



EMETALS
— LIMITED —

(formerly Corizon Limited)

ABN 71 142 411 390

Annual Financial Report
For the year ended 30 June 2020

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CORPORATE INFORMATION

ABN 71 141 411 390

Directors	Mathew Walker	<i>Executive Director</i>
	Gary Lyons	<i>Non-executive Chairman</i>
	Teck Wong	<i>Non-executive Director</i>
Company secretary	Sonu Cheema	
Registered office	Suite 9, 330 Churchill Avenue	
	Subiaco WA 6008	
	Telephone:	(08) 6489 1600
	Fax:	(08) 6489 1601
Principal place of business	Suite 9, 330 Churchill Avenue Subiaco WA 6008	
Share register	Automic Registry Services	
	Level 2, 267 St Georges Terrace	
	Perth WA 6000	
	Telephone: 08 9324 2099	
Solicitors	Steinepreis Paganin	
	Lawyers and Consultants	
	Level 4, Next Building	
	16 Milligan Street	
	Perth WA 6000	
Bankers	National Australia Bank	
	Level 1, 1238 Hay Street	
	West Perth WA 6005	
Auditors	HLB Mann Judd (WA) Partnership	
	Level 4, 130 Stirling Street	
	Perth WA 6000	
Website	https://www.emetalslimited.com.au/	

DIRECTORS' REPORT

The directors of eMetals Limited (ASX: EMT) (Company or eMetals) submit herewith the annual report of the Company and the entities it controlled during the period ("the Group") for the year ended 30 June 2020. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mathew Walker	Executive Director
Gary Lyons	Non-executive Chairman
Teck Wong	Non-executive Director

Names, experience and special responsibilities

Mr Mathew Walker

Executive Director

Mr Walker has extensive experience in public company management and in the provision of corporate advice. Specialising in the natural resources sector, Mr Walker has served as Executive Chairman or Managing Director for public companies with mineral interests in North America, South America, Africa, Eastern Europe, Australia and Asia. Currently he serves as Chairman of Blue River Mining Limited. He is also Chairman of corporate advisory firm Cicero Corporate Services based in London, UK.

During the last three years, Mr Walker has served as a director of the following listed companies:

Frugl Group Limited (appointed 9 July 2018)
Blaze International Limited (appointed 1 August 2020)

Mr Gary Lyons

Non-executive Chairman

Mr Lyons is a successful and well-respected Perth based businessman; being a shareholder and the Managing Director of the Heiniger Groups Australasian operations for the last 30 years.

During the last three years, Mr Lyons has served as a director of the following listed companies:

GWR Group Limited (appointed 2 June 2010)
Tungsten Mining Limited (appointed 16 July 2014)

Mr Teck Wong

Non-executive Director

Mr Wong has considerable international business experience having worked in Hong Kong, the United Kingdom and now in Malaysia and Indonesia after graduating with a Bachelor of Business degree from Swinburne University (Melbourne). Mr Wong is involved with mining industry in China, Indonesia and Malaysia. He was previously involved in sales & exports of steel related products and was a director of a retail chain business in the United Kingdom. Mr Wong was working in the OEM plastic manufacturing industry in Hong Kong prior to taking up a position in the steel industry in Malaysia.

During the last three years, Mr Wong has served as a director of the following ASX listed companies:

GWR Group Limited (Alternate director appointed 27 July 2011)
Tungsten Mining Limited (appointed 8 February 2016)

DIRECTORS' REPORT (continued)**Mr Sonu Cheema****Company Secretary**

Sonu Cheema is an accountant and company secretary who has worked for mineral exploration companies with interests in Australia, Africa and Mongolia.

Interests in the shares and options of the Company and related bodies corporate

The following relevant interests in shares and options of the Group or a related body corporate were held by the directors as at the date of this report:

Directors	Number of options over ordinary shares	Net increase in shares held	Number of fully paid ordinary shares
Mathew Walker ³	-	2,500,000	17,500,000
Gary Lyons ²	-	2,500,000	6,164,114
Teck Wong ¹	-	2,500,000	21,433,300
Totals	-	7,500,000	45,097,414

¹ 16,433,300 Shares held in the name of Bluebay Investments Group Corporation, an entity controlled by Teck Wong

² 6,164,114 Shares held in the name of Lyons Superannuation Fund.

³ 17,500,000 Shares held in the name of Great Southern Flower Mills Pty Ltd, an entity controlled by Mathew Walker

There were no ordinary shares issued by the Group during or since the end of the financial year as a result of the exercise of options.

During the year, there were no issues of options, and no options were issued subsequent to the balance date and up to the date of this report. There were no alterations to the terms and conditions of options granted since their grant date.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Principal Activities

The principal activity of the Company during the year relates predominately to the appraisal of investment opportunities which ultimately lead to the decision to acquire the 100% interest in three highly prospective exploration projects in Western Australia through the acquisition of RWG Minerals Pty Ltd, which became the main undertaking of the Group.

Financial position

The cash balance at the end of the 30 June 2020 is \$3,026,450. The Group continues to review and appraise new commercial opportunities both within and outside the mining sector and will advise the market of any developments in this regard if and when they eventuate.

DIRECTORS' REPORT (continued)

Review of Operations

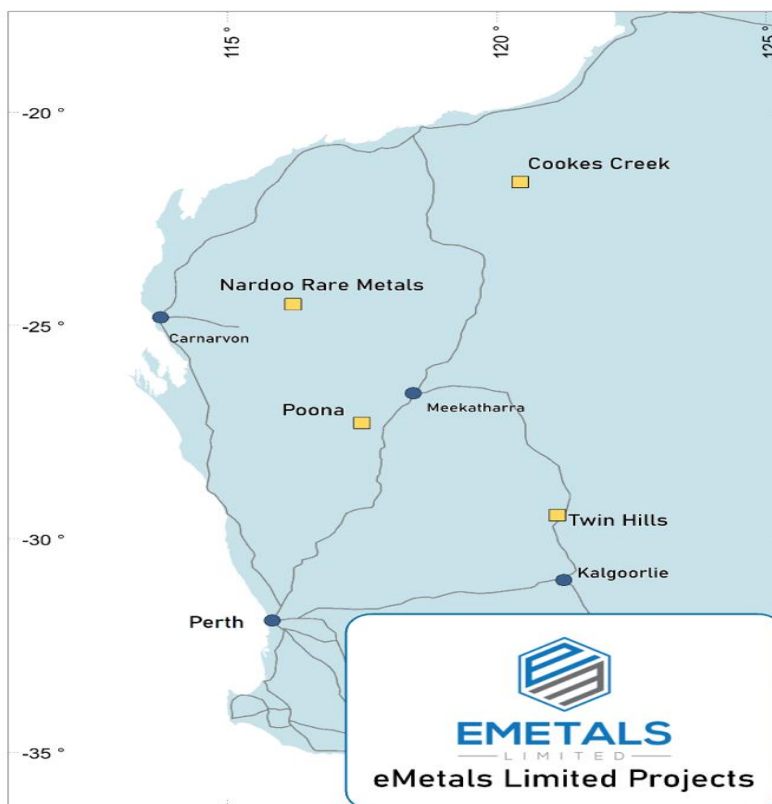
The Directors of eMetals Limited are pleased submit the Review of Operations for the year ended 30 June 2020.

HIGHLIGHTS

- Public offer (Offer) successfully closed, raising \$4,354,000 (before costs), strengthening the financial position and providing capital to be deployed across the Projects.
- Results from reconnaissance stream sediment sampling confirm new Niobium, Tin and specialty metal anomalies discoveries at **Nardoo Rare Metals Project**.
- Significant REE stream sediment sample results returned show an enrichment of up to 0.11% total rare earth oxide + yttrium (TREO), with the most anomalous results clustered around pegmatites at the recently acquired **Beryl Well prospect**.
- Acquisition of **Poona Project** which contains extremely fractionated Lithium-Caesium-Tantalum (LCT) type pegmatites which are known to contain extreme Caesium and Rubidium enrichments in surface samples (maximum of up to 0.31% Cs, 1.33% Rb).⁷
- Highly anomalous individual rock chip samples of up to 2.58% Li₂O, 0.3% Cs, 1.33% Rb indicate the pegmatites are of the prospective LCT subtype.⁷
- The prospectivity of the Poona Project is evidenced by the presence of multiple untested and underexplored pegmatites known to be greater than 1 kilometre in strike length and 200 metres in width.
- Highly anomalous tungsten identified at the newly discovered **Miru Prospect** over 2 km in strike length with a peak WO₃ stream sample value of 1090 ppm (0.11%).
- Highly anomalous rare earth neodymium identified at the newly discovered **Cairn Hill prospect** with a peak Nd₂O₃ soil sample value of 463ppm (0.046%).
- An 8 square kilometre area of La-Nb-Li-W anomalism defined around a known pegmatite occurrence at Beryl Well and new areas of REE enrichments defined in over 4 square kilometers of catchments.

