# Full Year Statutory Accounts

ABx Group Limited

ACN 139 494 885

Year ended 31 December 2021

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# CORPORATE DIRECTORY

**ABx Group Limited**
ACN 139 494 885
ABN 14 139 494 885

**Registered and Corporate Office**
Level 5, 52 Phillip Street
Sydney NSW 2000
Telephone: +61 2 9251 7177
Fax: +61 2 9251 7500
Email: corporate@abxgroup.com.au
Website: www.abxgroup.com.au

**Auditor**

K.S. Black & Co
Level 5, 350 Kent Street
Sydney NSW 2000
Telephone: +61 2 8839 3000

**Bankers**

Australia & New Zealand Banking Group Limited
20 Martin Place
Sydney NSW 2000
Telephone: +61 2 9227 1818

St George Bank Limited
Level 14, 182 George St
Sydney NSW 2200
Telephone: +61 2 9236 2230

**Directors**

Paul Lennon (Non-Executive Chairman)
Ian Levy (Executive Director)
Ken Boundy (Non-Executive Director)

**Company Secretary**

Henry Kinstlinger

**Share Registry**

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000, Australia
Telephone: 1300 327 328 or +61 2 8234 5000

**ASX Code – ABX**

ABx Group Limited shares are listed on the Australian Securities Exchange.

This financial report covers the Consolidated Entity consisting ABx Group Limited and its controlled entities.

ABX Group Limited is a company limited by shares, incorporated and domiciled in Australia.

# CHAIRMAN'S REVIEW

Dear Shareholder,

The 2021 calendar year represented a transformative period for both ABx Group (ASX:ABX) and its technology subsidiary ALCORE Limited (Alcore), with both now well placed to achieve major project developments in the current year.

ABx is expanding its rare earth elements (REE) Deep Leads discovery in northern Tasmania in both areal extent, thickness and grade of mineralisation, including 3 metres averaging 2,992 ppm total rare earths oxide (TREO) containing 1 metre of 3943 ppm TREO, the highest REE grade to date from the Deep Leads discovery. At the Portrush project located 52km east of Deep Leads, ABx recently returned a grade of 4,800 ppm TREO which proved that ABx has discovered a large province of REE mineralisation in northern Tasmania.

With Alcore, the business began construction of its pilot plant facility at the Alcore Research Centre in Berkeley Vale, NSW, to recover fluorine by recycling 'excess bath', which is an aluminium smelter waste product. Alcore is also collaborating on reactor designs with BFluor Chemicals and thermodynamics models with international process engineers to accelerate process development.

After 18 months delay by Covid-19 travel restrictions, the trans-national legal and corporate arrangements for the Sunrise Bauxite Project located at Binjour, 115 km west of Bundaberg Port in Queensland, commenced with the arrival into Australia of senior executives from India in late December and conclusion of joint venture agreement contracts during January and February.

Sunrise is anticipated to initially produce 500,000 tonnes per year of gibbsite-rich trihydrate bauxite, then scaling up to full operational capacity of 2 million tonnes. The marketing joint venture may market a range of related products locally and internationally as opportunities arise.

With the work undertaken in 2021, ABx is well positioned to progress and deliver on its optimum strategies:

Bring the Alcore process into production.

Develop the Alcore aluminium fluoride refinery by completing its pilot plant stage as quickly as practicable so that ABx-Alcore can develop the initial commercial operation with the appropriate risk-return strategies.

2. Advance ABx's rare earth elements exploration projects in northern Tasmania to:

Accelerate exploration by securing an optimum drilling technology for the geological conditions at the mineralised horizon;

Significantly expand the size of the prospective geology so as to maximise the tonnage of any REE resources;

Identify the best REE zones and conduct delineation drilling so that a maiden resource estimation can be completed.

3. Commence the Sunrise Bauxite Project and develop a major marketing business unit with Indian JV partner Rawmin Mining of India. In early 2022, the majority of the legal, corporate, banking and commercial arrangements for the joint ventures for the Sunrise Bauxite Project and the Bundaberg Port facility were executed.

With the above projects, ABx and Alcore are anticipating a highly exciting and rewarding 2022 as we continue to advance our suite of attractive exploration, technology and project development initiatives and ultimately to maximise shareholder value.

Spearheading these initiatives will be our new CEO Mark Cooksey who has the skills, experience and determination to lead our company through its biggest development phase ahead.

I thank our employees, shareholders, customers and contractors for their continuing support for what promises to be a company-making year for ABx and Alcore.

Yours sincerely,

Paul Lennon

Non-Executive Chairman

# REVIEW OF OPERATIONS

ABx Group is creating new supplies of strategic minerals and chemicals:

- Aluminium fluoride for aluminium smelters, using a novel chemical engineering process to recover fluorine from aluminium smelter waste
- Discovery of the ideal types of rare earth elements in northern Tasmania
- Production of bauxite for the cement, aluminium and fertiliser industries

**Corporate**

During the year, the Company issued 32.5 million new shares under a placement in May 2021 and a further 40.77 million new shares under a Share Placement Plan in October 2021. Shares on issue total 223,590,814.

Effective 1 February 2022, the Company appointed Dr Mark Cooksey (former Senior Principal Research Leader at CSIRO and Senior Engineer in Rio Tinto's aluminium division) as its new Chief Executive Officer to lead the Company through major transformations in 2022. Dr Cooksey's three highest priorities are:

- Bring the aluminium fluoride process into production
- Advance the Company's rare earth elements exploration projects to its maiden resource; and
- Commence the Sunrise Bauxite Project at Binjour, and develop a major marketing business unit with ABx's Indian joint venture partner, Rawmin Mining and Industries.

**Alcore: Aluminium fluoride for aluminium smelters**

Aluminium fluoride is an essential chemical for aluminium smelting. Australia has never produced aluminium fluoride, and the four aluminium smelters in Australia import aluminium fluoride mostly from China. Australia is the largest aluminium producing region in the world without local aluminium fluoride production. It is of strategic benefit for the $4.5b Australian aluminium industry to reduce reliance on imports and have access to a secure supply of domestically produced aluminium fluoride.

Most modern aluminium smelters produce bath waste, which they are finding increasingly difficult to sell. Alcore, an 87% owned subsidiary of ABx, has developed a world-first process to recover fluorine from aluminium smelter bath and use this to produce aluminium fluoride. Alcore is also investigating the use of dross, another aluminium smelter waste, as the source of aluminium for aluminium fluoride. Alcore intends to construct a commercial aluminium fluoride plant in Bell Bay, Tasmania.

During 2021, Alcore continued laboratory development of the process at the Alcore Research Centre in Berkeley Vale, NSW. It demonstrated recovery of fluorine from aluminium smelter bath and produced aluminium fluoride samples from dross with a chemical composition comparable to typical commercial specifications.

Alcore engaged international process engineers to model the process and develop conceptual designs for a commercial plant. The results provide further confidence in the Alcore process and support Alcore's approach to process development.

This progress enabled Alcore to commence the pilot plant program to generate engineering data for the commercial plant. It commenced construction of its pilot plant facility to recover fluorine from aluminium smelter bath, located at the Alcore Research Centre.

**Rare Earth Elements Exploration**

Rare earth elements (REE) are in increasing demand for a number of modern technologies. In particular, permanent magnets are preferred for renewable technologies such as electric vehicles and wind turbines, and for military applications. The most important REE for permanent magnets are neodymium (Nd), praseodymium (Pr), dysprosium (Dy) and terbium (Tb).

During 2021, ABx announced multiple REE discoveries at in northern Tasmania. Importantly, it appears that the deposits are the ionic clay type, similar to those extracted in southern China. The advantages of these deposits are that they contain relatively high concentrations of the preferred REE (e.g. Nd, Pr, Dy, Tb) compared to other REE, and that they can be extracted using leaching processes rather requiring complex, expensive hard-rock processing plants. Furthermore, the ABx discoveries appear to be particularly low in radioactive elements such as uranium and thorium.

These fundamentally important features of the REE discoveries in northern Tasmania allow production of the REE that are in most demand to be established at lower cost in a shorter period of time.

The most extensive results come from the Deep Leaders discovery which was the first discovery of REE in Tasmania. The areal extent, thickness and grade of REE mineralisation continue to increase as more assay results are received.

More recent announcements made by ABx relate to three new discoveries of REE at Portrush, located 52 km east of Deep Leads, Wind Break, located 16 km northeast of Deep Leads and most recently at Rubble Mound located 6 km east of Deep Leads. Geological features suggest that Rubble Mound could be an extension of Deep Leads.

**Bauxite Operations**

**Sunrise**

ABx considers the Sunrise Bauxite Project to be the best source of THA (THA) bauxite in Queensland. Bauxite resources total 37 million tonnes (see Resources statement) of 3 to 15 metre thick bauxite, including 10 million tonnes suitable for simple bulk mining and shipping of bauxite averaging 44% to 45% Al2O3 & 5% SiO2 which is ideal metallurgical bauxite for low-temperature Bayer alumina refineries.

ABx recently advised that it had signed a joint venture agreement with Alumin Pty Limited for the development of the Sunrise Bauxite Project comprising a bauxite mine at Binjour plateau and port operations at Bundaberg. Alumin is an Australian special purpose vehicle company associated with our strategic marketing partner, Rawmin Mining and Industries of India (Rawmin). Under the agreement, Alumin Pty Ltd will contribute up to $A18 million of the development costs earning up to 49.9% equity in the project, which ABx anticipates will fund all operations associated with mine and port development.

ABx can now commence finalisation of the project approval process and firm up the timeline to project commencement. it is anticipated that the mine at Binjour will initially export 500,000 tonnes per year of metallurgical grade bauxite in its first year of production, then scaling up to full operational capacity of 2 million tonnes

**Fingal Rail and DL130**

A mining lease application is being progressed for the large Fingal Rail deposit in northern Tasmania, which can supply cement and fertiliser grade bauxite for many years. The DL130 bauxite deposit is being assessed as an alternative source of cement-grade bauxite, because mining at DL130 may accelerate development of the Deep Leads REE discovery.

