

MARONAN METALS LIMITED

ACN 156 269 993

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2020

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DIRECTORS

Russell Barwick
Robert Rutherford
Joshua Pitt

COMPANY SECRETARY

Patrick Flint

**PRINCIPAL AND REGISTERED
OFFICE**

Level 15, 323 Castlereagh Street
Sydney NSW 2000 Australia

Telephone: (02) 9281 1805

AUDITORS

BDO
Level 1, 38 Station Street
Subiaco WA 6008

Company Information

The Company was incorporated and registered under the Corporations Act 2001 on 14 March 2012.

The Company is domiciled in Australia.

The directors of Maronan Metals Limited (the "Company") submit herewith the financial report for the financial year ended 30 June 2020, and the auditor's report thereon. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names and particulars of the directors of the Company during or since the end of the financial period are as follows. Directors were in office for the entire period unless otherwise stated.

| | |
|-------------------|-------------------------|
| Russell Barwick | appointed 14 March 2012 |
| Robert Rutherford | appointed 14 March 2012 |
| Joshua Pitt | appointed 14 March 2012 |

COMPANY SECRETARY

| | |
|---------------|-------------------------|
| Patrick Flint | appointed 14 March 2012 |
|---------------|-------------------------|

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was the identification and securing of prospective mineral tenements in Australia, and once secured the undertaking of exploration for and development of mineral resources.

RESULTS AND REVIEW OF OPERATIONS

The result of the Company for the financial year ended 30 June 2020 was a loss after tax of \$633,914 (2019: loss \$99,397). No dividends were paid during the year and the directors do not recommend payment of a dividend. During the year the Company commenced preparations to trial 2D seismic surveying over the Maronan deposit in an attempt to image the continuation of the mineralisation at depth and de-risk any future deep drilling. The Company is reviewing options for further development including securing a suitable funding partner to drill-out the shallower inferred resources to higher confidence levels and test the deeper higher-grade concept plays.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Russell Barwick

Qualifications

Experience

Non-Executive Chairman

Dip Min Eng, FAusIMM, FAICD

Russell Barwick is a mining engineer with over 40 years technical, managerial and corporate experience in various commodities. He initially worked for Bougainville Copper Limited (CRA), Pancontinental Mining Limited and CSR Ltd. Following this, Russell spent 17 years with Placer Dome Inc, occupying a number of key development, operational and corporate roles, culminating in being Managing Director of Placer Nuigini Ltd. He then served as Chief Executive Officer of Newcrest Mining Limited where he achieved strong market support. For the four year period up to the end of 2006 Russell was the Chief Operating Officer of Wheaton River Minerals and Goldcorp Inc., during which the quickly evolving company grew its market capitalisation from several hundred million dollars to \$22 billion and became the third largest gold company in the world by market capitalisation. He was subsequently the CEO of Canadian based Gammon Gold Inc, but resigned and returned to Australia for family reasons in 2008. Russell is also a director of Mount Gibson Iron Limited (since 2011), Lithium Power International Limited (since 2017) and Regis Resources Ltd (appointed 11 March 2020).

Robert Rutherford

Qualifications

Experience

Managing Director

BSc (Geol), Masters Econ Geol, MAIG

Rob Rutherford is a geologist with over 30 years Australian and international exploration experience and has been involved in generative, feasibility and management roles in the copper, gold and basemetal exploration industry. He was formerly employed by Phelps Dodge Australasia Inc. for over 9 years where he was promoted to Australian Exploration Manager and internal expert on Iron-Oxide Copper-Gold hydrothermal systems and Sediment-Hosted copper deposits. Rob founded Red Metal Limited in 2003.

| | |
|----------------------|--|
| Joshua Pitt | Non-Executive Director |
| Qualifications | BSc (Geol), MAusIMM, MAIG |
| Experience | Joshua Pitt is a geologist with over 40 years experience in exploration and corporate management. He has had a successful career in providing seed capital and corporate services to new mining and exploration ventures. He is also Executive Chairman of Hampton Hill Mining NL (director since 1997) and a director of Traka Resources Ltd (since 2003) and Red Hill Iron Limited (since 2005). |
| Patrick Flint | Company Secretary |
| Qualifications | BCom, CA, MAICD |
| Experience | Patrick Flint is a Chartered Accountant with significant experience in the management and administration of publicly listed mineral exploration companies. |

MEETINGS OF DIRECTORS

The Company is a wholly owned subsidiary of Red Metal Limited. No meetings of directors were held.