OPERATIONS

The Company continues its proactive and dynamic approach during and subsequent to the year ended 30 June 2020. Notwithstanding the current health and economic climate due to the COVID-19 pandemic, The Company has mobilised its team and implemented focused work programs along with executing strategic project acquisitions.



DIRECTORS' REPORT (continued)

POONA PROJECT ACQUISITION

The Company acquired and settled through the execution of a binding tenement sale and purchase heads of agreement (**Agreement**) a 100% legal and beneficial right, title and interest in Western Australian mineral tenement E20/896 and a 90% legal and beneficial right, title and interest in Western Australian mineral tenement E20/885 (**Tenements**) from Venus Metals Corporation Limited (ACN 123 250 582) (**ASX:VMC**) (**Acquisition**) (Refer ASX release 11 June 2020 and 18 June 2020).

The Poona project is located approximately 70 kilometres north west of Cue, in the Murchison Domain of the Yilgarn Craton, Western Australia. The project is approximately 600 kilometres north of Perth and is serviced by sealed and unsealed roads and is strategically located close to rail and gas infrastructure. The Poona Project is prospective for LCT type pegmatite mineralisation hosted within the greenstone belts of the Weld Range, where they are intruded by the younger Telegoothera Monzogranite and its' various intrusive units.

Historical Exploration

The Tenements have been explored since the early 1900's when emeralds were discovered at the Aga Khan mine, with modern exploration focusing on gold, nickel, gemstones and more recently for lithium and pegmatite associated mineralisation. The Poona Project remains lightly explored with 42 holes drilled on E20/885 and no known drilling on E20/896.

Previous exploration has identified five pegmatite prospects at Great Eastern (Li, Sn, Ta), Patons Lode (Li), Doreen (Li, Ta), Poona Reward (Ta, Li, Sn) and Poona (Ta, Li, Sn). Significant caesium mineralisation is reported associated with the Poona pegmatites, with surface samples showing up to 0.31% Cs, 0.67% Li and 1.33% Rb⁷. Tin and tungsten bearing pegmatites are known to exist west of the Aga Khan, associated with significant lithium, caesium, rubidium and beryl mineralisation. Tantalite-Columbite has been reportedly won in small quantities, with highly anomalous individual rock chip samples indicating the pegmatites are of the prospective LCT subtype. Lithium minerals include zinnwaldite and lepidolite micas.

In 2016 nine RC holes were drilled with PORC002 intersecting 9 meters @ 0.77% Li and 0.28% Rb from surface at Poona East⁴. The Poona East pegmatite trend is interpreted to extend for ~ 1 kilometre along strike and ~250 metres in aggregate width, consisting of multiple pegmatite intrusions. Exploration by Venus Metals in 2017 reported a 1.3 kilometre long, 300 meter wide pegmatite body at Jackson's Reward⁶. The pegmatite was rock chip sampled^(3,4), returning assays of up to 0.27% Li₂O and 768ppm Ta₂O₅. Soil anomalies of Sn, Li and Ta occur across a wider area of 1.6km x 500m and are constrained by alluvium. To eMetal's knowledge, this is the only substantive lithium-tantalum-tungsten exploration carried out over E20/896.

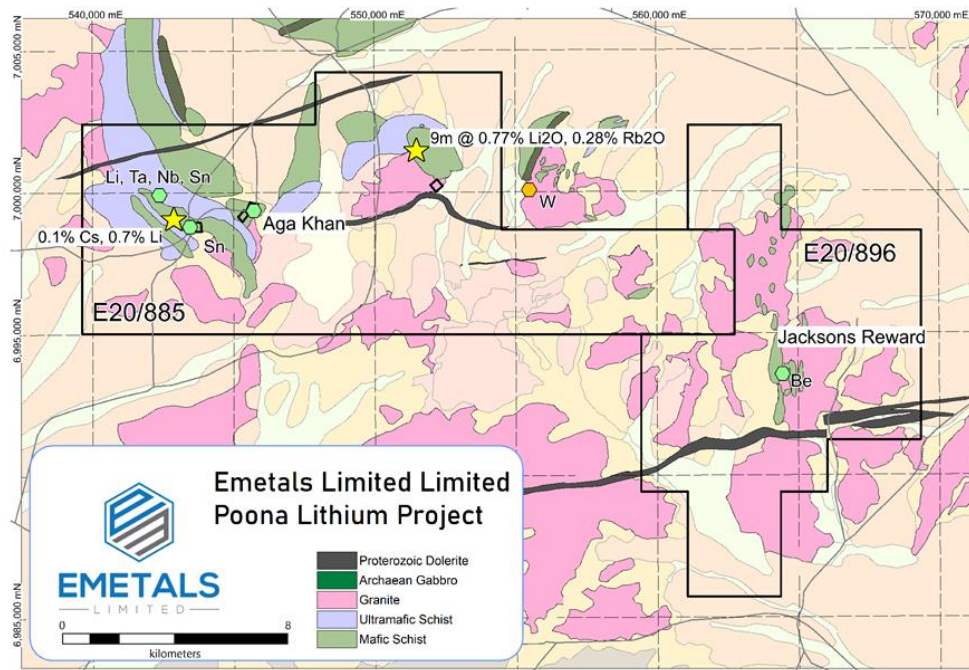


Figure 1: Lithium-Caesium-Tantalum-Rubidium occurrences at the Poona Project.

DIRECTORS' REPORT (continued)

POONA PROJECT ACQUISITION (continued)

Earlier, in the period 2000-2004, the Poona Project was also explored for nickel with prior operators drilling 33 air core holes for 1,243 metres with significant results being intersected in several air core holes. The nickel potential of the Project has not been fully explored, with the Company identifying that approximately 10 kilometres of strike of ultramafic rocks on E20/885 are yet to be fully explored. Previous drilling has returned highly anomalous cobalt, up to 0.13% (PNAC027, 4m @ 0.13% Co from 30m), associated with the ultramafic rocks, highlights the potential for economic Ni-Co mineralisation.

Poona Project Prospectivity

eMetals acquired the Poona Project on the basis of its strategic fit within the existing Company portfolio of rare metal projects. The Jacksons Reward pegmatite has not been drilled and has only been explored in the periphery of various gold exploration campaigns. The Jacksons Reward pegmatite is an under-explored LCT type pegmatite occurrence with significant potential.

The Poona Project has been identified as containing extremely fractionated LCT type pegmatites which contained extreme Caesium and Rubidium enrichments (to 0.31% Cs, 2.50% Rb)⁷. The enrichments of Cs and Rb at Poona are indicative of the potential to discover an economic body of pollucite mineralisation. Pollucite is a zeolite mineral with the formula $(Cs,Na)_2Al_2Si_4O_{12} \cdot 2H_2O$ with iron, calcium, rubidium and potassium as common substituting elements. The element of interest in pollucite is caesium. It is noted that results of 0.31% Cs may represent pollucite mineralisation⁷.

Caesium Formate provides a number of well documented benefits including, minimal damage to the hydrocarbon-bearing formation resulting in higher production rates, where it acts as a lubricant, is non-corrosive and is considered an environmentally-friendly benign chemical when compared to alternatives. An example of the economic extraction of pollucite is Pioneer Resources (ASX:PIO) Sinclair Mine, which produced approximately 26,000 tonnes of pollucite mineralisation (10,208 tonnes @ 11.3% Cs₂O and low grade production of 8,421 tonnes @ 4.7% Cs₂O), in 2018 to 2020.⁸

eMetals also notes recent metallurgical research has been conducted to investigate the potential to substitute rubidium formate for caesium formate. Rubidium does not form its own minerals, but is found in association with potassium in pollucite, mica and feldspar.

Poona Project Work Program

eMetals has begun compiling the historical exploration data on the Poona Project, with a view to exploring the pegmatite occurrences for caesium, rubidium and lithium mineralisation. Mineralogical mapping of sample materials to identify any pollucite species will be undertaken. The Company will seek to understand the fractionation trend within the pegmatite system and explore for valuable spodumene mineralisation. eMetals exploration model will focus on utilising geophysical methods to explore under the widespread alluvial cover for additional pegmatite bodies and identify drill targets.

Activities during the June 2020 quarter comprised initial reviews and data compilation on the Company's projects, and receipt of assays from work undertaken during 2019 as required under statutory tenement conditions, with samples submitted in February 2020.