# DIRECTOR'S REPORT

Your directors present their report together with the financial statements of the parent entity and the consolidated entity (referred to hereafter as the **Group**) consisting of ABX Group Limited (the **Company**) and the entities it controlled at the end of or during the year ended 31 December 2021.

**Principal activities**

The principal continuing activities of the Group for the financial year were conducting the bauxite exploration and development programs in Queensland, New South Wales, and Tasmania.

**Consolidated results**

The net consolidated loss of the Group for the year ended 31 December 2021 was $5.61 million (2020: net loss $0.54 million). The consolidated loss arises largely from bauxite minerals development and Bauxite and REE (Rare Earth Element) exploration activities during the year in Eastern Australia and Tasmania.

Total Shareholders' Funds as at 31 December 2021 are $16.75 million (2020: $14.94 million).

Additional information on the operations of the Group is disclosed in both Chairman's review and Review of Operations section of this report.

**Review of operations**

Information on the operations and financial position of the Group and its business strategies and prospects are set out in the Review of Operations on page 3 to 5 of this Annual Report.

**Dividends**

The Directors of the Company do not recommend that any amount be paid by way of dividend. The Company has not paid or declared any amount by way of dividend since the commencement of the financial year.

**Directors**

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

| | |
|---|---|
| Paul A Lennon | Non-Executive Chairman |
| Ian Levy | Executive Director |
| Ken Boundy | Non-Executive Director |

The number of Directors' Meetings and Directors' Committee Meetings held, and the number of meetings attended, by each of the Directors of the Company during the financial year were:

| Directors | Directors Meetings | | Remuneration Committee[1] | | Audit Committee[2] | |
|---|---|---|---|---|---|---|
| | Attended | Held whilst in office | Attended | Held whilst in office | Attended | Held whilst in office |
| Paul A Lennon | 13 | 13 | 1 | 1 | 2 | 2 |
| Ian Levy | 13 | 13 | 1 | 1 | 2 | 2 |
| Ken Boundy | 13 | 13 | 1 | 1 | 2 | 2 |

[1] The Remuneration Committee is made up of the whole board

[2] The Audit Committee is made up the whole board

**INFORMATION ON DIRECTORS AND MANAGEMENT**

**Directors**

**Paul Anthony Lennon**
**Non-Executive Chairman - Appointed on 28 November 2014**

| | |
|---|---|
| **Experience and expertise** | Mr Lennon served as the 42nd Premier of Tasmania for 4 years (2004 - 2008) and Treasurer (2004-2006). His experience in the resources sector is considerable. He was the Minister for Infrastructure, Energy and Resources (1998-2002), and later Minister for Economic Development, Energy and Resources (2002-2004) while Mr Lennon was the Deputy Premier of Tasmania from (1998-2004).<br><br>Aside from this prominent ministerial experience, Mr Lennon has previously held senior positions working for and representing trade organisations and workers throughout the 1980's. This experience allowed Mr Lennon to lead negotiations with European, UK, American and Chinese companies in commercial matters of state and national significance. |
| **Other Current Directorships of Listed Companies** | None |
| **Former Directorships in the Last Three Years of Listed Companies** | None |
| **Special Responsibilities** | Chairman<br>Member of the Remuneration and Audit Committee |
| **Interests in Shares** | 3,984,869 shares – indirectly held<br>300,000 options |

**Ian Levy, BSc (Hons), MSc (Dist) DIC FAusIMM FAIG**
**Executive Director and CEO - Appointed on 23 September 2009**

| | |
|---|---|
| **Experience and expertise** | Ian Levy has more than thirty years senior management experience with small to large mining companies, including WMC, Pancontinental Mining, Gympie Gold and CEO of Allegiance Mining, involving development of bauxite, gold, coal, base metals, nickel and industrial minerals projects from discovery to marketing. He was a former founding Director of Gloucester Coal. He was a member of the Joint Ore Reserves Committee (JORC) for 11 years including 4 years as Vice Chairman and Federal President, Australian Institute of Geoscientists. |
| **Other Current Directorships of Listed Companies** | None |
| **Former Directorships in the Last Three Years of Listed Companies** | None |
| **Special Responsibilities** | Managing Director and Chief Executive Officer |
| **Interests in Shares** | 6,301,316 shares- indirectly held<br>400,000 options |

**Officers**

**Ken Boundy, MBA, M Agr Sc, Fellow of AIM, AIAST**
**Non-Executive Director - Appointed on 6 June 2012**

| | |
|---|---|
| **Experience and expertise** | Mr Boundy is a company director, strategy consultant and businessman – with particular interests in international marketing. Previously Mr Boundy was Managing Director of the Australian Tourist Commission (and then Tourism Australia) from 2001 to 2005, following 15 years in leadership roles in the private sector which covered Divisional Head and CEO roles in the food, wine and building materials industries. |
| **Other Current Directorships of Listed Companies** | Non-Executive Director of Net Comm Wireless Limited. |
| **Former Directorships in the Last Three Years of Listed Companies** | None |
| **Special Responsibilities** | Member of the Remuneration and Audit Committee |
| **Interests in Shares** | 1,073,122 shares - directly held<br>1,479,967 shares - indirectly held<br>300,000 options |

**Dr Mark Cooksey, PhD BSC B. Engineering**
**Chief Executive Officer - Appointed on 1 February 2022**

| | |
|---|---|
| **Experience and expertise** | Dr. Mark Cooksey has an impressive history in research, engineering, and commercialisation of new developments in the aluminium and other metallurgical industries since 1997. Mark commenced his professional career as a Research Engineer in aluminium smelting with Comalco (now Rio Tinto Alcan) in 1997 and became senior research engineer in 2000 before achieving six sigma black belt within the group at Gladstone, Queensland in 2002. He joined the CSIRO in 2004 as Senior Research Engineer. He held roles including Senior Principal Research Leader, leading the technical and commercial development of a number of new process technologies in the minerals and metals industries. This included experience in bauxite processing and REE technologies. Mark holds a PhD (Chemicals & Materials Engineering), Bachelor of Engineering (Materials – First Class Honours) and Bachelor of Science (Information Technology and Applied Mathematics). His significant experience in commercialising new technologies and processes will be a solid base for ABx to expand into the next phase of development. |

**Henry Kinstlinger**

**Company Secretary**

| | |
|---|---|
| **Experience and expertise** | Henry Kinstlinger has, for the past thirty years, been actively involved in the financial and corporate management of a number of public companies and non-governmental organisations. He is currently the Company Secretary of Hudson Investment Group Limited and Frontier Capital Group Limited. He is a corporate consultant with broad experience in investor and community relations and corporate and statutory compliance. |

**Francis Choy MCom MBA FCPA (HK) FCPA CA**

**Chief Financial Officer**

| | |
|---|---|
| **Experience and expertise** | Francis Choy has held a number of senior positions in corporate financial management roles throughout Australia and South East Asia. He has extensive experience in project finance, compliance, acquisition and investment appraisals. He has been involved in project financing, financial management of property development and telecommunication projects in South East Asia. He held senior financial roles for numerous public listed companies both in Hong Kong and Australia. |

**Likely developments**

Information on likely developments in the operations of the Group, known at the date of this report has been covered generally within the report. In the opinion of the Directors providing further information would prejudice the interests of the Group.

**Risk Management**

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

**Significant changes in nature of activities**

Please refer Review of Operations section for details.

**Matters subsequent to balance date**

At the date of this report, there are no other matters or circumstances which have arisen since 31 December 2021 that have significantly affected or may significantly affect:

- The operations, in financial years subsequent to 31 December 2021, of the Group;
- The results of those operations; or
- The state of affairs, in financial years subsequent to 31 December 2021, of the Group.

**Environmental regulations**

The Group is subject to significant environmental regulation in respect of its exploration activities as follows:

- The Company's operations in the State of Queensland involve drilling operations. These operations are governed by the *Queensland Government Environmental Protection Act (1994)* as reprinted February 2007.
- The Company's operations in the State of NSW involve exploration activities including drilling. These operations are governed by the *Environment Planning and Assessment Act 1979.*
- The Company's operations in the State of Tasmania involve exploration activities including drilling. These operations are governed by the *Environmental Management and Pollution Control Act 1994.*
- The Company operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers.
- The Company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are mindful of the regulatory regime in relation to the impact of the Company's activities on the environment.
- To the best of the directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

**Environmental Code of Practice for Bauxite mineral exploration**

The Company is committed to conducting its exploration programs by following industry best practice in accordance with published government guidelines and codes. The following policy is specific to bauxite exploration on the Company's Eastern Australian bauxite province.

**Access to Land**

Prior to the commencement of any work, the Company makes contact with landholders/leaseholders and discusses the general aims and types of work likely to be conducted. Discussion with landowners, leaseholders and Native Title Claimants is ongoing. It commences prior to any work being conducted and continues throughout the program and beyond the cessation of exploration work.

The Company establishes conditions of access with landholders and where practicable, signs a written access agreement that sets out conditions and includes a schedule of agreed compensation payments. The Company endeavours to provide landholders with ample warning prior to commencing any work and landholders are kept informed upon commencement, during and upon completion of an exploration program.

**Type of Land**

The type of land is determined and its inhabitants are assessed to identify areas of particular environmental concern including identification of sensitive areas or areas prone to erosion, water catchment, heritage sites, and areas home to vulnerable and endangered species. Land use is taken into consideration and land under cultivation is not disturbed without the express consent of the landholder.

**Mineral Exploration Programs Access**

The Company utilises existing tracks for access where possible. Climatic conditions are considered when assessing areas to avoid access during extreme conditions such as during bush fire risk during hot, windy conditions and damage to tracks after heavy rain. Surface disturbances are kept to a minimum.

**Drilling**

Drilling programs include rehabilitation and where possible holes are positioned in areas requiring little or no clearing. Small, manoeuvrable drill rigs are used to minimise the need for track clearing and to reduce ground compaction. Where required, topsoil is removed and stored separately so that it can be replaced during rehabilitation of the site. Ground sheets are used where required to avoid oil/fuel spills contaminating the soil.