REVIEW OF OPERATIONS

The Company's objective is to identify and secure prospective mineral tenements in Australia, and once secured undertake exploration for and development of mineral resources. The Company acquired the Maronan Project in Queensland in April 2019. During the year the Company commenced preparations to trial 2D seismic surveying over the Maronan deposit in an attempt to image the continuation of the mineralisation at depth and de-risk any future deep drilling. The Company is reviewing options for further development including securing a suitable funding partner to drill-out the shallower inferred resources to higher confidence levels and test the deeper higher-grade concept plays.

SHARE OPTIONS

During the financial year, no options were granted and issued. As at 30 June 2020 and as at the date of this report, there were no options on issue and no options were exercised during the year or after year-end up to the date of this report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the year.

EVENTS SUBSEQUENT TO REPORTING DATE

The World Health Organisation announced that COVID-19 had become a pandemic on 11 March 2020. The extent of the impact of COVID-19 on the Company and its activities is uncertain. Completion of future field exploration programs is subject to there being no internal travel restrictions or health concerns associated with travel in Queensland, and contractors delivering agreed services. The Company is focussed on maintaining relationships with landowners, native title parties and other stakeholders.

At the date of this report, it is uncertain what the effect will be on the Company as the Company is currently ascertaining the impact of COVID-19 on its activities.

On 15 January 2021 the Company changed its name from Maronan Metals Pty Ltd to Maronan Metals Limited.

Other than as noted above and elsewhere in this report, since the end of the financial year and to the date of this report, no matter or circumstance has arisen which significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial year(s).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company plans to seek third party funding for its mineral exploration activities at the Maronan Project with the objective of finding mineralised resources. The Company will also consider the acquisition of further prospective exploration interests and where appropriate secure joint venture partners to assist in financing exploration activities. The directors are unable to comment on the likely results from any exploration activities due to the speculative nature of such activities.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and forms part of the Directors' report and can be found on the following page of the financial report.

NON-AUDIT SERVICES

There have been no non-audit services provided by the Company's auditor during the year.

ENVIRONMENTAL ISSUES

The Company is subject to significant environmental regulation, both Commonwealth and State, in respect of its exploration activities.

The Company aims to ensure the appropriate standard of environmental care is achieved and, in doing so, comply with all applicable environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

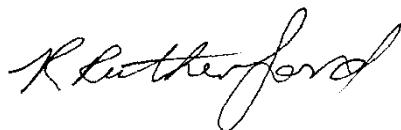
The Company's Constitution requires it to indemnify directors and officers against liabilities incurred to third parties and against costs and expenses incurred in defending civil or criminal proceedings. Directors and officers of the Company have been insured (under a policy arranged and paid for by Red Metal Limited) against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the directors made pursuant to s 298(2) of the Corporations Act 2001.

On behalf of the Directors.



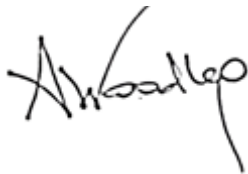
Robert Rutherford
Managing Director

15 February 2021
Perth, Western Australia

DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF MARONAN METALS LIMITED

As lead auditor of Maronan Metals Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Ashleigh Woodley

Director

BDO Audit (WA) Pty Ltd

Perth, 15 February 2021

Maronan Metals Limited
Statement of Comprehensive Income
For the year ended 30 June 2020

| | Notes | 2020 \$ | 2019 \$ |
|---|-------|----------------|---------------|
| Revenue | | | |
| Other income | 2 | - | - |
| | | - | - |
| Expenditure | | | |
| Corporate and administration expenses | | - | - |
| Exploration expenditure written off | | - | - |
| Finance costs | 11 | 633,914 | 99,397 |
| Other expenditure | | - | - |
| Total Expenditure | | 633,914 | 99,397 |
| Loss before income tax | | 633,914 | 99,397 |
| Income tax expense | 5 | - | - |
| Loss after income tax from continuing operations | | 633,914 | 99,397 |
| Other Comprehensive income/(loss) | | | |
| <i>Items that may be reclassified to profit or loss</i> | | - | - |
| Total comprehensive loss for the year | | 633,914 | 99,397 |
| Loss per Share | | | |
| Basic loss per share (dollar per share) | 4 | 63,391 | 9,940 |
| Diluted loss per share (dollar per share) | 4 | 63,391 | 9,940 |

The accompanying notes form part of these financial statements.

