### 1. Corporate information

The financial report of Eastern Iron Limited (the “**Company**”) and its wholly owned subsidiaries (the “**Group**”) for the half year ended 31 December 2020 was authorised for issue in accordance with a resolution of the directors on 12 March 2021. Eastern Iron Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange using the ASX code EFE.

The nature of the operations and principal activities of the Group are described in the Directors’ Report.

### 2. Summary of significant accounting policies

The Half Year Financial Report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The Half Year Financial Report should be read in conjunction with the Annual Financial Report of Eastern Iron as at 30 June 2020.

It is also recommended that the Half Year Financial Report be considered together with any public announcements made by Eastern Iron during the half year ended 31 December 2020 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

#### Basis of preparation

The Half Year Financial Report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards, including AASB 134 Interim Financial Reporting and other mandatory professional reporting requirements. The Half Year Financial Report has been prepared on a historical cost basis.

For the purpose of preparing the Half Year Financial Report, the half year has been treated as a discrete reporting period.

#### Significant accounting policies

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2020.

Management has reviewed and assessed the new accounting standards effective 1 July 2019 and these have been deemed to be not applicable to the Group.

#### Fair value measurement

The carrying amounts of the Group’s assets and liabilities are a reasonable approximation of their fair values with the exception of deferred exploration and evaluation expenditure.

#### Basis of consolidation

The half year consolidated financial statements comprise the financial statements of Eastern Iron Limited and its wholly owned subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. The subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

#### Going concern

The financial report has been 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.

The Group incurred a net loss after tax from operations of \$238,482 for the six months period to 31 December 2020 (2019: \$207,561). The Group had operating cash outflows of \$180,561 (2019: \$191,652)

The Company successfully raised an amount of \$500,000 before costs from the share placement of 62,500,000 shares issued at a price of \$0.008 cents per share was announced on 10 February 2021 as part of a total funds raised of \$810,000 after 31 December 2020 to the date the report is authorised for issue to fund the exploration activities of Nowa Nowa project and working capital.

# Notes to the Consolidated Financial Statements

## For the half year ended 31 December 2020

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

Currently, the Company is in the process of raising additional funds from the issue of equity, the Directors believe that the Group will have sufficient working capital to enable the Group to continue as a going concern.

If all of these options are unsuccessful, this may indicate there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

### 3. Financial report by segment

The operating segment identified by management is 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 6 of the Half Year 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 6 of this Half Year Financial Report.

Financial information about each of these tenements is reported to the Board 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.

### 4. Revenue

	31 December 2020 \$	31 December 2019 \$
Interest received	9	2,227
	<b>9</b>	<b>2,227</b>

### 5. Cash and cash equivalents

	31 December 2020 \$	30 June 2020 \$
Cash at bank	127,990	109,810
	<b>127,990</b>	<b>109,810</b>

### 6. Deferred exploration and evaluation expenditure

	31 December 2020 \$	30 June 2020 \$
Balance at the beginning of the period	3,158,721	3,104,370
Costs incurred during the period	12,552	107,952
Expenditure written off during the period	-	(53,601)
<b>Balance at the end of the period</b>	<b>3,171,273</b>	<b>3,158,721</b>

# Notes to the Consolidated Financial Statements

For the half year ended 31 December 2020

## 7. Contingent assets and liabilities

The Company has provided a guarantee totalling \$20,000 (30 June 2020: \$20,000) in respect of an exploration tenement in Victoria. This guarantee in respect of exploration tenements is secured against a deposit with a banking institution. The Company does not expect to incur any material liability in respect of the guarantees.

## 8. Earnings per share

	31 December 2020	31 December 2019
	\$	\$
Net profit/(loss) used in calculating basic and diluted earnings per share	(238,482)	(207,561)
		<b>Number</b>
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	459,918,112	411,900,378
	<b>Cents per</b>	<b>Cents per</b>
Basic earnings (loss) per share	(0.05)	(0.05)
Diluted earnings (loss) per share	(0.05)	(0.05)

## 9. Contributed equity

	31 December 2020	30 June 2020
	\$	\$
<b>Share capital</b>		
473,685,434 fully paid ordinary shares (30 June 2020: 411,900,378)	16,090,343	15,843,203
Fully paid ordinary shares carry one vote per share and carry the right to dividends.		
Share issue costs	(827,804)	(805,850)
	<b>15,262,539</b>	<b>15,037,353</b>

### Movements in ordinary shares on issue

	Number	\$
<b>At 31 December 2019</b>	411,900,378	15,843,203
Shares issued during the period	-	-
<b>At 30 June 2020</b>	<b>411,900,378</b>	<b>15,843,203</b>
Shares issued during the period	61,785,056	247,140
<b>At 31 December 2020</b>	<b>473,685,434</b>	<b>16,090,343</b>

## 10. Events after the balance sheet date

There were, at the date of this report, no other matters or circumstances which have arisen since 31 December 2020 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 Directors' report.

# 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 consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
  - (ii) Complying with Australian Accounting Standards AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board



**Eddie King**  
Chairman

12 March 2021

## Independent Auditor's Review Report

To the members of Eastern Iron Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Eastern Iron Limited and controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### Directors' Responsibility for the Half-Year Financial Report

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Eastern Iron Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Please refer to the  
website for our  
standard terms of  
engagement.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Eastern Iron Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Eastern Iron Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

## Material Uncertainty Related to Going Concern

We draw attention to Note 2 "Going concern" which states that the directors are investigating options to raise additional funds. Should the fund raising be unsuccessful, it would indicate a material uncertainty which may cast doubt about the consolidated entity's ability to continue as a going concern and the consolidated entity's ability to pay its debts as and when they fall due. Our conclusion is not modified in respect of this matter.

BDJ Partners



.....  
Gregory W Cliffe  
Partner

12 March 2021

## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Eastern Iron Limited and Controlled Entities

I declare that, to the best of my knowledge and belief during the half year ended 31 December 2020 there have been:

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

BDJ Partners

.....  
Gregory W Cliffe  
Partner

9 March 2021

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