**Rehabilitation**

Drill sites are rehabilitated as soon as practicable and drill holes are filled and capped where necessary. Landholders are asked to confirm at the end of each program that exploration has been conducted to their satisfaction and that sites have been rehabilitated.

# REMUNERATION REPORT – AUDITED

This information provided in this Remuneration Report has been audited as required under section 308 (3C) of the *Corporations Act 2001.*

This report outlines the remuneration arrangements in place for Directors and Executives of the Company.

**Remuneration committee**

The Remuneration Committee, which presently consists of the whole board, will serve to determine the remuneration levels of any Executive Director's remuneration (including base salary, incentive payments, equity awards and service contracts) and remuneration issues for Non-Executive Directors.

The Committee meets as often as required but not less than once per year.

The Committee met once during the year as disclosed in the table of Directors Meetings disclosed on page xx.
Options granted to directors and key management personnel do not have performance conditions. As such the Group does not have a policy for directors and key management personnel removing the "at risk" aspect of options granted to them as part of their remuneration.

**Directors' and other Key Management Personnel remuneration**

The following persons were Directors of the Company during the whole financial year, unless otherwise stated.

- Paul A Lennon Non-Executive Chairman
- Ian Levy Executive Director
- Ken Boundy Non-Executive Director

The following persons were other key management personnel of the Company during the financial year:

- Dr Mark Cooksey Chief Executive Officer
- Leon Hawker Chief Operating Officer
- Paul Glover General Manager
- Nathan Towns Operation Manager
- Henry Kinstlinger Company Secretary

Executive's remuneration and other terms of employment are reviewed annually having regard to relevant comparative information and independent expert advice. As well as basic salary, remuneration packages include superannuation. Directors are also able to participate in an Employee Share Option Plan.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Group's operations.

Consideration is also given to reasonableness, acceptability to shareholders and appropriateness for the current level of operations.

Remuneration of Non-Executive Directors is determined by the Board based on recommendations from the Remuneration Committee and the maximum amount approved by shareholders from time to time.

Performance conditions

The elements of remuneration as detailed within the Remuneration Report are dependent on the satisfaction of the individual's performance and the Group's financial performance.

The Board undertakes an annual review of its performance and the performance of the Board Committees.

Details of the nature and amount of each element of the remuneration of each Director of the Company and each specified executive of the Company and the Group receiving the highest remuneration are set out in the following tables. The remuneration amounts are the same for the Company and the Group.

**Directors and Other Key Management Personnel of ABX Group Limited**

| | Short Term Employee Benefits | | Post Employment Benefits | Long Term Benefits | | |
|---|---|---|---|---|---|---|
| | **Salary & other fees** | **Non-Monetary Benefits** | **Super-annuation** | **Long Service Leave** | **Share Based Payments** | **Total** |
| **Consolidated Group** | **$** | **$** | **$** | **$** | **$** | **$** |
| **2021** | | | | | | |
| **Directors** | | | | | | |
| Paul A Lennon | **174,250** | **-** | **-** | **-** | **-** | **174,250** |
| Ian Levy | **31,250** | **-** | **-** | **-** | **-** | **31,250** |
| Ken Boundy | **50,000** | **-** | **-** | **-** | **-** | **50,000** |
| **Total-Directors** | **255,500** | **-** | **-** | **-** | **-** | **255,500** |
| **Other KMP** | | | | | | |
| Leon Hawker | **200,000** | **-** | **19,500** | **3,330** | **-** | **222,830** |
| Paul Glover | **200,000** | **-** | **19,500** | **3,330** | **-** | **222,830** |
| Mark Cooksey | **220,000** | **-** | **21,450** | **3,668** | **-** | **245,118** |
| Henry Kinstlinger | **109,890** | **-** | **-** | **-** | **-** | **109,890** |
| Nathan Towns | **157,500** | **-** | **15,375** | **5,397** | **-** | **178,272** |
| **Total-KMP** | **887,390** | **-** | **75,825** | **15,725** | **-** | **978,940** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| **2020** | | | | | | |
| **Directors** | | | | | | |
| Paul A Lennon | 20,000 | - | - | - | 159,000 | 179,000 |
| Ian Levy | 10,000 | - | - | - | 281,250 | 291,250 |
| Ken Boundy | - | - | - | - | 80,000 | 80,000 |
| **Total-Directors** | 30,000 | - | - | - | 520,250 | 550,250 |
| **Other KMP** | | | | | | |
| Leon Hawker | 200,000 | - | 19,000 | 3,330 | - | 222,330 |
| Paul Glover | 200,000 | - | 19,000 | 3,333 | - | 222,333 |
| Mark Cooksey | 191,665 | - | 18,208 | 3,356 | - | 213,229 |
| Henry Kinstlinger | 109,890 | - | - | - | - | 109,890 |
| Benjamin Amzalak | 135,000 | - | 12,825 | 7,302 | - | 155,127 |
| **Total-KMP** | 836,555 | - | 69,033 | 17,321 | - | 922,909 |

The amounts reported represent the total remuneration paid by entities in the ABX Group Limited of companies in relation to managing the affairs of all the entities within the ABX Group Limited.

There is no performance conditions related to any of the above payments.

There is no other element of Directors and Executives remuneration.

**Executive services agreement**

In addition the Company has agreed with Mr Ian Levy as Managing Director in providing the services to the Company at an agreed rate of $250,000 for the year 2021. Shares had been issued to Mr Ian Levy and approved by shareholders during 2021 for his services rendered in the previous year, 2020.

There was one service agreement in place formalising the terms of remuneration of Dr Mark Cooksey. The agreement has no specific term, remunerated in $220,000 p.a and may be terminated by either party upon reasonable notice. The Company may terminate the agreement in the event of serious misconduct by either party without any compensatory payment.

There was one service agreement in place formalising the terms of remuneration of Mr Hawker. The agreement has no specific term, remunerated in $200,000 p.a and may be terminated by either party upon reasonable notice. The Company may terminate the agreement in the event of serious misconduct by either party without any compensatory payment.

There was one service agreement in place formalising the terms of remuneration of Mr Glover. The agreement has no specific term, remunerated in $200,000 p.a and may be terminated by either party upon reasonable notice. The Company may terminate the agreement in the event of serious misconduct by either party without any compensatory payment.

There was one service agreement in place formalising the terms of remuneration of Mr Towns. The agreement has no specific term, remunerated in $157,500 p.a and may be terminated by either party upon reasonable notice. The Company may terminate the agreement in the event of serious misconduct by either party without any compensatory payment.

**Corporate Service agreements**

The Company has entered into a Corporate Service Agreement with Hudson Asset Management Pty Limited pursuant to which Hudson Asset Management Pty Limited has agreed to provide its office management, registered office, administrative, accounting and secretarial services.

The term of the Corporate Services Agreement has no fixed expiry term and the fee payable is that amount agreed between the parties from time to time. The terms of the Corporate Services Agreement provide that Hudson Asset Management Pty Limited shall act in accordance with the directions of the Board.

**Share options granted to Directors and Other Key Management Personnel**

For details please refer to Note 24 of the financial statements.

**End of audited remuneration report.**

**Shares under option**

Unissued ordinary shares of ABX Group Limited under option at the date of this report are as follows:

| Class | Date options granted | Expiry Date | Exercise Price | No. of Options |
|---|---|---|---|---|
| Share placement option | 24.05.2021 | 31.05.2023 | $0.20 | 5,534,000 |
| Share placement option | 24.05.2021 | 31.05.2023 | $0.20 | 32,500,000 |
| Share purchase plan option | 29.10.2021 | 31.05.2023 | $0.20 | 40,786,500 |
| | | | | 78,820,500 |

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

**Shares issued on the exercise of options**

No options were exercised during the year.

**Directors' and Officers' indemnities and insurance**

During the financial year ABX Group Limited (holding company) paid an insurance premium, insuring the Company's Directors, (as named in this report), Company Secretary, Executive officers and employees against liabilities not prohibited from insurance by the *Corporations Act 2001*.

A confidentiality clause in the insurance contract prohibits disclosure of the amount of the premium and the nature of insured liabilities.

**Rounding**

The amounts contained in the financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

**Proceedings on behalf of the Company**

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

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

**Auditor's independence declaration**

The auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 17.

**Non-audit services**

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor (K.S. Black & Co) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for services provided by the auditor of the parent and group entity:

| | Consolidated Group | |
|---|---|---|
| | **2021** | 2020 |
| | **$** | $ |
| **Audit services:** | | |
| Amounts paid or payable to auditors for audit and review of the financial report for the entity or any entity in the Group | | |
| Audit services | **32,970** | 31,670 |
| Review services | **12,645** | 12,155 |
| **Taxation and other advisory services:** | | |
| Amounts paid or payable to auditors for non-audit taxation and advisory services for the entity or any entity in the Group | | |
| Taxation | **3,900** | 3,700 |
| Advisory services | **-** | - |
| | **49,515** | 47,525 |

The Directors' Report, incorporating the Remuneration Report, is signed in accordance with a Resolution of the Board of Directors.

**Ian Levy**
**Executive Director**
Signed at Sydney
31 March 2022

**Paul Lennon**
**Non-Executive Chairman**

# AUDITOR'S INDEPENDENCE DECLARATION

Level 6
350 Kent Street
SYDNEY NSW 2000

75 Lyons Road
DRUMMOYNE NSW 2047

K.S. Black & Co.
ABN 48 117 620 556

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

***Lead Auditors' Independence Declaration under Section 307C of the Corporations Act 2001***

To the Members of Australian Bauxite Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2021 there has been:

i. no contraventions of the auditor independence requirements as set out in 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.

The entities are in respect of Australian Bauxite Limited and the entities it controlled during the period.

KS Black & Co
Chartered Accountants

S Benn

Scott Bennison
Partner

Dated in Sydney on this 31st day of March 2022

Phone 02 8839 3000
Fax 02 8839 3055

Liability limited by a scheme approved under Professional Standards Legislation

COVER OF EXCELLENCE

CHARTERED ACCOUNTANTS AUSTRALIA + NEW ZEALAND

# CORPORATE GOVERNANCE STATEMENT

The Company has adopted this Corporate Governance Plan, which forms the basis of a comprehensive system of control and accountability for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent they are applicable to the Company, the Board has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition ("**Principles and Recommendations**").