Maronan Metals Limited
Statement of Financial Position
As at 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 10 | 10 |
| Other receivables | 7 | - | - |
| Total current assets | | 10 | 10 |
| Non-current assets | | | |
| Acquisition, exploration and evaluation expenditure | 8 | 5,691,713 | 5,691,713 |
| Property, plant and equipment | 9 | - | - |
| Total non-current assets | | 5,691,713 | 5,691,713 |
| Total assets | | 5,691,723 | 5,691,723 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 10 | - | - |
| Borrowings | 11 | - | - |
| Total current liabilities | | - | - |
| Non-current liabilities | | | |
| Borrowings | 11 | 6,425,024 | 5,791,110 |
| Total non-current liabilities | | 6,425,024 | 5,791,110 |
| Total liabilities | | 6,425,024 | 5,791,110 |
| Net assets | | (733,301) | (99,387) |
| Equity | | | |
| Issued capital | 12 | 10 | 10 |
| Accumulated losses | 13 | (733,311) | (99,397) |
| Total equity | | (733,301) | (99,387) |

The accompanying notes form part of the financial statements.

Maronan Metals Limited
Statement of Changes in Equity
For the year ended 30 June 2020

| 2019 | Issued capital | Accumulated losses | Total |
|-----------------------------------|---------------------------|-------------------------------|------------------|
| | \$ | \$ | \$ |
| <i>Opening Balance</i> | 10 | - | 10 |
| Loss for the year | - | (99,397) | (99,397) |
| Shares issued during the year | - | - | - |
| <i>Balance as at 30 June 2019</i> | 10 | (99,397) | (99,387) |
| | | | |
| 2020 | Issued capital | Accumulated losses | Total |
| | \$ | \$ | \$ |
| <i>Opening Balance</i> | 10 | (99,397) | (99,387) |
| Loss for the year | - | (633,914) | (633,914) |
| Shares issued during the year | - | - | - |
| <i>Balance as at 30 June 2020</i> | 10 | (733,311) | (733,301) |

The accompanying notes form part of the financial statements.

Maronan Metals Limited
Statement of Cash Flows
For the year ended 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|------------|------------|
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | - | - |
| Net cash outflows from operating activities | | - | - |
| Cash flows from investing activities | | | |
| Payments for exploration expenditure | | - | - |
| Payments for property, plant and equipment | | - | - |
| Net cash outflows from investing activities | | - | - |
| Cash flows from financing activities | | | |
| Proceeds from share issue | | - | - |
| Share issue cost | | - | - |
| Net cash inflows from financing activities | | - | - |
| Net increase in cash and cash equivalents held | | - | - |
| Cash and cash equivalents at the beginning of the year | | 10 | 10 |
| Cash and cash equivalents at the end of the year | 6 | 10 | 10 |

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General information

Maronan Metals Limited (the Company) is a company limited by shares incorporated and domiciled in Australia, and which was incorporated on 14 March 2012. The financial year covers the year from 1 July 2019 to 30 June 2020.

The nature of the operations and principal activity of the Company is to acquire interests (directly and indirectly) and manage mineral exploration projects.

(b) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with mandatory Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Act 2001 and other requirements of the law and Australian equivalents to International Financial Reporting Standards (“AIFRS”).

The financial report of the Company was authorised for issue in accordance with a resolution of Directors on 15 February 2021.

Historical cost convention

This financial report has been prepared on an accruals basis under the historical cost convention. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Adoption of new and revised standards

In the period 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 Company and effective for the current annual reporting period. 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 Company and, therefore, no change is necessary to Company accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the period ended 30 June 2020. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates and that management exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements is in relation to the accounting for exploration expenditures.