Reviews of historical WAMEX data were interpreted to show elevated rare earth element (REE), niobium-tantalum and lithium prospectivity on the Nardoo Well tungsten project. eMetals announced the results of stream sediment reconnaissance sampling on the Nardoo Well tenement (*Refer ASX Release 27 April 2020*).

This work has defined a new niobium-tantalum-tungsten anomaly at Nardoo East, which requires follow up exploration. Work on the Cookes Creek and Twin Hills projects has involved planning for initial drill programs, heritage clearance surveys and landholder access negotiations. Program of Works (**POW**) were submitted on all projects and have been received, with heritage surveys required prior to drilling.

DIRECTORS' REPORT (continued)

NARDOO RARE METAL PROJECT

Subsequent to the end of the June quarter and pursuant to the exploration progress update announcements, EMT announced the results from priority geochemical sampling program at its wholly owned Nardoo Rare Metals Project in the Gascoyne Region of Western Australia approximately 840 km to the north of Perth. The Project consists of two granted tenements (E09/2109, E09/2156) and one tenement application (E09/2407) and is prospective for a range of rare metal and rare earth element (**REE**) mineralisation styles including tungsten and tantalum-niobium skarns. eMetals is pleased to announce the assay results of the regional geochemical and mapping program undertaken in May 2020. The surface geochemical program followed up on initial highly anomalous niobium, tantalum and tungsten anomalies as previously announced to ASX on 24 April 2020. Full details of the methods and initial results of the stream sediments program are outlined in the Company's ASX announcement on 27 April 2020.

Exploration Method

Field activities include stream sediment sampling, soil sampling and rock chip sampling. A total of 764, -115 mesh stream sediment samples were taken from third-order streams in priority areas of the tenement across the Nardoo Rare Metals Project expanding on historical field activities covering priority target areas. A grid of 280 -0.4mm soil sampling, at 100m x 50m spacing, was completed across the Nardoo East prospect to follow up on the previously identified high tenor niobium, tantalum and tungsten anomalies. 148 rock chip samples were also collected across the tenements during the stream sampling and soil sampling program, targeting pegmatite outcrops and calcarenite stratigraphy liable to host tungsten skarn mineralization (Refer ASX Release 2 July 2020).

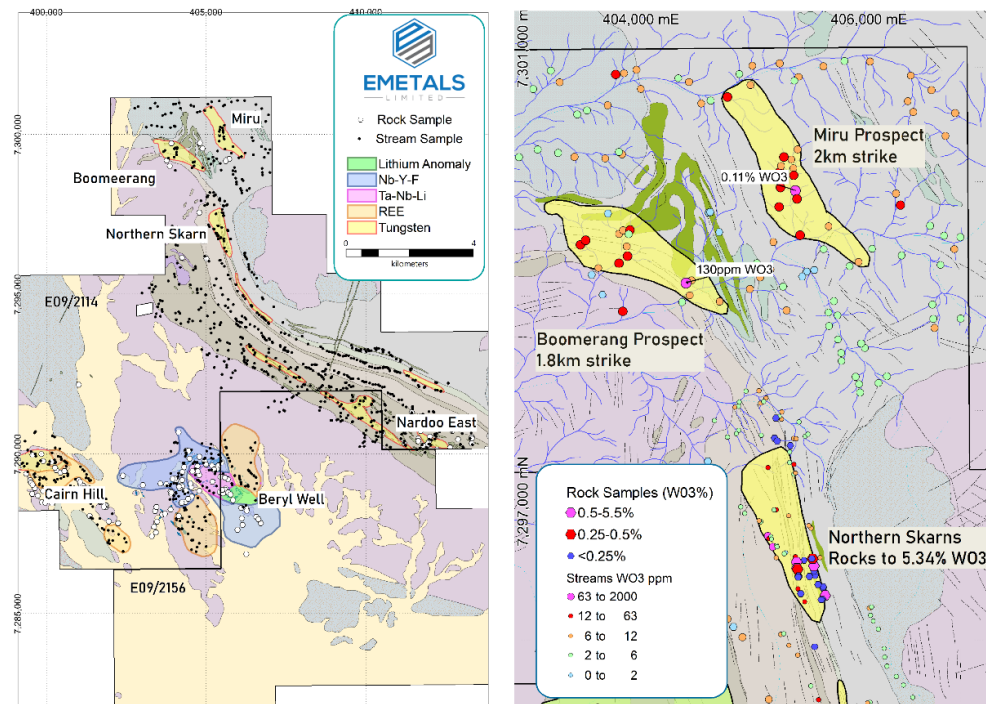


Figure 2: Stream and rock sampling completed over the Nardoo Rare Metals Project (left) and detail of Miru and Boomerang tungsten prospects (right).

DIRECTORS' REPORT (continued)

NARDOO RARE METAL PROJECT (continued)

Exploration Results

The geochemical sampling program has successfully identified new, significant anomalies additional to the existing tungsten skarn horizons at Nardoo Hill and lithium-tantalum-niobium pegmatites at Beryl Well (Refer ASX Release 2 July 2020).

These anomalous areas include:

- **Miru Prospect:** anomalous tungsten >2km of strike, peak of 1090ppm WO₃ (0.11%).
- **Boomerang Prospect:** anomalous tungsten >1.8km strike length, peak of 130ppm WO₃.
- **Cairn Hill:** new tungsten anomalies defined in metasediments with a peak of 125ppm WO₃.
- **Cairn Hill:** Coherent REE anomaly with a peak of 0.27% TREO+Y, with Nd₂O₃ to 463ppm.
- **Beryl Well:** 8km² area of Ta-Nb-Li-W anomalism defined around known pegmatite occurrence.
- **Beryl Well:** New areas of REE enrichments defined over 4km² of catchments.
- **Nardoo East:** soil sampling defines tungsten anomaly >500m, peak of 95ppm WO₃, and a new 6km strike of anomalous tungsten (to 50ppm WO₃) and lithium (to 90ppm Li₂O) in stream sediments associated with amphibolite skarns.

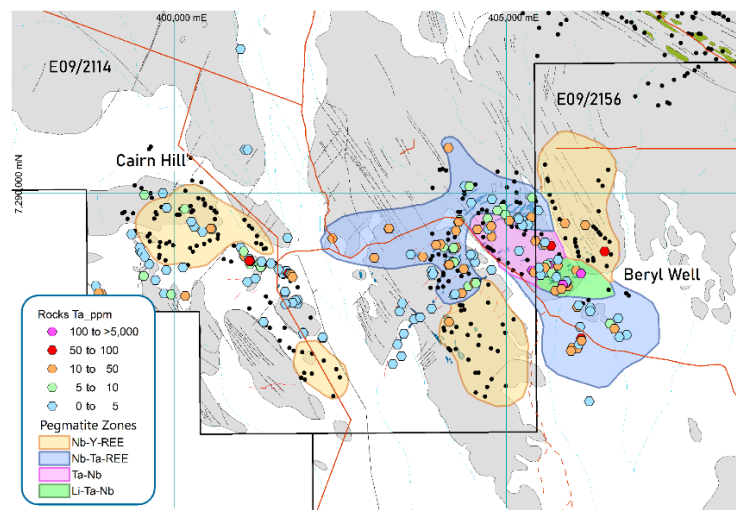


Figure 3: Geochemical zonation map of pegmatites at Beryl Well and Cairn Hill Prospects with tantalum in rock chips.

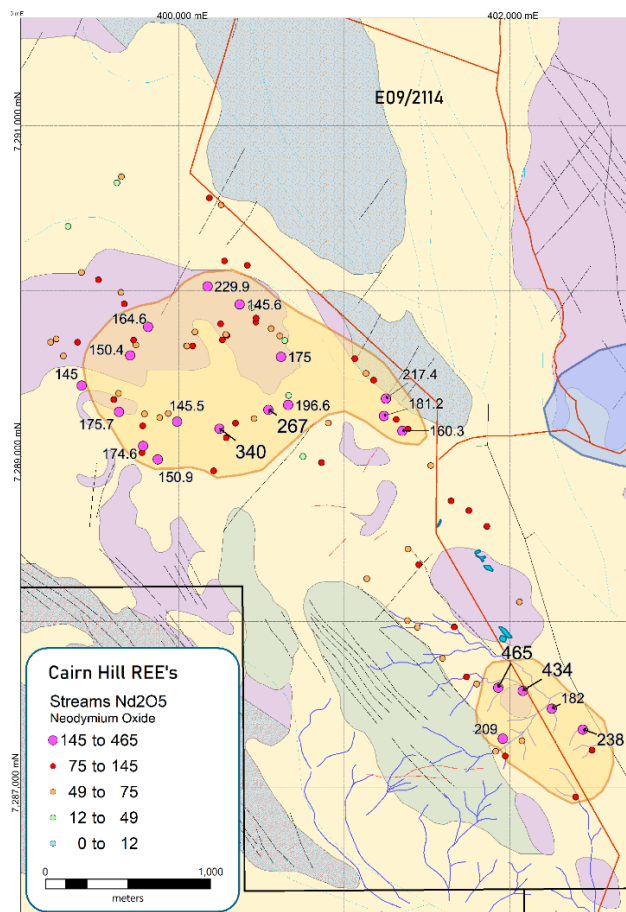
DIRECTORS' REPORT (continued)**NARDOO RARE METAL PROJECT (continued)****Exploration Results (continued)**

Figure 4: Neodymium oxide anomalies in stream sediment samples at Cairn Hill.