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size and scope, the size of the board and the implementation of additional corporate governance policies and structures will be reviewed.

**a) *Board Responsibilities***

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

i. maintain and increase Shareholder value;
ii. ensure a prudential and ethical basis for the Company's conduct and activities;
iii. ensure compliance with the Company's legal and regulatory objectives consistent with these goals, the Board assumes the following responsibilities:
    a. developing initiatives for profit and asset growth;
    b. reviewing the corporate, commercial and financial performance of the Company on a regular basis;
    c. acting on behalf of, and being accountable to, the Shareholders; and,
    d. identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully informed basis;

**b) *Composition of the Board***

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

i. the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and,
ii. the principal criteria for the appointment of new directors is their ability to add value to the Company and its business. All incumbent directors bring an independent judgement to bear in deliberations and the current representation is considered adequate given the stage of the Company's development. The names, qualifications and relevant experience of each Director are set out at in the directors section of this website at http://www.abxgroup.com.au/site/about/board-and-management

**c) *Code of Conduct***

As part of its commitment to recognising the legitimate expectations of stakeholders and promoting practices necessary to maintain confidence in ABX's integrity, ABX has an established Code of Conduct (the **Code**) to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of ABX personnel for reporting and investigating unethical practices or circumstances where there are beaches of the Code.

These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. This Code governs all ABX commercial operations and the conduct of Directors, employees, consultants, contactors and all other people when they represent ABX. This Code also governs the responsibility and accountability required of ABX personnel for reporting and investigating unethical practices.

The Board, management and all employees of ABX are committed to implementing this Code and each individual is accountable for such compliance. A copy of the Code is given to all employees, contractors and relevant personnel, including directors, and is available on the ABX website (under "Corporate Governance").

**d) *Diversity Policy***

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

A copy of ABX Diversity Policy is available on the ABX website (under “Corporate Governance”).

**e) *Continuous Disclosure***

The board has designated ABX’s Company Secretary as the person responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

The board has established a written policy for ensuring compliance with ASX Listing Rule disclosure requirements and accountability at senior executive level for that compliance. A copy of ABX continuous disclosure policy can be found on ABX web site (under “Corporate Governance”).

**f) *Whistle-blower policy***

ABX is committed to the highest standards of conduct and ethical behaviour in all of our business activities, and to promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance.

ABX encourages the reporting of any instances of suspected unethical, illegal, fraudulent or undesirable conduct involving ABX's businesses, and will ensure that those persons who make a report shall do so without fear of intimidation, disadvantage or reprisal.

A copy of ABX Whistle-blower Policy is available on the ABX website (under “Corporate Governance”).

**g) *Anti-bribery and corruption policy***

ABX has zero tolerance for bribery and corruption and are committed to identifying and preventing bribery and corruption. Any breach will be treated seriously and may result in disciplinary action, dismissal or termination of contract.

A copy of ABX Anti-bribery and Corruption Policy is available on the ABX website (under “Corporate Governance”).

**h) *Audit Committee and Management of Risk***

The Company’s board sits as the audit and risk committee.

**i) *Remuneration Arrangements***

The Board will decide the remuneration of an executive Director, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors’ remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed $200,000 per annum.

In addition, a Director may be paid fees or other amounts (subject to any necessary Shareholder approval) for example non-cash performance incentives such as Options as determined by the Board where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors. The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors’ time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

### *j) Shareholder Communications*

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions. Information is communicated to Shareholders through:

i. annual and half-yearly financial reports and quarterly reports;
ii. annual and other general meetings convened for Shareholder review and approval of Board proposals;
iii. continuous disclosure of material changes to ASX for open access to the public; and,
iv. the Company maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

The auditor is invited to attend the annual general meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

### **k)** *Trading in ABX Shares*

ABX Share Trading Policy prohibits Directors from taking advantage of their position or information acquired, in the course of their duties, and the misuse of information for personal gain or to cause detriment to ABX.

Directors, senior executives and employees are required to advise ABX's Company Secretary of their intentions prior to undertaking any transaction in ABX securities.

If an employee, officer or director is considered to possess material non-public information, they will be precluded from making a security transaction until after the time of public release of that information.

A copy of ABX Share Trading Policy is available on the ABX website (under "Corporate Governance").

### **l)** *Corporate Social Responsibility*

ABX is committed to conducting our operations and activities in harmony with the environment and society, and wherever practicable to work in collaboration with communities and government institutions in decision-making and activities for effective, efficient and sustainable solutions.

Our aim is to minimize our environmental footprint and safeguard the environment while sharing the benefits of share the benefits of mining with our employees and the community and contribute to economic and social development, minimizing our environmental footprint and safeguarding the environment, now and for future generations.

A copy of ABX Environmental, Health and Social Charter is available on the ABX website (under "Corporate Governance").

### **m)** *Departures from Recommendations*

The Company is required to report any departures from the recommendations in its annual financial report.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

**For the year ended 31 December 2021**

| | Notes | **Consolidated Group 2021 $'000** | 2020 $'000 |
|---|---|---|---|
| Revenue | 4 | **50** | 2,279 |
| Other income and expenses | 4 | **506** | 1,654 |
| Administrative development and exploration expenses | 5 | **(6,155)** | (4,472) |
| Finance costs | 5 | **(269)** | (55) |
| **Profit/(Loss) before income tax** | | **(5,868)** | (594) |
| Income tax | 6(a) | **-** | - |
| **Profit/(Loss) after tax for the year** | | **(5,868)** | (594) |
| **Other Comprehensive Income** | | | |
| Other comprehensive income | | **-** | - |
| Income tax | | **-** | - |
| Other comprehensive income after tax | | **-** | - |
| Total comprehensive income | | **(5,868)** | (594) |
| Profit attributable to non-controlling interest | | **252** | 45 |
| **Total comprehensive income/(loss) attributable to members of the consolidated entity** | | **(5,616)** | (549) |
| **Earnings/(Loss) per share** | | **Cents** | Cents |
| Basic earnings/(loss) per share (cents) | 23 | **(3.24)** | (0.37) |
| Diluted earnings/(loss) per share (cents) | 23 | **(2.23)** | (0.37) |

The above Statement should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**As at 31 December 2021**

| | Notes | **Consolidated Group** **2021** | 2020 |
|---|---|---|---|
| **ASSETS** | | **$'000** | $'000 |
| **Current assets** | | | |
| Cash and cash equivalents | 7 | **6,095** | 901 |
| Trade and other receivables | 8 | **137** | 100 |
| Other current assets | 9 | **138** | 93 |
| Financial assets | 12 | **-** | - |
| Total current assets | | **6,370** | 1,094 |
| **Non-current assets** | | | |
| Trade and other receivables | 8 | **-** | 37 |
| Plant and equipment - net | 10 | **128** | 299 |
| Mining tenements | 11 | **13,247** | 15,493 |
| Other non-current asset | | **87** | - |
| Total non-current assets | | **13,462** | 15,829 |
| **Total Assets** | | **19,832** | 16,923 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 13 | **1,107** | 1,127 |
| Employee benefits provision | 14 | **157** | 129 |
| Other Liabilities | 15 | **1,653** | 271 |
| Total current liabilities | | **2,917** | 1,527 |
| **Non-current liabilities** | | | |
| Employee benefits provision | 14 | **158** | 138 |
| Other Liabilities | 15 | **-** | 315 |
| Total non-current liabilities | | **158** | 453 |
| **Total Liabilities** | | **3,075** | 1,980 |
| **Net Assets** | | **16,757** | 14,943 |
| **EQUITY** | | | |
| Issued capital | 16 | **32,736** | 25,749 |
| Reserves | 17 | **3,268** | 2,938 |
| Accumulated losses | | **(19,368)** | (13,752) |
| Total equity attribute to equity holder of parent entity | | **16,636** | 14,935 |
| Non-controlling interest | | **121** | 8 |
| **Total Equity** | | **16,757** | 14,943 |

The above Statement should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**For the year ended 31 December 2021**

| Consolidated Group | Notes | Issued Capital $'000 | Reserve $'000 | Non-controlling interest $'000 | Accumulated Losses $'000 | Total Equity $'000 |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2021** | 16 | **25,749** | **2,938** | **8** | **(13,752)** | **14,943** |
| Share placement | | **7,329** | **-** | **-** | **-** | **7,329** |
| Share issuing cost | | **(342)** | **-** | **-** | **-** | **(342)** |
| Business combination | | **-** | **330** | **113** | **-** | **443** |
| Profit/(loss) for the year | | **-** | **-** | **-** | **(5,616)** | **(5,616)** |
| **Balance at 31 December 2021** | 16 | **32,736** | **3,268** | **121** | **(19,368)** | **16,757** |
| **Balance at 1 January 2020** | | 25,312 | 2,691 | 16 | (13,203) | 14,816 |
| Share placement | | 437 | - | - | - | 437 |
| Share issuing cost | | - | - | - | - | - |
| Business combination | | - | 247 | (8) | - | 239 |
| Profit/(loss) for the year | | - | - | - | (549) | (549) |
| **Balance at 31 December 2020** | 16 | 25,749 | 2,938 | 8 | (13,752) | 14,943 |

The above Statement should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

**For the year ended 31 December 2021**

| | | Consolidated Group | |
|---|---|---|---|
| | | **2021** | 2020 |
| | Notes | **$'000** | $'000 |
| **Cash flows from operating activities** | | | |
| Receipts from customers | | **41** | 2,261 |
| Payments to suppliers, service providers and employees | | **(2,859)** | (4,010) |
| Interest paid | | **-** | (49) |
| Interest received | | **2** | 12 |
| **Net cash (used in)/provided by from operating activities** | 19 | **(2,816)** | (1,786) |
| | | | |
| **Cash flows from investing activities** | | | |
| Acquisition of plant and equipment | | **(91)** | (52) |
| Repayment from/(Advance to) other entities | | **-** | (91) |
| Advanced from other party | | **-** | (300) |
| Government fund refunded | | **506** | 1,500 |
| **Net cash provided by/(used in) from investing activities** | | **415** | 1,057 |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from issues of shares | | **7,329** | 437 |
| Share issuing costs | | **(342)** | - |
| Issue shares - controlled entity | | **625** | 284 |
| Share issuing cost – controlled entity | | **(17)** | - |
| **Net cash provided by/(used in) from financing activities** | | **7,595** | 721 |
| | | | |
| **Net (decrease)/ increase in cash and cash equivalents** | | **5,194** | (8) |
| Cash and cash equivalents at the beginning of the year | | **901** | 909 |
| **Cash and cash equivalents at the end of the year** | 7 | **6,095** | 901 |

The above Statement should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

**For the year ended 31 December 2021**

## 1. CORPORATE INFORMATION

The consolidated financial statement and notes of ABX Group Limited for the year ended 31 December 2021 was authorised for issue in accordance with a resolution of the Directors and covers ABX Group Limited as an individual parent entity as well as the consolidated entity consisting of ABX Group and its subsidiaries as required by the *Corporations Act 2001.*

The consolidated financial statement and notes is presented in Australian currency.