Going concern

As disclosed in the financial statements, the Company incurred a loss of \$633,914 for the year ended 30 June 2020 (2019: \$99,397). As at that date, the Company had net current assets of \$10. The ability of the entity to continue as a going concern is dependent on the financial support of its shareholder to fund its working capital requirements and/or successfully raising capital by way of an IPO on the ASX.

This condition indicates a material uncertainty that may cast significant doubt on the entity’s ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

The entity has prepared the financial statements on a going concern basis based on the Company’s parent entity agreeing to provide funding through to an IPO expected within the 12 months following the date of this report.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

(c) Acquisition, exploration and evaluation expenditure

Acquisition costs of mining tenements are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the Company's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made. Each area of interest is also reviewed annually and acquisition costs written off to the extent that they will not be recoverable in the future. Exploration, evaluation and development costs of mining tenements are written off as incurred.

(d) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(e) Cash and cash equivalents

Cash reserves in the statement of financial position comprise cash at bank and in hand.

(f) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the net asset or part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(g) Trade and other payables

Trade and other payables are carried at cost 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.

(h) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(i) Contributed equity

Ordinary shares and options are classified as contributed 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.

(j) Share based payment expense

The Company measures the cost of equity settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using a Black-Scholes model.

(k) Income tax

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

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

At the reporting date, the Directors have not made a decision to elect to be taxed as a single entity.

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.

(l) Property, plant and equipment

Items of plant and equipment are carried at cost less accumulated depreciation and impairment losses (see accounting policy "Impairment")

Plant and equipment

Plant and equipment acquired is initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

All assets have limited useful lives and are depreciated using the straight line method over their estimated useful lives commencing from the time the asset is held ready for use.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. The estimated useful lives used in the calculation of depreciation for plant and equipment for the current and corresponding period is three years.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to accumulated losses.

(m) Impairment

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. Where such an indication exists, a formal assessment of recoverable amount is then made and where this is in excess of carrying amount, the asset is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset. Any resulting impairment loss is recognised immediately in the statement of comprehensive income.

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset(s) does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Employee benefits

Wages, salaries and annual leave

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

Contributions are made by the Company to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

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.

(o) Earnings per share

Basic earnings per share are determined by dividing the net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends), by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are determined by dividing the net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and any expenses associated with dividends and interest of dilutive potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) adjusted for any bonus element.

(p) Acquisition of assets

All assets acquired are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity to the extent of proceeds received, otherwise they are expensed.

(q) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

2. REVENUE

| | 2020 | 2019 |
|--|-------------|-------------|
| | \$ | \$ |
| <i>Other revenue includes the following:</i> | | |
| Interest - other parties | - | - |
| | - | - |
| | - | - |

3. AUDITOR'S REMUNERATION

| | 2020 | 2019 |
|----------------|-------------|-------------|
| | \$ | \$ |
| Auditors – BDO | - | - |
| | - | - |
| | - | - |

The auditors were engaged subsequent to year end and the auditors remuneration will be paid by Red Metal Limited.

4. PROFIT PER SHARE

| | 2020 | 2019 |
|--|-------------|-------------|
| | \$ | \$ |
| Basic loss per share | 63,391 | 9,940 |
| Loss for the year | 633,914 | 99,397 |
| Weighted average number of ordinary shares used in the calculation of basic loss per share | 10 | 10 |
| | | |

5. INCOME TAX EXPENSE

| | 2020 | 2019 |
|--|-------------|-------------|
| | \$ | \$ |

Income tax benefit

The major components of tax benefit are:

The prima facie income tax expense on pre-tax accounting result from operations reconciles to the income tax expense in the financial statements as follows:

| | | |
|--|----------------|---------------|
| Accounting loss before tax from continuing operations | 633,914 | 99,397 |
| Income tax expense | - | - |
| Non-deductible expenses | (633,914) | (99,397) |
| Other deferred tax assets and tax liabilities not recognised | - | - |
| Other | - | - |
| Income tax benefit reported in the statement of comprehensive income | - | - |
| | - | - |

There are no unrecognised deferred tax balances at year end.