Cookes Creek Project

During the year, eMetals Limited continued to review the Cookes Creek Project and compile historical exploration results into a GIS database. A consultant report by BinEx Consulting was received and reviewed, highlighting the McLeod's Vein tungsten occurrence as the most prospective opportunity within the Cookes Creek tenement.

The Company progressed plans to drill the McLeod's Vein prospect and lodge a Program of Works for 3 RC holes. The POW was approved by the Department of Mines and Petroleum (DMP) in early January, subject to heritage clearance and standard environmental protocols. The Company has begun the process of engaging with Native Title holders and pastoralists to seek access to the tenement for the purposes of drilling.

DIRECTORS' REPORT (continued)**CORPORATE**

CATEGORY	ASX CODE	NUMBER
Issued Ordinary Shares	EMT	410,200,000

TENEMENT SCHEDULE

Tenements	Projects	No of Shares	Granted	Expires	Area (Blocks)
E09/2114	NARDOO WELL	100	28/08/2015	27/08/2020	42
E09/2156	YINNETHARRA	100	6/02/2017	5/02/2022	35
E20/0885	POONA	90	26/07/2016	25/07/2021	50
E20/0896	POONA	100	9/10/2017	8/10/2022	32
E29/0950	TWIN HILLS	100	23/09/2015	22/09/2020	10
E46/1095	COOKES CREEK	100	5/04/2017	4/04/2022	13
E46/1163	COOKES CREEK	100	8/02/2018	7/02/2023	3
E09/2407	CAMEL HILL	100	-	-	24
E20/0963	KYARRA	100	-	-	67
E20/0964	KYARRA	100	-	-	148

References

1. Source: Venus Metals Corporation Limited ASX release dated 17 August 2015. Refer to Announcement for further references.
2. Source: Venus Metals Corporation Limited ASX release dated 17 August 2016. Refer to Announcement for further references.
3. Source: Venus Metals Corporation Limited ASX release dated 6 October 2016. Refer to Announcement for further references.
4. Source: Venus Metals Corporation Limited ASX release dated 23 November 2016. Refer to Announcement for further references.
5. Source: Venus Metals Corporation Limited ASX release dated 11 October 2017. Refer to Announcement for further references.
6. Source: Venus Metals Corporation Limited ASX release addendum dated 30 October 2017. Refer to Announcement for further references.
7. Source: Venus Metals Corporation Limited ASX release dated 26 April 2018. Refer to Announcement for further references.
8. Source: Pioneer Resources Limited ASX release dated 9 June 2020. Refer to Announcement for further references.

Forward looking statements

This announcement contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and our management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by law. These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements.

Competent Persons Statement

The information in this announcement that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared by Mr Roland Gotthard. Mr Gotthard is a consultant geologist for eMetals and a member of the Australian Institute of Mining and Metallurgy. Mr Gotthard has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this announcement and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code"). Mr Gotthard consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

DIRECTORS' REPORT (continued)

Significant events since the end of the period

There has been no matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Operating results for the year

The comprehensive loss of the Group for the financial year, after providing for income tax amounted to \$1,145,159 (2019: \$649,701).

Review of financial conditions

As at 30 June 2020, the Group had \$3,026,450 in cash assets which the Directors believe puts the Group in a stable financial position.

Risk management

Details of the Company's Risk Management policies are contained within the Corporate Governance Statement.

Corporate Governance

Details of the Company's Corporate Governance policies are contained within the Corporate Governance Statement.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Therefore, this information has not been presented in this report.

Environmental legislation

The Company was not subject to any significant environmental and monitoring requirements during the year.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the Company against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

DIRECTORS' REPORT (continued)

Remuneration report (Audited)

This report outlines the remuneration arrangements in place for directors and senior management of eMetals Limited (the "Group") for the financial period ended 30 June 2020.

Key Management Personnel ("KMP")

The KMP of the Group during or since the end of the financial year were as follows:

Directors

Gary Lyons	Non-Executive Chairman
Mathew Walker	Executive Director
Teck Wong	Non-Executive Director

Remuneration philosophy

The remuneration policy of eMetals Limited has been designed to align Director's objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of eMetals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company, as well as create aligned goals between directors and shareholders.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The Company's constitution states that an aggregate remuneration of \$250,000 per period can be paid to the non-executive directors. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually.

The Board considers advice from external advisors as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a director of the Company. The current fee for non-executive directors are between \$40,000 per annum and \$60,000 per annum. No remuneration consultants were used during the year.

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration and Company options (as determined from time to time). In addition to the Group employees and directors, the Company has contracted key consultants on a contractual basis. These contracts stipulate the remuneration to be paid to the consultants.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Independent Directors Committee. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

The fixed remuneration component of the Key Management Personnel is detailed in Table 1.

No advice was sought from remuneration consultants during the year for any key management personnel.

DIRECTORS' REPORT (continued)
Remuneration report (continued)

Employment Contracts

On 1 September 2012, the Group entered into an executive consulting services agreement with Mr Walker (Executive Consulting Services Agreement) effective as from 1 September 2012. Under the Executive Consulting Services Agreement, Mr Walker is engaged to provide services to the Group in the capacity of Executive Director, based in Perth, Western Australia. Mr Walker is to be paid a monthly remuneration of \$5,000 plus GST. Mr Walker will also be reimbursed for reasonable expenses incurred in carrying out his duties. The Executive Consulting Services agreement can be terminated by one month's written notice from the Company, while Mr Walker can terminate by providing three months written notice.

Options

There were no Options granted by the Company as remuneration during the year ended 30 June 2020 (2019: Nil).

Performance-based Remuneration

The Group currently has no performance-based remuneration component built into director and executive remuneration packages.

Remuneration of key management personnel

Table 1: Directors' and key executive's remuneration for the year ended 30 June 2020									
		Short-term employee benefits			Post-employment benefits	Equity	Total	Performance Related %	Option Related %
		Salary & Fees	Bonuses	Non-Monetary Benefits	Super-annuation	Options Granted			
		\$	\$	\$	\$	\$			
Directors									
Gary Lyons	2020	48,000	-	-	4,440	-	52,400	-	-
Mathew Walker ¹	2020	60,000	-	-	-	-	60,000	-	-
Teck Wong	2020	36,000	-	-	-	-	36,000	-	-
Total	2020	144,000	-	-	4,440	-	148,400	-	-

¹ During the year ended 30 June 2020, Cicero Corporate Services Pty Ltd, an entity Mr Walker holds a 43% equity holding, provided corporate administration services which included rent, corporate services and reimbursement to the Company which totalled \$48,000 during the year. The arrangement was on normal commercial terms and has not been included as part of executives' remuneration. NIL was owing at year-end (2019: \$18,785).

As at 30 June 2020 an amount of \$2,664 was owing to directors for unpaid fees (2019: \$4,397).

DIRECTORS' REPORT (continued)
Remuneration Report (continued)

Remuneration of key management personnel

		Short-term employee benefits			Post-employment benefits	Equity			
		Salary & Fees	Bonuses	Non-Monetary Benefits	Super-annuation	Options Granted	Total	Performance Related	Option Related
		\$	\$	\$	\$	\$	\$	%	%
Directors									
Gary Lyons	2019	48,000	-	-	4,440	-	52,400	-	-
Mathew Walker ¹	2019	60,000	-	-	-	-	60,000	-	-
Teck Wong	2019	36,000	-	-	-	-	36,000	-	-
Total	2019	144,000	-	-	4,440	-	148,400	-	-

¹ During the year ended 30 June 2019, Cicero Corporate Services Pty Ltd, an entity Mr Walker holds a 54% equity holding, provided corporate administration services which included rent, corporate services and reimbursement to the Company which totalled \$48,000 during the year. The arrangement was on normal commercial terms and has not been included as part of executives' remuneration.