ABX Group Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (**ASX**).

The Company was incorporated as an unlisted public company on 23 September 2009 and successfully listed on the ASX on 24 December 2009.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporation Act 2001*.

*Statement of Compliance*

Compliance with Australian Accounting Standards ensures that the financial report of ABX Group Limited complies with International Financial Reporting Standards (‘IFRS”).

*Critical to accounting estimates*

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

*Critical judgements*

Management have made the following judgements when applying the Group's accounting policies:

Capitalisation of exploration costs

The Group follows the guidance of AASB 6 Exploration for and Evaluation of Mineral Resources when determining if exploration costs incurred can be capitalised. This determination requires significant judgement. In making this judgement, the Group evaluates if any one of the following conditions is met:

- The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.
- During the financial year, there were commodity price drops. No impairment losses were recognised as no significant production has occurred resulting in sales at prices requiring write-down of capitalised expenditures.

If one of the above conditions is met then the Group has made the judgement to capitalise the associated exploration expenses.

*Going Concern*

This financial report has been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and payments of liabilities in the normal course of business.

The directors believe the Company will be able to pay its debts as and when they fall due and to fund near term anticipated activities.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

*Historical cost convention*

These financial statements have been prepared on an accruals basis and are based on the historical cost convention except where noted in these accounting policies.

*Material Accounting Policies*

The policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

*ASIC Class Order 98/100*

The Company is of a kind referred to in ASIC Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

### b. Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ABX Group Limited (the "parent entity") as at reporting date and the results of all subsidiaries for the year then ended. ABX Group Limited and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- The consideration transferred;
- Any non-controlling interest; and

The acquisition date fair value of any previously held equity interests over the acquisition date fair value of net assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity holdings shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The purchase method of accounting is used to account for the acquisitions of subsidiaries by the Group.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

### c. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. Reporting to management by segments is on this basis.

### d. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

*Interest Revenue*

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

*Other Income*

Income from other sources is recognised when proceeds or the fee in respect of other products or services provided is receivable.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### e. Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and its wholly owned entities are part of a tax-consolidated group under Australian taxation law. ABX Group Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The amounts receivable/payable under tax funding arrangements are due upon notification by the entity which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiary. These amounts are recognised as current intercompany receivables or payables.

### f. Goods and services tax (GST)

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; and
- 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 Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows 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.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### g. Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### h. Cash and cash equivalents

For the purpose of the statement of cash flows, cash includes cash on hand and in at call deposits with banks or financial institutions, investment in money market instruments maturing within less than two months, net of bank overdrafts.

### i. Trade and other receivables

Trade receivables are recognised initially at original invoice amounts and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that entities in the Group will not be able to collect all amounts due according to the original terms of receivables.

### j. Financial Instruments

*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

*Classification and subsequent measurement*

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

(d) less any reduction for impairment.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

*(i) Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting date. (All other loans and receivables are classified as non-current assets.)

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after reporting date. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after reporting date. (All other financial assets are classified as current assets.)

*(v) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

*Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

*Impairment*

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

*Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**k. Tenement exploration, evaluation and development costs**

Costs incurred in the exploration for, and evaluation of, tenements for suitable resources are carried forward as assets provided that one of the following conditions is met:

- the carrying values are expected to be justified through successful development and exploitation of the area of interest; or
- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.
- Expenses failing to meet at least one of the aforementioned conditions are expensed as incurred.

Costs associated with the commercial development of resources are deferred to future periods, provided they are, beyond any reasonable doubt, expected to be recoverable. These costs are amortised from the commencement of commercial production of the product to which they relate on a straight-line basis over the period of the expected benefit. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

**l. Property, plant and equipment**

Land and building are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measure reliably. All other repairs and maintenance are charged to the Consolidated Statement of Profit or Loss and other Comprehensive Income during the financial period in which they are incurred.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

Increases in the carrying amounts arising on revaluation of land and buildings are credited to the asset revaluation reserve in equity. A revaluation surplus is credited to the asset revaluation reserve included within shareholder's equity unless it reverses a revaluation decrease on the same asset previously recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. A revaluation deficit is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive unless it directly offsets a previous revaluation surplus on the same asset in the asset revaluation reserve.

On disposal, any revaluation reserve relating to sold assets is transferred to retained earnings. Independent valuations are performed regularly to ensure the carrying amounts of land and buildings do not differ materially from the fair value at the Consolidated Statement of Financial Position date.

Land is not depreciated. Depreciation on other assets is calculated using the straight line, over their estimated useful lives, as follows:

Plant and equipment 5-15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

Any asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

**m. Leases**

*Company as lessee*

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases, and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Capitalised leased assets are depreciated over the shorter for the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis.

*Company as lessor*

Lease income from operating leases is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a straight –line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying value of the leased asset and recognised as an expense over the lease term on the bases as the lease income.

**n. Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### o. Restoration and rehabilitation provisions

Both for close down and restoration and for environmental clean-up costs from exploration programs, if any, a provision will be made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

### p. Employee benefits

*(i) Short term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*(ii) Other long term employee benefits*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

### q. Contributed equity

Ordinary shares are classified as equity

### r. Other equity

Convertible notes which are settled for a fixed amount of cash; may only be converted into a fixed number of shares and may not be redeemed for cash or other financial asset, are treated as other equity.

### s. Share based payments

Ownership-based remuneration is provided to employees via an employee share option plan.
Share-based compensation is recognised as an expense in respect of the services received, measured on a fair value basis.
The fair value of the options at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

### t. Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for costs of servicing equity (other than dividends), the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### u. New accounting standards for application

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. We have viewed these standards and interpretations and there are none having any material effect.

## 3. FINANCIAL RISK MANAGEMENT

### a. General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group'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 Group'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 has overall responsibility for the determination of the Group'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 Group's finance function.

The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Board receives reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's finance function also reviews the risk management policies and processes and reports their findings to the Audit Committee.

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

### b. Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group.

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

| | **Consolidated Group** | |
|---|---|---|
| | **2021** | 2020 |
| **Financial Assets** | **$'000** | $'000 |
| **Current** | | |
| Cash and cash equivalents | **6,095** | 901 |
| Trade and other receivables | **137** | 100 |
| **Non-Current** | | |
| Trade and other receivables | **-** | 37 |
| | **6,232** | 1,038 |
| **Financial liabilities** | | |
| **Current** | | |
| Trade and other payables | **1,107** | 1,127 |
| | **1,107** | 1,127 |

## 3. FINANCIAL RISK MANAGEMENT continued

### c. Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments that is, borrowing repayments. There is no bank borrowing at the balance date. It is the policy of the Board of Directors that treasury reviews and maintains adequate committed credit facilities and the ability to close-out market positions.

**Maturity Analysis of financial assets**

| | Carrying Amount | Contractual Cash Flows | < 6 mths | 6 - 12 mths | 1 - 3 years | > 3 years |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Consolidated** | | | | | | |
| **2021** | | | | | | |
| **Current** | | | | | | |
| Cash and cash equivalent | **6,095** | **6,095** | **6,095** | **-** | **-** | **-** |
| Trade and other receivables | **137** | **137** | **98** | **39** | **-** | **-** |
| **Non-current** | | | | | | |
| Trade and other receivables | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total financial assets** | **6,232** | **6,232** | **6,193** | **39** | **-** | **-** |
| | | | | | | |
| **2020** | | | | | | |
| **Current** | | | | | | |
| Cash and cash equivalent | 901 | 901 | 901 | - | - | - |
| Trade and other receivables | 100 | 100 | 57 | 43 | - | - |
| **Non-current** | | | | | | |
| Trade and other receivables | 37 | 37 | - | - | 37 | - |
| **Total financial assets** | 1,038 | 1,038 | 958 | 43 | 37 | - |

**Maturity Analysis of financial liabilities**

| | Carrying Amount | Contractual Cash Flows | < 6 mths | 6 - 12 mths | 1 - 3 years | > 3 years |
|---|---|---|---|---|---|---|
| **Consolidated Group** | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **2021** | | | | | | |
| **Financial Liabilities** | | | | | | |
| **Current** | | | | | | |
| Trade and other payables | **1,107** | **1,107** | **256** | **851** | **-** | **-** |
| **Non-Current** | | | | | | |
| Other Liabilities | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total financial liabilities at amortised cost** | **1,107** | **1,107** | **256** | **851** | **-** | **-** |
| | | | | | | |
| **2020** | | | | | | |
| **Financial Liabilities** | | | | | | |
| **Current** | | | | | | |
| Trade and other payables | 1,127 | 1,127 | 276 | 851 | - | - |
| **Non-Current** | | | | | | |
| Other Liabilities | - | - | - | - | - | - |
| **Total financial liabilities at amortised cost** | 1,127 | 1,127 | 276 | 851 | - | - |

## 3. FINANCIAL RISK MANAGEMENT continued

### d. Interest rate risk

The Group is constantly monitoring its exposure to trends and fluctuations in interest rates in order to manage interest rate risk. There is no bank borrowing at the balance date; therefore there is no material exposure to interest rate risk.