6. CASH AND CASH EQUIVALENTS

| | 2020 | 2019 |
|----------------|-------------|-------------|
| | \$ | \$ |
| Current | | |
| Cash on hand | 10 | 10 |
| | 10 | 10 |
| | 10 | 10 |

7. OTHER RECEIVABLES

| | 2020 | 2019 |
|------------------|-------------|-------------|
| | \$ | \$ |
| Current | | |
| Other receivable | - | - |
| | - | - |

8. ACQUISITION, EXPLORATION AND EVALUATION EXPENDITURE

| | 2020 | 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| Non-current | | |
| Acquisition, exploration and evaluation expenditure | 5,691,713 | 5,691,713 |
| | 5,691,713 | 5,691,713 |
| Movement in carrying amounts | | |
| Opening balance | 5,691,713 | - |
| Acquisition and exploration expenditure incurred | - | 5,691,713 |
| Costs written off | - | - |
| | 5,691,713 | 5,691,713 |

9. PROPERTY, PLANT AND EQUIPMENT

| | 2020 | 2019 |
|-------------------------------|-------------|-------------|
| | \$ | \$ |
| Plant and equipment | | |
| At cost | - | - |
| Less accumulated depreciation | - | - |
| | - | - |

10. TRADE AND OTHER PAYABLES

| | 2020 | 2019 |
|------------------------------------|-------------|-------------|
| | \$ | \$ |
| Trade, other payables and accruals | - | - |
| | - | - |

Trade and other payables amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

11. BORROWINGS

| | 2020 | 2019 |
|--|-------------|-------------|
| | \$ | \$ |
| Loan from parent entity, Red Metal Limited | 6,425,024 | 5,791,111 |
| | 6,425,024 | 5,791,111 |

On 8 April 2019, the Company entered into a sale and purchase agreement with its parent company Red Metal Limited to acquire the Maronan Project for consideration of \$7,004,000. The purchase consideration was funded by way of an interest free unsecured loan payable by the Company to Red Metal Limited by 8 April 2029. For accounting purposes, the loan was initially recognised at present value (being \$5,691,713) using an effective interest rate of 10%. The loan is subsequently measured at amortised cost using the effective interest method, resulting in a notional interest expense for the year ended 30 June 2020 of \$633,914 (2019: \$99,397).

Refer to note 18 for further information on financial instruments.

12. ISSUED CAPITAL

(a) Issued capital

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Movements in share capital

| | 2020 | 2020 | 2019 | 2019 |
|-------------------------------------|---------------|-------------|---------------|-------------|
| | Number | \$ | Number | \$ |
| <i>Balance at beginning of year</i> | 10 | 10 | 10 | 10 |
| Issued during the year: | | | | |
| Nil | | | | |
| Share issue costs | - | - | - | - |
| <i>Balance at end of year</i> | 10 | 10 | 10 | 10 |

13. ACCUMULATED LOSSES

| | 2020 | 2019 |
|--|----------------|---------------|
| | \$ | \$ |
| Accumulated losses at the beginning of the year | 99,397 | - |
| Loss for the year | 633,914 | 99,397 |
| Accumulated losses at the end of the year | 733,311 | 99,397 |

14. SEGMENT INFORMATION

During the period the Group operated predominantly in the mining industry in Australia.

15. KEY MANAGEMENT PERSONNEL DISCLOSURES

The following were Key Management Personnel of the Company during or since the end of the financial period.

Directors

Russell Barwick (Non-Executive Chairman)

Robert Rutherford (Managing Director)

Joshua Pitt (Non-Executive Director)

There have been no changes of Key Management Personnel after the reporting date and up to the date the financial report was authorised for issue.

(a) Compensation Arrangements

Non-Executive Directors' Remuneration

Objective

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

Structure

The Constitution specifies that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by the shareholders in a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at a general meeting on 3 December 2020 when shareholders approved aggregate remuneration of \$250,000 per year.

The Board reviews the remuneration packages applicable to the Non-Executive Directors on an annual basis. The Board considers fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

The remuneration of each of the Non-Executive Directors from the Company for the financial year ended 30 June 2020 was \$Nil (2019: \$Nil).