Option holdings of Directors and Executives

There were no share options issued during the financial year.

Shareholdings of Directors and Executives

30 June 2020	Balance at 30 June 2019	Received as Remuneration	On Exercise of Options	Net Change Other⁴	Balance at end of Period
Directors					
Gary Lyons ¹	3,664,114	-	-	2,500,000	6,164,114
Mathew Walker ³	15,000,000	-	-	2,500,000	17,500,000
Teck Wong ²	18,933,300	-	-	2,500,000	21,433,300
Total	37,597,414	-	-	7,500,000	45,097,414

¹ 6,164,114 Shares held in the name of Lyons Superannuation Fund.

² 16,433,300 Shares held in the name of Bluebay Investments Group Corporation, an entity controlled by Teck Wong

³ 17,500,000 Shares held in the name of Great Southern Flower Mills Pty Ltd, an entity controlled by Mathew Walker

⁴ Participation in the Priority Offer, per shareholder approval and ASX announcement 29th November 2019.

DIRECTORS' REPORT (continued)**Remuneration Report (continued)****Other related party transactions**

On 1 September 2012, the Group entered into an agreement with Cicero Corporate Services Pty Ltd (an entity Mr Walker holds a 54% equity stake) (Cicero) defining the terms of engagement for the provision of administration services by Cicero as a contractor to the Group. Cicero Corporate Services Pty Ltd was paid fees totalling \$48,000 during the year ended 30 June 2020 (2019: \$48,000) pursuant to the Administration Agreement. Cicero will provide the office rent, book-keeping, company secretarial and administration services to the Company for a monthly fee of \$4,000 plus GST. The agreement can be terminated by 1 months' notice by either party.

End of Remuneration Report

DIRECTORS' REPORT (continued)**Directors' Meetings**

The number of meetings of directors (including meetings of committees of directors) held during the period and the number of meetings attended by each director were as follows:

Directors	Directors Meetings		Audit Committee meetings	
	Eligible to attend	Attended	Eligible to attend	Attended
Gary Lyons	3	3	-	-
Mathew Walker	3	3	-	-
Teck Wong	3	3	-	-

In addition, there were 2 circular resolution signed by the board. During the year, various due diligence meetings were conducted for potential project assessment and review.

Proceedings on behalf of the Company

There are no proceedings on behalf of the Company.

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 19 and forms part of this directors' report for the year ended 30 June 2020.

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 16 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board.

Signed in accordance with a resolution of the directors.



Mr Gary Lyons

Non-Executive Chairman

Perth, Western Australia; Dated this 28th day of September 2020

CORPORATE GOVERNANCE STATEMENT

E-Metals Limited ("the Company") and the Board of Directors are committed to achieving the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement.

A description of the Group's main corporate governance practices is set out on the Company's website <https://www.emetalslimited.com.au/corporate-governance>. All these practices, unless otherwise stated, were in place for the entire year and comply with the ASX Corporate Governance Principles and Recommendations and are contained in the accompanying Appendix 4G for the year ended 30 June 2020.



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of eMetals Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

Perth, Western Australia
28 September 2020

A handwritten signature in blue ink that reads 'Norman G Neill'.

N G Neill
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

		Consolidated	Company
	Notes	2020 \$	2019 \$
Continuing operations			
Revenue	2	6,523	4,198
Administration expenses	2	(718,415)	(380,827)
Director fees and Executive fees	2	(148,778)	(150,622)
Exploration expenses	2	(258,814)	-
Fair value loss on equity investments	2	(25,675)	(122,450)
Loss before income tax expense		(1,145,159)	(649,701)
Income tax expense	3	-	-
Loss after tax from continuing operations		(1,145,159)	(649,701)
Net loss for the year		(1,145,159)	(649,701)
Other comprehensive income, net of income tax			
Total comprehensive loss for the year		(1,145,159)	(649,701)
Basic loss per share (cents per share)	4	(0.43)	(0.41)

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

		Consolidated	Company
	Note	2020	2019
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	7	3,026,450	268,493
Trade and other receivables	8	160,431	107,101
Total Current Assets		<u>3,186,881</u>	<u>375,594</u>
Non-Current Assets			
Deferred exploration expenditure	9	575,250	-
Financial assets	17	88,875	114,550
Total Non-Current Assets		<u>664,125</u>	<u>114,550</u>
Total Assets		<u>3,851,006</u>	<u>490,144</u>
Liabilities			
Current Liabilities			
Trade and other payables	10	189,523	84,039
Total Current Liabilities		<u>189,523</u>	<u>84,039</u>
Total Liabilities		<u>189,523</u>	<u>84,039</u>
Net Assets		<u>3,661,483</u>	<u>406,105</u>
Equity			
Issued capital	5	14,245,155	9,844,618
Reserves	6	796,644	796,644
Accumulated losses		(11,380,316)	(10,235,157)
Total Equity		<u>3,661,483</u>	<u>406,105</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

Company	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2018	9,844,618	(9,585,456)	796,644	1,055,806
Loss for the year	-	(649,701)		(649,701)
Total comprehensive loss for the year	-	(649,701)	-	(649,701)
Balance at 30 June 2019	9,844,618	(10,235,157)	796,644	406,105

Consolidated	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2019	9,844,618	(10,235,157)	796,644	406,105
Loss for the year	-	(1,145,159)		(1,145,159)
Total comprehensive loss for the year	-	(1,145,159)	-	(1,145,159)
Proceeds from Share Issued	4,354,000	-	-	4,354,000
Share Based Payments – Acquisition	400,000	-	-	400,000
Share issue costs	(353,463)	-	-	(353,463)
Balance at 30 June 2020	14,245,155	(11,380,316)	796,644	3,661,483

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

		Consolidated	Company
	Note	2020	2019
		\$	\$
		<u>Inflows/(Outflows)</u>	
Cash flows from operating activities			
Payments to suppliers and employees		(1,073,853)	(588,235)
Interest received		6,523	4,198
Net cash used in operating activities	7	<u>(1,067,330)</u>	<u>(584,037)</u>
Cash flows from investing activities			
Deferred exploration expenditure		(175,250)	-
Net cash used in investing activities		<u>(175,250)</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from issue of shares		4,354,000	-
Payment for share issue costs		(353,463)	-
Net cash provided by financing activities		<u>4,000,537</u>	<u>-</u>
Net increase / (decrease) in cash held		2,757,957	(584,037)
Cash and cash equivalents at the beginning of the year	7	<u>268,493</u>	<u>852,530</u>
Cash and cash equivalents at the end of the year	7	<u>3,026,450</u>	<u>268,493</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of Preparation**

The financial report is a general-purpose consolidated financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity registered in Australia and operating in Australia. For the purposes of preparing the annual financial report, the period has been treated as a discrete reporting period. The accounting policies below have been consistently applied to all of the years presented unless otherwise stated.

These financial statements have been prepared under the historical cost convention, and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

(b) **Adoption of new and revised standards** **Changes in accounting policies on initial application of Accounting Standards**

Standards and Interpretations applicable to 30 June 2020:

In the year ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period.

AASB 16 Leases

The Group has applied AASB 16 from 1 July 2019 using the modified retrospective approach, with no restatement of comparative information.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to the Group accounting policies, due to there not being any leases in place.

Standards and Interpretations in issue not yet adopted:

The Directors have also reviewed all of the new and revised Standards and Interpretations issued but not yet effective that are relevant to the Company and effective for the annual reporting period beginning on or after 1 July 2020. As a result of this review, the Directors have determined that there is no material impact of the new and revised standards and interpretations in issue not yet adopted on the Company and therefore no material change is necessary to Group accounting policies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Statement of compliance

The financial report was authorised for issue on 28 September 2020.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

When the Company has less than a majority of the voting rights if an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(e) Critical accounting judgements and key sources of estimation uncertainty**

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Share-based payment transactions:

The Group measures the cost of equity-settled transactions by reference to the fair value of the services provided. Where the services provided cannot be reliability estimated fair value is measure by reference to the fair value of by the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model.

(f) Revenue recognition

Revenue is recognised to the extent that control has passed of the goods or services provided and it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(g) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Trade and other receivables

Trade receivables are measured on initial recognition at fair value. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset, or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Company could be required to repay. When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Income tax

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

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

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

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

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

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

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

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Other taxes

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

- when 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, which 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.

(j) Impairment of assets

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(k) Trade and other payables**

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

(l) Share-based payment transactions

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of eMetals Limited (market conditions) if applicable.