Sensitivity analysis

There is no bank borrowing at the balance date.

The following tables demonstrate the sensitivity to reasonably possible changes in interest rates, with all other variables held constant, of the Group's profit after tax (through the impact on fluctuation on deposit interest rate). There is no impact on the Group's equity.

| Consolidated Group | Carrying Amount $'000 | +1% of Profit/ (Loss) $'000 | -1% of Profit/ (Loss) $'000 |
|---|---|---|---|
| **2021** | | | |
| Cash and cash equivalents | **6,095** | **61** | **(61)** |
| Tax charge of 25% | **-** | **(15)** | **15** |
| After tax increase/(decrease) | **6,095** | **46** | **(46)** |
| **2020** | | | |
| Cash and cash equivalents | 901 | 9 | (9) |
| Tax charge of 26% | | (3) | 3 |
| After tax increase/(decrease) | 901 | 6 | (6) |

### e. Currency risk

In 2021, the consolidated entity and parent entity were not exposed to foreign currency risk (2020: Nil)

### f. Capital risk management

The Group considers its capital to comprise its ordinary share capital and reserves.

In managing its capital, the group's primary objectives are to pay dividends and maintain liquidity. These objectives dictate any adjustments to capital structure. Rather than set policies, advice is taken from professional advisors as to how to achieve these objectives. There has been no change in either these objectives or what is considered capital in the year.

## 4. REVENUE

| | Consolidated Group | |
|---|---|---|
| | **2021 $'000** | 2020 $'000 |
| **Revenue** | | |
| Sale of mineral | **41** | 2,261 |
| Interest income | **9** | 18 |
| | **50** | 2,279 |
| **Other Income and expenses** | | |
| Government research and development concession refunded | **506** | 1,500 |
| Gain on disposal of vehicle | **-** | 27 |
| Others | **-** | 127 |
| | **506** | 1,654 |

## 5. EXPENSES

| | Consolidated Group | |
|---|---|---|
| | **2021** | 2020 |
| | **$'000** | $'000 |
| Profit/(loss) before income tax arrived after (charging)/crediting the following specific items: | | |
| **Administrative development and exploration expenses** | | |
| Directors and employee salaries and on costs not capitalised | **(409)** | (500) |
| Consulting and professional fee | **(214)** | (101) |
| Cost of sales, Development and Exploration expenses not capitalised | **(5,167)** | (3,601) |
| Others | **(365)** | (270) |
| | **(6,155)** | (4,472) |
| **Finance costs** | | |
| Depreciation | **(261)** | (1) |
| Interest paid | **-** | (32) |
| Provision for doubtful debt | **(5)** | (12) |
| Others | **(3)** | (10) |
| | **(269)** | (55) |

## 6. INCOME TAX

### a. Income tax

| | Consolidated Group | |
|---|---|---|
| | **2021** | 2020 |
| | **$'000** | $'000 |
| Current tax expense | **-** | - |
| Deferred tax expense | **-** | - |
| Total income tax expense | **-** | - |
| Deferred tax expense | | |
| Increase/(decrease) in deferred tax expense | **-** | - |

### b. Numerical reconciliation of income tax expense to prima facie tax payable

| | Consolidated Group | |
|---|---|---|
| | **2021** | 2020 |
| | **$'000** | $'000 |
| Profit/(Loss) from continuing operations before income tax expense | **(5,868)** | (549) |
| Income tax expense (benefit) calculated at 25% (2020:26%) | **(1,467)** | (142) |
| Permanent differences | **368** | - |
| Timing differences not brought to account | **477** | (162) |
| Tax losses not brought to account accrued during the year | **622** | 304 |
| Income tax expense at effective tax rate of 25% (2020:26%) | **-** | - |

**INCOME TAX continued**

### c. Unrecognised deferred tax assets and liabilities

| | Consolidated Group | |
|---|---|---|
| | **2021** | 2020 |
| | **$'000** | $'000 |
| Deferred tax assets and liabilities have not been recognised in the balance sheet for the following items: | | |
| Prior year unrecognised tax losses now ineligible due to change in tax consolidation group | | |
| Other deductible temporary differences | **(337)** | (164) |
| Deferred tax asset in respect of exploration activities not brought to account | **15,492** | 4,030 |
| Deferred tax liability in respect of exploration activities not recognized to the extent of unrecognized deferred tax asset | **(13,246)** | (4,028) |
| Deferred tax asset/(liability) in respect of exploration activities not recognised to the extent of unrecognised deferred tax asset & failure of the probability criteria | **1,909** | (162) |

## 7. CASH AND CASH EQUIVALENTS

| | Consolidated Group | |
|---|---|---|
| | **2021** | 2020 |
| | **$'000** | $'000 |
| Cash and cash equivalents | **6,065** | 556 |
| Cash held in trust – tenement deposit and guarantee | **30** | 345 |
| | **6,095** | 901 |

### a. Reconciliation to cash at the end of the year

| | Consolidated Group | |
|---|---|---|
| | **2021** | 2020 |
| | **$'000** | $'000 |
| The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows: | | |
| Cash and cash equivalents | **6,095** | 901 |
| Balances per Statement of Cash Flows | **6,095** | 901 |
| | | |
| Weighted Average Interest Rates | **0.95%** | 1.14% |

### b. Interest rate risk exposure

The Group's and the parent entity's exposure to interest rate risk is discussed in Note 3.

## 8. TRADE AND OTHER RECEIVABLES

| | Consolidated Group | |
|---|---|---|
| | **2021** | 2020 |
| **Current** | **$'000** | $'000 |
| Tenement security deposit | **58** | 43 |
| Receivable - advance to other parties | **-** | 76 |
| Receivables - GST | **40** | 57 |
| Provision for doubtful debt | **-** | (76) |
| Others | **39** | - |
| | **137** | 100 |
| **Non-Current** | | |
| Receivable - Employee share plan | **-** | 148 |
| Provision for doubtful debt | **-** | (111) |
| | **-** | 37 |

**a. Impaired receivables and receivables past due**

None of the current or non-current receivables are impaired or past due but not impaired.

**b. Receivable - advance to other parties**

The Company advanced a $30,000 unsecured interest bearing full recourse loan to Mr Kinstlinger in 2012. The advance was settled during the reporting period.

The Company advanced a $35,000 interest bearing full recourse unsecured loan to consultant in 2014. The advance was settled during the reporting period.

Please refer to Note 24 for details.

**c. Receivables - GST**

These amounts relate to receivables for GST paid.

**d. Receivable Employee share plan**

The Company advanced $0.14 million interest bearing full recourse loan to three employees under the Company's employee share option plan in late 2014. The advances were settled during the reporting period.

Please refer Note 24 for details.

## 8. TRADE AND OTHER RECEIVABLES continued

### e. Interest rate risk

Information about the Group's and the parent entity's exposure to interest rate risk in relation to trade and other receivables is provided in Note 3.

### f. Fair value and credit risk

*Current trade and other receivables*

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

*Non-current trade and other receivables*

The fair values and carrying values of non-current receivables are as follows:

The controlled entities receivables have no terms of repayment and are not interest bearing.

| | **2021** | | 2020 | |
|---|---|---|---|---|
| | **Carrying Amount $'000** | **Fair Value $'000** | Carrying Amount $'000 | Fair Value $'000 |
| **Consolidated Group** | | | | |
| Receivable - Employee Share Plan | **-** | **-** | 148 | 37 |
| Receivables - Other Parties | **39** | **39** | - | - |

## 9. OTHER CURRENT ASSETS

| | **Consolidated Group** | |
|---|---|---|
| | **2021 $'000** | 2020 $'000 |
| Prepayments and prepaid expenditures | **138** | 93 |
| | **138** | 93 |

## 10. PLANT AND EQUIPMENT

| | Consolidated Group | |
|---|---|---|
| | **2021** | 2020 |
| | **$'000** | $'000 |
| **Plant and equipment** | | |
| At cost | **552** | 516 |
| Accumulated depreciation | **(518)** | (268) |
| Carrying value | **34** | 248 |
| | | |
| **Motor vehicles** | | |
| At cost | **107** | 52 |
| Accumulated depreciation | **(13)** | (1) |
| Disposal | **-** | - |
| Carrying value | **94** | 51 |
| **Total carrying value** | **128** | 299 |

**Reconciliations**

Reconciliations of the carrying amounts of each class of plant & equipment at the beginning and end of the current and previous financial year are set out below:

| **Consolidated Group** | **Plant & equipment** | **Motor Vehicles** | **Total** |
|---|---|---|---|
| **2021** | **$'000** | **$'000** | **$'000** |
| Carrying amount at 1 January 2021 | **248** | **51** | **299** |
| Additions | **36** | **55** | **91** |
| Disposal | **-** | **-** | **-** |
| Depreciation | **(250)** | **(12)** | **(262)** |
| Carrying amount at 31 December 2021 | **34** | **94** | **128** |
| | | | |
| **2020** | | | |
| Carrying amount at 1 January 2020 | 496 | - | 496 |
| Additions | - | 52 | 52 |
| Disposal | - | - | - |
| Depreciation | (248) | (1) | (249) |
| Carrying amount at 31 December 2020 | 248 | 51 | 299 |

## 11. MINING TENEMENTS

| | Consolidated Group | |
|---|---|---|
| | **2021** | 2020 |
| | **$'000** | $'000 |
| Mining tenements | **13,247** | 15,493 |

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

## 12. FINANCIAL ASSETS

| | Consolidated Group | |
|---|---|---|
| | **2021** | 2020 |
| | **$'000** | $'000 |
| Investment - at cost | **32** | 32 |
| Impairment provision | **(32)** | (32) |
| | **-** | - |

## 13. TRADE AND OTHER PAYABLES

| | Consolidated Group | |
|---|---|---|
| | **2021** | 2020 |
| | **$'000** | $'000 |
| **Current** | | |
| Trade payables | **257** | 252 |
| Other payables | **850** | 875 |
| | **1,107** | 1,127 |

## 14. EMPLOYEE BENEFITS PROVISION

| | Consolidated Group | |
|---|---|---|
| | **2021** | 2020 |
| | **$'000** | $'000 |
| **Current** | | |
| Staff Leave Entitlement | **157** | 129 |
| **Non-Current** | | |
| Staff Leave Entitlement | **158** | 138 |

## 15. OTHER LIABILITIES

| | | |
|---|---|---|
| **Current** | | |
| Accrued payable | **1,653** | 271 |
| **Non-Current** | | |
| Provision for mine rehabilitation | **-** | 315 |

## 16. ISSUED CAPITAL

| | Consolidated Entity and Parent Entity | | Consolidated Entity and Parent Entity | |
|---|---|---|---|---|
| | **2021 Number of Shares** | 2020 Number of Shares | **2021 $'000** | 2020 $'000 |
| Ordinary shares issued | **223,590,814** | 150,304,314 | **32,736** | 25,749 |

### a. Movements during the year:

| | | | | |
|---|---|---|---|---|
| **Consolidated Entity and Parent Entity** | | | | |
| Opening balance | **150,304,314** | 145,967,005 | **25,749** | 25,312 |
| Share placement | **73,286,500** | - | **7,329** | - |
| Share placement - in lieu of services | **-** | 4,337,309 | **-** | 437 |
| Share issuing costs | **-** | - | **(342)** | - |
| Closing balance | **223,590,814** | 150,304,314 | **32,736** | 25,749 |

## 16. ISSUED CAPITAL continued

### b. Performance Employee Options

No employee performance options were exercised during the year. (2020: $nil option)

No other performance option is granted or exercised during the reporting period.

### c. Terms and Conditions

Each ordinary share participates equally in the voting rights of the Company. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

### d. Options

There were 78,820,500 options on unissued ordinary shares outstanding at the end of the financial year.

## 17. RESERVES

| | **Consolidated Group** | |
|---|---|---|
| | **2021** | 2020 |
| | **$'000** | $'000 |
| Other Consolidated Equity | **-** | - |
| Option Reserves | **593** | 593 |
| Business Combination | **2,675** | 2,345 |
| | **3,268** | 2,938 |

| | **Consolidated Group** | |
|---|---|---|
| | **2021** | 2020 |
| | **$'000** | $'000 |
| Option Reserves | **593** | 593 |

The Company granted 8,200,000 options to directors and other key management personnel under the Company employee share option plan in 2009.
The Company granted a further 500,000 success options.
The Company allocated 420,000 performance options to three eligible employees in 2011.
Please refer Note 26 to the financial statements for details.

## 18. INVESTMENT IN CONTROLLED ENTITIES

| Name of Entity | Class of Shares | Equity Holding 2021 % | 2020 % | Country of Incorporation |
|---|---|---|---|---|
| ABx 1 Pty Ltd | Ordinary | **100** | 100 | Australia |
| ABx 2 Pty Ltd | Ordinary | **100** | 100 | Australia |
| ABx 3 Pty Ltd | Ordinary | **100** | 100 | Australia |
| ABx 4 Pty Ltd | Ordinary | **100** | 100 | Australia |
| ABx 5 Pty Ltd | Ordinary | **100** | 100 | Australia |
| ABxTASML1 Pty Ltd | Ordinary | **100** | 100 | Australia |
| XBxTASML1 Pty Ltd | Ordinary | **100** | 100 | Australia |
| Tasmanian Bauxite Operation Pty Ltd | Ordinary | **100** | 100 | Australia |
| Alcore Limited | Ordinary | **82** | 88 | Australia |

**Parent Entity Financial Information**

**a. Summary financial information**

The individual financial statements for the parent entity show the following aggregate amounts:

| | Parent Entity 2021 $'000 | 2020 $'000 |
|---|---|---|
| **Statement of Financial Position** | | |
| Current assets | **5,258** | 621 |
| Non-current asset | **25,209** | 23,051 |
| Total assets | **30,467** | 23,672 |
| | | |
| Current liabilities | **2,736** | 1,340 |
| Non-current liabilities | **158** | 138 |
| Total liabilities | **2,894** | 1,478 |
| | | |
| **Shareholder's equity** | | |
| Issued Capital | **32,736** | 25,749 |
| Reserves | **593** | 593 |
| Accumulated losses | **(5,756)** | (4,148) |
| | **27,573** | 22,194 |
| | | |
| **Statement of Profit and Loss and Comprehensive Income** | | |
| Profit/(Loss) for the year | **(1,608)** | (36) |
| Total comprehensive profit/( loss) | **(1,608)** | (36) |

**b. Guarantees entered into by the parent entity**

ABX Group Limited has not provided guarantees to its subsidiaries within the Group. No liability was recognised by ABX Group Limited in relation to these guarantees as the likelihood of payment is not probable.

**c. Contingent liabilities of the parent entity**

Refer to note 21.

**d. Contractual commitments by the parent entity for the acquisition of property, plant and equipment.**

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment.

## 19. RECONCILIATION OF (LOSS)/PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

| | Consolidated Group | |
|---|---|---|
| | **2021** | 2020 |
| | **$'000** | $'000 |
| **Profit/(Loss) for the year** | **(5,616)** | (549) |
| Capitalised exploration expenditure | **3,408** | 9 |
| Government fund refunded | **(506)** | (1,500) |
| **Change in operating assets and liabilities:** | | |
| (Increase)/Decrease in trade and other receivables | **38** | (68) |
| (Increase)/Decrease in other current assets | **(120)** | (22) |
| Increase/(Decrease) in trade and other creditors and provisions | **(20)** | 344 |
| (Increase) in deferred tax assets | **-** | - |
| Increase in deferred tax liabilities | **-** | - |
| **Net cash (outflow)/inflow from operating activities** | **(2,816)** | (1,786) |

## 20. SEGMENT INFORMATION

The Group operates one business being the mineral, exploration and development of resources in Australia.

| | Mineral Exploration and Development of Resources in Australia | |
|---|---|---|
| | **2021** | 2020 |
| | **$'000** | $'000 |
| Revenue | | |
| - Sale | **41** | 2,261 |
| - Interest income | **9** | 18 |
| - R&D Tax offset income | **506** | 1,500 |
| - Others | **-** | 154 |
| Total Revenue | **556** | 3,933 |
| | | |
| Exploration, Development and Other Expenses | **(5,910)** | (4,233) |
| Depreciation & amortisation expenses | **(262)** | (249) |
| **Segment results** | **(5,616)** | (549) |
| | | |
| **Assets** | | |
| Current assets | **6,370** | 1,094 |
| Plant & equipment | **128** | 299 |
| Exploration, evaluation and development assets | **13,247** | 15,493 |
| Other non current assets | **87** | 37 |
| Total assets | **19,832** | 16,923 |
| | | |
| Current liabilities | **(2,917)** | (1,527) |
| Non-current liabilities | **(158)** | (453) |
| **Net assets** | **16,757** | 14,943 |

## 21 COMMITMENTS AND CONTINGENT LIABILITIES

| Tenement Expenditure Commitments | Consolidated Group | |
|---|---|---|
| | **2021** | 2020 |
| | **$'000** | $'000 |
| Minimum tenement exploration expenditures | **345** | 308 |
| Tenement lease and levy payment | **59** | 21 |
| | **404** | 329 |

The minimum exploration expenditure commitments $0.34 million and lease payments $0.05 million on the Company's exploration tenements totalling approximately $0.40 million over the remaining term of the tenements.

**Executive services agreement**

The Company has agreed with Mr Ian Levy as Executive Director in providing the services to the Company at an agreed rate for the calendar year 2021.

**Corporate Service agreement**

The Company has entered into a Corporate Service Agreement with Hudson Asset Management Pty Limited pursuant to which Hudson Asset Management Pty Limited has agreed to provide its management, registered office, administrative accounting and secretarial services.

The term of the Corporate Services Agreement has no fixed expiry term and the fee payable is that amount agreed between the parties from time to time. The terms of the Corporate Services Agreement provide that Hudson Asset Management Pty Limited shall act in accordance with the directions of the Board.

There are no other material contingent liabilities as at the date of this report.

## 22 EVENTS SUBSEQUENT TO BALANCE DATE

At the date of this report there are no other matters or circumstances, which have arisen since 31 December 2021 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2021, of the Group;
- the results of those operations; or
- the state of affairs, in financial years subsequent to 31 December 2021, of the Group.

## 23 EARNINGS/(LOSS) PER SHARE

| | Consolidated Group | |
|---|---|---|
| | **2021** | 2020 |
| | **Cents** | Cents |
| Basic earnings/(loss) per share | **(3.24)** | (0.37) |
| Fully diluted earnings/(loss) per share | **(2.23)** | (0.37) |

| | **2021** | 2020 |
|---|---|---|
| | **$'000** | $'000 |
| Profit/(loss) from continuing operations used in calculating basic and fully diluted earnings per share | **(5,616)** | (549) |

| | **2021** | 2020 |
|---|---|---|
| | **Number** | Number |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share | **173,352,064** | 148,465,122 |
| Adjustments for calculation of diluted earnings per share: | | |
| Options issued | **78,820,500** | 1,380,000 |
| Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share | **252,172,564** | 149,845,122 |

## 24. KEY MANAGEMENT PERSONNEL DISCLOSURES

### a. Directors

The following persons were Directors of ABX Group Limited during the whole of the financial year unless otherwise stated:

- Paul A Lennon Non-Executive Chairman
- Ian Levy Managing Director and CEO
- Ken Boundy Non-Executive Director

### b. Other Key Management Personnel

The following persons were other key management personnel of ABX Group Limited during the financial year:

- Leon Hawker Chief Operating Officer
- Paul Glover General Manager
- Nathan Towns Operation Manager
- Mark Cooksey Chief Executive Officer
- Henry Kinstlinger Company Secretary