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(m) Issued capital

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(n) Earnings per share**

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share 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.

(o) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of eMetals Limited.

(p) Going concern

The financial report has been prepared on the going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. For the year ended 30 June 2020 the Group recorded a loss before income tax expense of \$1,145,159 (2019:\$ 649,701), has working capital of \$2,997,358 (2019: \$291,555), a net cash outflow from operating activities amounting to \$1,067,330 (2019: \$584,037) and had cash available of \$3,026,450.

The Company has a solid history of obtaining support from investors, including in very difficult financial markets. The Directors are of the opinion that the Company is a going concern.

The impact of the Coronavirus (COVID-19) pandemic is ongoing, and it is not practicable to estimate the potential impact after the reporting date. There has been no material impact to the Group's financial performance or position arising from the pandemic from the end of the reporting period to the date of this report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial Assets

Recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under AASB 139.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Financial Assets (continued)

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost. Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Financial Assets (continued)

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(s) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 2: REVENUES AND EXPENSES

	Consolidated	Company
	2020	2019
	\$	\$
(a) Other income		
Interest income	6,523	4,198
	6,523	4,198
(b) Expenses		
Administrative expenses	568,116	196,042
ASX and registry fees	32,788	95,192
Directors fees & Executive fees	148,778	150,622
Legal and professional	117,511	89,590
Exploration expenses	258,814	-
Impairment expenses	25,675	122,450
	1,151,682	653,896

NOTE 3: INCOME TAX

Current tax expense

	Consolidated	Company
	2020	2019
	\$	\$
(a) Income tax benefit		
	-	-
(b) Numerical reconciliation between tax-expense and pre-tax net loss		
Loss from ordinary activities	(1,145,159)	(649,701)
	(1,145,159)	(649,701)
Income tax using the company's domestic tax rate of 30% (2019: 30%)	(343,548)	(194,910)
Share based payments	-	-
Other non-deductible expenses/(deductible tax adjustments)	56,341	36,735
Tax losses not brought to account as a deferred tax asset	287,207	158,175
	-	-
Income tax benefit/(expense) attributable to entity	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(c) Tax losses

The deferred tax asset on the unused cumulative 2020 tax losses of \$6,160,509 (2019: \$5,873,302) has not been recognised as a deferred tax asset as the future recovery of these losses is subject to the Group satisfying the requirements imposed by the regulatory authorities. The benefit of deferred tax assets not brought to account will only be brought to account if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realized.
- The conditions for deductibility imposed by tax legislation continue to be complied with and no changes in tax legislation adversely effect of the Group in realising the benefit.

(d) Unrecognised temporary differences

	Consolidated 2020 \$	Company 2019 \$
Net deferred tax assets calculated at 30% (2019: 30%) have not been recognised in respect of the following items:		
Capital raising costs recognised directly in equity	-	-
Provisions and Accruals	18,345	3,000
Income tax losses not brought to account	2,157,240	1,758,990
Income tax losses not brought to account	143,774	-
Unrecognised deferred tax assets relating to the above temporary differences	2,319,359	1,761,990

NOTE 4: LOSS PER SHARE

	Consolidated 2020 Cents per share	Company 2019 Cents per share
<i>Basic loss per share</i>		
Continuing operations	(0.43)	(0.41)
	\$	\$
Loss for the year	(1,145,159)	(649,701)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic loss per share:	268,324,384	157,500,000

There are no potential ordinary shares that are considered dilutive, as a result no dilutive earnings per share has been disclosed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 5: ISSUED CAPITAL

	Consolidated	Company	Consolidated	Company
	2020	2019	2020	2019
	\$	\$	No.	No.
<i>Movements in ordinary shares on issue</i>				
At 1 July	9,844,618	9,844,618	157,500,000	315,000,000
Movements during the period:				
Shares issued as part of placement	4,354,000	-	217,700,000	-
Shares issued for acquisition of RWG	200,000	-	10,000,000	-
Shares issued for acquisition of tenements	200,000	-	25,000,000	-
Capital consolidation	-	-	-	(157,500,000)
Share issue costs	(353,463)	-	-	-
At 30 June	14,245,155	9,844,618	410,200,000	157,500,000

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

	Consolidated	Company	Consolidated	Company
	2020	2019	2020	2019
	\$	\$	No.	No.
<i>Movements in options on issue</i>				
At 1 July	796,644	796,644	-	-
Movements during the period:				
Options expired	-	-	-	-
At 30 June	796,644	796,644	-	-

NOTE 6: RESERVES

	Consolidated	Company
	2020	2019
	\$	\$
<i>Share based payments reserve</i>		
At 1 July	796,644	796,644
Options issued	-	-
At 30 June	796,644	796,644

Nature and purpose of reserves

Share based payments reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated	Company
	2020	2019
	\$	\$
Cash at hand and in bank	3,026,450	268,493
	<u>3,026,450</u>	<u>268,493</u>

Cash at bank earns interest at floating rates on daily bank deposit rates.

Reconciliation of loss for the year to net cash flows from operating activities

	Consolidated	Company
Loss after tax for the period	(1,145,159)	(649,701)
Adjustments for:		
Revaluation of financial assets	25,675	122,450
(Increase)in trade receivables and other receivables	(53,330)	(69,345)
Increase in trade and other payables	105,484	12,559
Net cash (used in) operating activities	<u>(1,067,330)</u>	<u>(584,037)</u>

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated	Company
	2020	2019
	\$	\$
Goods and services tax receivables	76,892	11,074
Prepayments	64,103	12,367
Other debtors	19,436	-
Receivable from RWG ¹	-	83,660
Balance at 30 June	<u>160,431</u>	<u>107,101</u>

¹The receivables from RWG are in accordance with the binding term sheet (refer Note 18). There is no expected credit loss in relation to the trade and other receivables at balance dated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 9: DEFERRED EXPLORATION EXPENDITURE

	Consolidated	Company
	2020	2019
	\$	\$
Expenditure brought forward	-	-
Exploration assets recognised upon acquisition of RWG (refer note 18)	200,000	-
Ordinary shares issued for acquisition of tenements (refer note 18)	200,000	-
Cash consideration on acquisition of tenements (refer note 18)	175,000	-
Expenditure incurred during year	250	-
Expenditure carried forward	<u>575,250</u>	<u>-</u>

The recoupment of cost carried forward in relation to the above area of interest in the exploration phase is dependent on the successful development and commercial exploitation or sale of the respective area.

NOTE 10: TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated	Company
	2020	2019
	\$	\$
Trade payables ¹	130,940	69,039
Accrued expenses	58,583	15,000
Balance at 30 June	<u>189,523</u>	<u>84,039</u>

¹ Trade payables are non-interest bearing and are normally settled on 60-day terms.

NOTE 11: FINANCIAL INSTRUMENTS

	Consolidated	Company
	2020	2019
	\$	\$
Financial assets		
Receivables	83,539	107,101
Financial assets	88,875	114,550
Cash and cash equivalents	3,026,450	268,493
Balance at end of year	<u>3,198,864</u>	<u>490,144</u>
Financial liabilities		
Trade and other payables	189,523	84,039
Balance at end of year	<u>189,523</u>	<u>84,039</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 11: FINANCIAL INSTRUMENTS (continued)

The following table details the expected maturity/s for the Company's non-derivative financial assets. These have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Less than 1 month \$	1 – 3 Months \$	3 months – 1 year \$	1 – 5 years \$	5+ years \$
2020						
Non-interest bearing	-	249,306	-	-	-	-
Variable interest rate instruments	-	3,026,450	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		<u>3,275,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2019						
Non-interest bearing	-	221,651	-	-	-	-
Variable interest rate instruments	0.9	268,493	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		<u>490,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The following tables detail the Company's remaining contractual maturity/s for its non-derivative financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month \$	1 – 3 Months \$	3 months – 1 year \$	1 – 5 years \$	5+ years \$
2020						
Non-interest bearing	-	189,523	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		<u>189,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2019						
Non-interest bearing	-	84,039	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		<u>84,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity. The carrying amount of the financial assets, and financial liabilities measured at fair value on a non-recurring basis approximates their fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 11: FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies:

The Company has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Market risk
- Capital risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The Company's principal financial instruments comprise cash and short-term deposits and equity investments. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Company. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the year under review, it has been the Company's policy not to trade in financial instruments, other than available-for-sale financial assets in the form of listed shares.

(a) Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. An example is that the Company only dealt with the NAB for Term Deposits during the year. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rate its major customers and suppliers. The Company's exposure and the credit ratings of its counter-parties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board annually.