### c. Compensation of Key Management Personnel

| | Consolidated Group | |
|---|---|---|
| | **2021** | 2020 |
| **Directors** | **$** | $ |
| Short term employee benefits | **255,500** | 30,000 |
| Post employment benefits | **-** | - |
| Long term benefits | **-** | - |
| Termination benefits | **-** | - |
| Share based payments | **-** | 520,250 |
| | **255,500** | 550,250 |
| **Other Key Management Personnel** | | |
| Short term employee benefits | **887,390** | 836,555 |
| Post employment benefits | **75,825** | 69,033 |
| Long term benefits | **15,725** | 17,321 |
| Termination benefits | **-** | - |
| Share based payments | **-** | - |
| | **978,940** | 922,909 |

## 24. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

**Directors and other key management personnel of ABX Group Limited**

| | Short Term Employee Benefits | | Post Employment Benefits | Long Term Benefits | | |
|---|---|---|---|---|---|---|
| | **Salary & other fees** | **Non-Monetary Benefits** | **Super-annuation** | **Long Service Leave** | **Share Based Payments** | **Total** |
| **Consolidated Group** | **$** | **$** | **$** | **$** | **$** | **$** |
| **2021** | | | | | | |
| **Directors** | | | | | | |
| Paul A Lennon | **174,250** | **-** | **-** | **-** | **-** | **174,250** |
| Ian Levy | **31,250** | **-** | **-** | **-** | **-** | **31,250** |
| Ken Boundy | **50,000** | **-** | **-** | **-** | **-** | **50,000** |
| **Total-Directors** | **255,500** | **-** | **-** | **-** | **-** | **255,500** |
| **Other KMP** | | | | | | |
| Leon Hawker | **200,000** | **-** | **19,500** | **3,330** | **-** | **222,830** |
| Paul Glover | **200,000** | **-** | **19,500** | **3,330** | **-** | **222,830** |
| Mark Cooksey | **220,000** | **-** | **21,450** | **3,668** | **-** | **245,118** |
| Henry Kinstlinger | **109,890** | **-** | **-** | **-** | **-** | **109,890** |
| Nathan Towns | **157,500** | **-** | **15,375** | **5,397** | **-** | **178,272** |
| **Total-KMP** | **887,390** | **-** | **75,825** | **15,725** | **-** | **978,940** |
| **2020** | | | | | | |
| **Directors** | | | | | | |
| Paul A Lennon | 20,000 | - | - | - | 159,000 | 179,000 |
| Ian Levy | 10,000 | - | - | - | 281,250 | 291,250 |
| Ken Boundy | - | - | - | - | 80,000 | 80,000 |
| **Total-Directors** | 30,000 | - | - | - | 520,250 | 550,250 |
| **Other KMP** | | | | | | |
| Leon Hawker | 200,000 | - | 19,000 | 3,330 | - | 222,330 |
| Paul Glover | 200,000 | - | 19,000 | 3,333 | - | 222,333 |
| Mark Cooksey | 191,665 | - | 18,208 | 3,356 | - | 213,229 |
| Henry Kinstlinger | 109,890 | - | - | - | - | 109,890 |
| Nathan Towns | 135,000 | - | 12,825 | 7,302 | - | 155,127 |
| **Total-KMP** | 836,555 | - | 69,033 | 17,321 | - | 922,909 |

The amounts reported represent the total remuneration paid by entities in the ABX Group of companies in relation to managing the affairs of all the entities within the ABX Group.

There are no performance conditions related to any of the above payments.

There are no other elements of Directors and Executives remuneration.

## 24. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

### d. Employee Share Option Plan

The Company has adopted an Employee Share Option Plan, (**ESOP**) for its employees. A person is an employee of the Company if that person is an Executive Director, Non-executive Director or considered by the Board to be employed by the Company or a related party of the Company.

The purpose of the ESOP is to provide an opportunity for all eligible employees of the Company to participate in the growth and development of the Company through participation in the equity of the Company.

The Company believes it is important to provide incentives to employees in the form of options which provide the opportunity to participate in the share capital of the Company. The Company expects to apply the proceeds of exercise of the Options to working capital needs, asset or business acquisitions and general corporate purposes. All options to be issued must be consistent with any applicable Listing Rules and having regard to regulatory constraints under the *Corporations Act 2001*, ASIC policy or any other law applicable to the Company.

### e. Shareholdings and Option Holdings of Directors and Key Management Personnel

**Particulars of Interest in the Issued Capital of the Company's Ordinary Shares and Options:**

| Directors | Shares Direct Interest | Shares Indirect interest | Options |
|---|---|---|---|
| Paul A Lennon | **-** | **3,984,869** | **300,000** |
| Ian Levy | **-** | **6,301,316** | **400,000** |
| Ken Boundy | **1,073,122** | **1,479,967** | **300,000** |

**Shareholdings and Option Holdings of Directors and Key Management Personnel**
**Shares held in ABX Group Limited**
**2021**

| Directors | Balance at beginning of year | Changes during the year | Balance at end of year |
|---|---|---|---|
| Paul A Lennon | | | |
| Ian Levy | **3,384,869** | **600,000** | **3,984,869** |
| Ken Boundy | **5,901,316** | **400,000** | **6,301,316** |
| | **2,253,089** | **300,000** | **2,553,089** |
| **Other Key Management Personnel** | | | |
| Henry Kinstlinger | **-** | **-** | **-** |
| Paul Glover | **170,895** | **150,000** | **320,895** |
| Leon Hawker | **241,728** | **300,000** | **541,728** |

**2020**

| Directors | Balance at beginning of year | Changes during the year | Balance at end of year |
|---|---|---|---|
| Paul A Lennon | 2,729,399 | 655,470 | 3,384,869 |
| Ian Levy | 3,170,189 | 2,731,127 | 5,901,316 |
| Ken Boundy | 1,379,129 | 873,960 | 2,253,089 |
| **Other Key Management Personnel** | | | |
| Henry Kinstlinger | - | - | - |
| Paul Glover | 170,895 | - | 170,895 |
| Leon Hawker | 241,728 | - | 241,728 |

## 25. REMUNERATION OF AUDITORS

| | Consolidated Group | |
|---|---|---|
| | **2021** | 2020 |
| | **$** | $ |
| **Audit services:** | | |
| Amounts paid or payable to auditors for audit and review of the financial report for the entity or any entity in the Group | | |
| Audit services | **32,970** | 31,670 |
| Review services | **12,645** | 12,155 |
| **Taxation and other advisory services:** | | |
| Amounts paid or payable to auditors for non-audit taxation and advisory services for the entity or any entity in the Group | | |
| Taxation | **3,900** | 3,700 |
| Advisory services | **-** | - |
| | **49,515** | 47,525 |

## 26. SHARE BASED PAYMENTS

In 2021 the Company have not issued new shares in lieu of services rendered by directors and consultants.

## 27. RELATED PARTY TRANSACTIONS

**a. Parent Entities**

The parent entity within the Group is ABX Group Limited.

**b. Subsidiaries**

Interests in subsidiaries are disclosed in Note 18.

**c. Key Management Personnel Compensation**

Key management personnel compensation information is disclosed in Note 24.

**d. Transactions with Related Parties**

There is no transaction with related parties during the year ended 31 December 2021.

**e. Outstanding Balance**

| | Consolidated Group | |
|---|---|---|
| | **2021** | 2020 |
| **Receivable** | **$'000** | $'000 |
| **Non-current** | | |
| Advance to related entities | **-** | - |
| **Payable** | | |
| **Non-current** | | |
| Advance from related entities | **-** | - |

**f. Guarantees**

No guarantees were given or received from related parties during the year.

**g. Terms and Conditions**

All transaction were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for repayment of loans between the parties and that no interest is charged on outstanding balances.

# DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards which as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   (b) give a true and fair view of the financial position as at 31 December 2021 and of the performance for the year ended on that date of the Company and the consolidated entity.

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

*3.* The remuneration disclosures included on page 12 to 14 of the Directors' Report (as part of audited Remuneration Report), for the year ended 31 December 2021, comply with section 300A of the *Corporations Act 2001.*

4. The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

**Ian Levy**
**Executive Director**

**Paul Lennon**
**Non-Executive Chairman**

Signed at Sydney
31 March 2022

# INDEPENDENT AUDITORS' REPORT

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Australian Bauxite Limited

**Opinion**
We have audited the financial report of Australian Bauxite Limited (the company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 31 December 2021 and of its financial performance for the year then ended; and
ii) complying with Australian Accounting Standards and *the Corporations Regulations 2001.*

**Basis of 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 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 terns 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.

**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 financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Mining Tenements**<br>Refer to note 11 (Mining tenements)<br><br>At 31 December 2021, the Group has capitalised mining tenement costs of $13.24mil.<br><br>Market capitalisation for the company as at 30 March 2021 was $41.36mil.<br><br>AASB 136, *'Impairment of Assets'* requires that the recoverable amount of an asset, or cash generating unit to which it belongs, be determined whenever an indicator of impairment exists.<br><br>Mining Tenements are a Key Audit matter due to their material impact on the financial statements and so should be brought to the attention by way of key audit matter. | Notwithstanding the key audit matters identified, we have determined that impairment is not appropriate having applied the following procedures:<br>• We audited the updated discounted cash flow forecast and confirmed the underlining assumptions, cost estimates and revenue projections.<br>• We confirmed that the volumes of reserves used in the discounted cash flow forecast have not used reserves from the tenements that have been relinquished.<br>• We have reviewed the independent valuation report prepared by Michael Leu and Eric Kam dated 18 March 2022 that has applied the methodologies of the VALMIN Code 2015 and reported in JORC 2012 confirming the lower value of $43.1m. |

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and the auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of the 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 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 controls as the directors determine are necessary to enable the presentation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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In preparing the financial report, the directors are responsible for assessing the Group's ability 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 have 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 individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our representation of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report.

**Report on the Remuneration Report**

**Opinion on the Remuneration Report**

We have audited the Remuneration Report include in pages 11 to 13 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report for the year ended 31 December 2021 complies with section 300A of the Corporation 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.

KS Black & Co
Chartered Accountants

Scott Bennison
Partner
Dated: 31 March 2022
Sydney