The Company does not have any significant credit risk exposure to the NAB. The credit risk on liquid funds and Term Deposits is reduced because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company did not have any undrawn facilities at its disposal as at balance date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 11: FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk management

The Company is exposed to interest rate risk as the Company deposits the bulk of the Company's cash reserves in Short Term Deposits with the NAB or other acceptable Australian Banking entities. The risk is managed by the Company by maintaining an appropriate mix between short term deposits and at call deposits. The Company's exposure to interest rate on financial assets is detailed in the interest rate risk sensitivity analysis section of this note.

Interest rate risk sensitivity analysis

The sensitivity analyses have been determined based on the Company's cash and cash equivalent exposure to interest rates. A 100 basis point increase or decrease is used when reporting interest rate risk. The Company's sensitivity to interest rates may decrease during the current period depending on the use of the cash reserves of the Company. The effect on loss and equity as a result of change in the interest rate, with all other variables remaining constant would be immaterial.

(d) Foreign currency sensitivity analysis

The Company has no material exposure to foreign currency fluctuations.

(e) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is exposed to movements in market interest rates on short term deposits. The Company does not have short or long term debt, and therefore the risk is minimal. The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have acceptable credit ratings. The Company's sensitivity to equity prices has increased during the year as result of changes in fair value of equity investments. A 100 basis point change in fair value would result in a immaterial change in fair value.

The Company may be exposed to currency risk on international investments and purchases that are denominated in a currency other than the respective currencies of the Company. There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(f) Capital Risk Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. Due to the nature of the Company's planned activities, being mineral exploration, it does not have ready access to credit facilities and therefore is not subject to any externally imposed capital requirements, with the primary source of Company funding being equity raisings. Accordingly, the objective of the Company's capital risk management is to balance the current working capital position against the requirements to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

NOTE 12: COMMITMENTS AND CONTINGENCIES

Commitments

Tenement Related Commitments and Contingencies

In order to maintain rights of tenure of its Australian located mineral tenements, the Company is required to outlay certain amounts in respect of rent and minimum expenditure requirements set by the Western Australian State Government Mines Department. The Company's commitments to meet this minimum level of expenditure are approximately \$1,160,354 (2019: \$nil) annually.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 12: COMMITMENTS AND CONTINGENCIES (continued)

	Consolidated 2020	Company 2019
	\$	\$
Commitments for exploration expenditure on Western Australian Projects		
Not longer than 1 year	368,500	-
Longer than 1 year and less than 2 years	388,254	-
Longer than 2 year and less than 5 years	403,600	-
	1,160,354	-

NOTE 13: EVENTS AFTER THE BALANCE DATE

There has been no matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

NOTE 14: DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Details of Directors and Executives

The following persons were directors and executives of eMetals Limited during the financial year:

- Mathew Walker Executive Director
- Gary Lyons Non-executive Chairman
- Teck Wong Non-executive Director

Directors and executives remuneration has been included in the Remuneration Report section of the Directors' Report.

(b) Key Management Personnel Compensation

Refer to the remuneration report contained in the director's report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2020.

The totals of remuneration paid to KMP of the Company during the year are as follows:

	Consolidated 2020	Company 2019
	\$	\$
Short-term employee benefits	144,000	144,000
Post-employment benefits	4,440	4,440
Total KMP compensation	148,440	148,440

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 15: RELATED PARTY DISCLOSURES

On 1 September 2012, the Group entered into an agreement with Cicero Corporate Services Pty Ltd (an entity Mr Walker holds a 54% equity stake) (Cicero) defining the terms of engagement for the provision of administration services by Cicero as a contractor to the Group. Cicero Corporate Services Pty Ltd was paid fees totalling \$48,000 during the year ended 30 June 2020 (2019: \$48,000) pursuant to the Administration Agreement. Cicero will provide the office rent, book-keeping, company secretarial and administration services to the Company for a monthly fee of \$4,000 plus GST. The agreement can be terminated by 1 months notice by either party.

NOTE 16: AUDITOR'S REMUNERATION

The auditor of eMetals Limited is HLB Mann Judd.

	2020	2019
	\$	\$
Amounts received or due and receivable by HLB Mann Judd for:		
Independent expert report	6,000	6,500
Investigating accountant report	6,000	15,300
Audit or review of the financial statements	28,738	24,786
Total	40,738	46,586

NOTE 17: FINANCIAL ASSETS

	2020	2019
	\$	\$
Listed Shares	88,875	114,550
Total	88,875	114,550

Listed shares are level 1 in the fair value hierarchy. Decrement to market value of \$25,675 (2019: \$122,450) has been recognised at balance date.

The shares classified as fair value through profit or loss.

NOTE 18: ACQUISITION OF ASSETS

(i) On 27 March 2018, the Company announced that it had entered into a binding Term Sheet for the acquisition of 100% of the issued capital in RWG Minerals Pty Ltd (**RWG**) (ACN 601 019 112), held by GWR Group Limited (ACN 102 622 051) (**Vendor**). A summary of the consideration for and conditions precedent to the Acquisition are set out in the announcement dated 27 March 2018. RWG has 100% interests in 4 (four) granted exploration licences located in Western Australia as further described announcement dated 27 March 2018. The Company has agreed to acquire and the Vendor has agreed to sell all of its rights and interests in all of its shares in the capital of RWG (**Company Shares**) on the key terms and conditions set out in the announcement dated 27 March 2018 (**Acquisition**).

Project	Tenements	No of Shares	Granted	Expires	Area (Blocks)
Nardoo Well	E09/2114	100/100	28/08/2015	27/08/2020	42
Twin Hills	E29/950	100/100	23/09/2015	22/09/2020	10
Cookes Creek	E46/1095	100/100	05/04/2017	04/04/2022	13
Cookes Creek	E46/1163	100/100	08/02/2018	07/02/2023	3

Schedule 1 – RWG Tenements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 18: ACQUISITION OF ASSETS (continued)

On 21 January 2020, the conditions precedent to the Company's acquisition of 100% of the issued capital in RWG held by the Vendor have been satisfied and the Company has completed its acquisition of RWG (accounted for as an asset acquisition) through the issue of 10,000,000 shares (**Consideration Shares**).

Consideration	Total Shares No.	Cost per share \$	Total cost \$
Issued capital	10,000,000	0.02	200,000

Assets Acquisition accounting is as follows:	\$
Exploration and Evaluation asset on acquisition	200,000

At the date of acquisition RWG has no asset other than the 4 (four) granted exploration licences and there are no liabilities outstanding.

(ii) In March 2020, the Company acquired 100% of the legal and beneficial right, title and interest in E09/ 2156 (**Tenement**) in consideration for, A\$15,000 in immediately available funds, 25,000,000 fully paid ordinary shares in the capital of the Company issued at \$0.008 per Share (total consideration \$215,000) and a royalty of A\$0.50 per tonne of ore extracted from the area within the Tenement, payable in cash.

(iii) In June 2020, the Company acquired 100% legal and beneficial right, title and interest in Western Australian mineral tenement E20/896 and a 90% legal and beneficial right, title and interest in Western Australian mineral tenement E20/885 (**Tenements**) from Venus Metals Corporation Limited (**VMC**), for the collective purchase consideration as below:

- A\$15,000 paid on the execution of the Agreement;
- A\$145,000 paid on the Settlement Date (17 June 2020);
- The assumption of VMC's existing joint venture arrangement with Bruce Legendre in relation to E20/885, which entitles Mr Legendre to a free carried 10% interest until such time as eMetals makes a decision to mine on that tenement;
- A royalty of A\$0.50 per tonne of ore extracted for mining purposes (ie not waste product) from E20/896, payable only on and from commercial mining on that tenement;
- Two royalties which together aggregate to a 1.5% net smelter royalty to historical explorers and prospectors on E20/885, payable only on and from commercial mining on that tenement;
- Performance payments of up to A\$100,000 subject to and conditional upon the achievement of the following performance milestones:
 - (i) A\$50,000 payable upon the definition of an inferred mineral resource of not less than 200,000 tonnes of Li₂O or equivalent at 1% on either Tenement; and
 - (ii) A\$50,000 payable upon the definition of a probable mineral ore reserve of not less than not less than 200,000 tonnes of Li₂O or equivalent at 1% on either Tenement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 19: CONTINGENT LIABILITIES

The Company has a contingent liability under the Acquisition Agreement entered with Venus Metals Corporation Limited (**VMC**) (ACN 123 250 582) signed in June 2020 to acquire a 100% legal and beneficial right, title and interest in Western Australian mineral tenement E20/896 and a 90% legal and beneficial right, title and interest in Western Australian mineral tenement E20/885 (**Tenements**). Contingent payments remaining at year end are:

- A royalty of A\$0.50 per tonne of ore extracted for mining purposes (ie not waste product) from E20/896, payable only on and from commercial mining on that tenement;
- Two royalties which together aggregate to a 1.5% net smelter royalty to historical explorers and prospectors on E20/885, payable only on and from commercial mining on that tenement;
- Performance payments of up to A\$100,000 subject to and conditional upon the achievement of the following performance milestones:
 - (iii) A\$50,000 payable upon the definition of an inferred mineral resource of not less than 200,000 tonnes of Li₂O or equivalent at 1% on either Tenement; and
 - (iv) A\$50,000 payable upon the definition of a probable mineral ore reserve of not less than not less than 200,000 tonnes of Li₂O or equivalent at 1% on either Tenement.

There are no further material contingent liabilities outstanding at the end of the year.

NOTE 20: SUBSIDIARIES

The consolidated financial statements include the assets, liabilities and results of the following subsidiaries:

Entity	Incorporation	2020 Ownership	2019 Ownership
RWG Minerals Pty Ltd	Australia	100%	0%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 21: PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 1 for a summary of the significant accounting policies relating to the Group.

	2020	2019
	\$	\$
Assets		
Current assets	3,186,881	375,594
Non-current assets	664,125	114,550
Total assets	<u>3,851,006</u>	<u>490,114</u>
Liabilities		
Current liabilities	189,523	84,039
Total liabilities	<u>189,523</u>	<u>84,039</u>
Equity		
Issued capital	14,245,155	9,844,618
Reserves	796,644	796,644
Accumulated losses	(11,380,316)	(10,235,157)
Total equity	<u>3,661,483</u>	<u>406,105</u>

DIRECTORS' DECLARATION

1. In the opinion of the directors of eMetals Limited ('the Group'):
 - a. the financial statements and notes of the Group are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2020 and the Company's performance for the year then ended; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c. The financial statements and note thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2020.

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



Mr Gary Lyons

Non-Executive Chairman

Perth, Western Australia; Dated this 28th day of September 2020



INDEPENDENT AUDITOR'S REPORT

To the members of eMetals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of eMetals Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

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

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HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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Key Audit Matter	How our audit addressed the key audit matter
<p>Acquisition of Exploration Assets Note 9 of the Financial Statements</p> <p>During the year, the Company acquired 100% of the issued share capital of RWG Minerals Pty Ltd Australia Pty Ltd.</p> <p>Additional tenements were also acquired, bringing the total exploration assets acquired was \$575,250.</p> <p>These were significant transactions for the Company.</p> <p>Accounting for this transaction is a complex and judgemental exercise, requiring management to determine the fair value of acquired assets.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • We read the Share Sale and Purchase agreement to understand the key terms and conditions. • We agreed the fair value of the gross consideration paid to supporting information. • We have confirmed the accounting treatment by management is correct and meets the attributes of an asset acquisition. • We considered whether there were any impairment indicators as at 30 June 2020. • We assessed the adequacy of the Group's disclosures in the financial report.

Information other than the financial report and auditor's report thereon

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

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee

that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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

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



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2020.

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

Responsibilities

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

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
28 September 2020

A handwritten signature in blue ink that reads 'Norman G Neill'.

N G Neill
Partner

ADDITIONAL SHAREHOLDER INFORMATION

A. CORPORATE GOVERNANCE

A statement disclosing the extent to which the Group has followed the best practice recommendations set by the ASX Corporate Governance Council during the period is contained in the Corporate Governance Statement which is available on the Company website.

B. SHAREHOLDING

1. Substantial Shareholders

VENUS METALS CORPORATION LIMITED	37,500,000	9.14%
CITICORP NOMINEES PTY LIMITED	36,231,849	8.83%
GWR GROUP LIMITED	30,788,460	7.51%
MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	29,440,000	7.18%

2. Number of holders in each class of equity securities and the voting rights attached (as at 28 September 2020)

Ordinary Shares

There are 803 holders of ordinary shares. Each shareholder is entitled to one vote per share held.

In accordance with the Company's Constitution, on a show of hands every number present in person or by proxy or attorney or duly authorized representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorized representative has one vote for every fully paid ordinary share held.

Options (unlisted)

There are no unlisted options on issue.

3. Distribution schedule of the number of holders in each class of equity security as at 28 September 2020.

a) Fully Paid Ordinary Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	20	2,787	0.00%
above 1,000 up to and including 5,000	50	211,796	0.05%
above 5,000 up to and including 10,000	38	333,835	0.08%
above 10,000 up to and including 100,000	446	26,852,024	6.55%
above 100,000	249	382,799,558	93.32%
Totals	803	410,200,000	100.00%

b) Unquoted securities

There are no unquoted securities.

ADDITIONAL SHAREHOLDER INFORMATION (continued)

4. Marketable Parcel

There are one hundred and eight (108) shareholders with less than a marketable parcel (basis price \$0.018).

5. Twenty largest holders of each class of quoted equity security.

The names of the twenty largest holders of each class of quoted equity security, the number of equity security each holds and the percentage of capital each holds (as at 28 September 2020) is as follows:

a) Ordinary shares top 20 holders and percentage held

Position	Holder Name	Holding	% IC
1	VENUS METALS CORPORATION LIMITED	37,500,000	9.14%
2	CITICORP NOMINEES PTY LIMITED	36,231,849	8.83%
3	GWR GROUP LIMITED	30,788,460	7.51%
4	MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	29,440,000	7.18%
5	TURNQUEST INVESTMENTS LIMITED	18,856,142	4.60%
6	GREAT SOUTHERN FLOUR MILLS PTY LTD	17,500,000	4.27%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	16,740,470	4.08%
8	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,700,000	1.88%
9	BNP PARIBAS NOMS PTY LTD <UOB KAY HIAN PRIV LTD DRP>	7,030,000	1.71%
10	MR GARY LYONS & MS TATJANA CUSMANO <LYONS SUPER FUND A/C>	6,164,114	1.50%
11	MS LAY SEE OOI	5,900,000	1.44%
12	TA SECURITIES HOLDINGS BERHAD	5,887,857	1.44%
13	DIG MEDIA INC	5,500,000	1.34%
14	MASON CHONG LING	5,000,000	1.22%
14	MR QUAH LEEK CHIAK GILBERT	5,000,000	1.22%
14	STATION NOMINEES PTY LTD <STATION SUPER FUND A/C>	5,000,000	1.22%
14	MR TECK SIONG WONG	5,000,000	1.22%
15	MRS MARISA MACKOW	4,837,630	1.18%
16	BLUEBAY INVESTMENTS GROUP CORPORATION	4,633,300	1.13%
17	RIMOYNE PTY LTD	4,627,613	1.13%
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	4,330,000	1.06%
19	M & K KORKIDAS PTY LTD <M&K KORKIDAS P/L S/FUND A/C>	4,020,012	0.98%
20	CHENG PING LING	4,000,000	0.98%
	Total	271,687,447	66.23%
	Total issued capital - selected security class(es)	410,200,000	100.00%

6. Company Secretary

The name of the company secretary is Sonu Cheema.

7. Address and telephone details of the entity's registered administrative office and principle place of business:

Suite 9, 330 Churchill Avenue
 SUBIACO WA 6008
 Telephone: (08) 6489 1600
 Fax: (08) 6489 1601

ADDITIONAL SHAREHOLDER INFORMATION (continued)

8. Address and telephone details of the office at which a registry of securities is kept:

Automic
Level 2
267 St Georges Terrace
Perth WA 6000
Telephone: 1300 288 664

9. Stock exchange on which the Group's securities are quoted:

The Group's listed equity securities are quoted on the Australian Securities Exchange.

10. Restricted Securities

The Group has 10,000,000 restricted securities.

11. Review of Operations

A review of operations is contained in the Directors' Report.

12. Tenement Schedule

Tenements	Projects	No of Shares	Granted	Expires	Area (Blocks)
E09/2114	NARDOO WELL	100	28/08/2015	27/08/2020	42
E09/2156	YINNETHARRA	100	6/02/2017	5/02/2022	35
E20/0885	POONA	90	26/07/2016	25/07/2021	50
E20/0896	POONA	100	9/10/2017	8/10/2022	32
E29/0950	TWIN HILLS	100	23/09/2015	22/09/2020	10
E46/1095	COOKES CREEK	100	5/04/2017	4/04/2022	13
E46/1163	COOKES CREEK	100	8/02/2018	7/02/2023	3
E09/2407	CAMEL HILL	100	-	-	24
E20/0963	KYARRA	100	-	-	67
E20/0964	KYARRA	100	-	-	148