Executive Directors' Remuneration

Mr Robert Rutherford was appointed Managing Director of the Company on 14 March 2012. Mr Rutherford is remunerated for his services to the group by Red Metal Limited. The remuneration of Mr Rutherford from the Company for the financial year ended 30 June 2020 was \$Nil (2019: \$Nil).

(b) Share-Based Compensation

Share Options

The Company may make share-based payments to Key Management Personnel from time to time on an ad hoc basis (not under any specific plan). These payments are designed to provide incentives and assist in the recruitment, reward and retention of officers and employees. No share-based payments were made during the year ended 30 June 2020 (2019: Nil).

Loans to Directors and Executives

During the financial year ended 30 June 2020, there were no loans provided to Directors (30 June 2019: Nil).

Shareholdings and Option holdings

The numbers of shares and options over ordinary shares in the Company held during the financial year ended 30 June 2020 by Key Management Personnel, including shares held by entities they control, was Nil (2019: Nil).

Other Transactions with Key Management Personnel

No director has entered into a material contract with the Company since incorporation and there were no other material contracts involving directors' interests existing at year end (2019: Nil).

16. EVENTS SUBSEQUENT TO BALANCE DATE

The World Health Organisation announced that COVID-19 had become a pandemic on 11 March 2020. The extent of the impact of COVID-19 on the Company and its activities is uncertain. Completion of future field exploration programs is subject to there being no internal travel restrictions or health concerns associated with travel in Queensland, and contractors delivering agreed services. The Company is focussed on maintaining relationships with landowners, native title parties and other stakeholders.

At the date of this report, it is uncertain what the effect will be on the Company as the Company is currently ascertaining the impact of COVID-19 on its activities.

On 15 January 2021 the Company changed its name from Maronan Metals Pty Ltd to Maronan Metals Limited.

Other than as noted above and elsewhere in this report, since the end of the financial period and to the date of this report, no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in the subsequent financial year.

17. COMMITMENTS AND CONTINGENCIES

The Company did not have any commitments or contingent liabilities as at 30 June 2020 or 30 June 2019.

18. FINANCIAL INSTRUMENTS

Overview

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the business. The Company employs different methods to measure different types of risk to which it is exposed.

This note presents information about the Group'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 of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

(a) Credit risk exposures

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

As the Company is exclusively involved in exploration rather than trading there is currently very little credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows.

Remaining contractual maturities

The undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid are:

| | 1 year or less | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|------------|----------------|--------------------------|--------------------------|--------------|
| Borrowings | - | - | - | 7,004,000 |

(c) 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 objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk and price risk

The Company is currently not exposed to any significant currency risk or price risk.

(ii) Interest rate risk

The Company may be exposed to interest rate risk through financial assets and liabilities. The risk is measured using sensitivity analysis. Borrowings obtained at variable rates expose the Company to interest rate risk. Borrowings obtained at fixed rates expose the Company to fair value risk.

At the reporting date the Company had:

- no interest-bearing financial instruments (\$2019: nil);
- an interest free (fixed rate) unsecured loan payable by 8 April 2029 (2019: nil). For accounting purposes, the loan was initially recognised at the present value. The loan is subsequently measured at amortised cost using the effective interest method, resulting in a notional interest expense each year (refer note 11).

At 30 June 2020, if the effective interest rates had increased/decreased by 100 basis points, with other variables constant, the loss for the year would have been \$63,391 higher (June 2019: \$9,940 higher) / \$63,391 lower (June 2019: \$9,940 lower).

For financial assets and financial liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The Company has no financial assets where carrying amount exceeds net fair values at balance date.

In accordance with a resolution of the directors of Maronan Metals Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of Maronan Metals Limited for the financial period ended 30 June 2020 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the year ended on that date;
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
 - (iii) complying with International Financial Reporting Standards

- (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.

On behalf of the Board.



Robert Rutherford
Managing Director

15 February 2021
Perth, Western Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Maronan Metals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Maronan Metals Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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



Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' Report, 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 on the other information obtained prior to the date of this auditor's report, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink. The signature starts with the letters 'BDO' in a stylized, cursive font. Below this, there is a large, fluid signature that appears to read 'Ashleigh Woodley'.

Ashleigh Woodley

Director

Perth, 15 February 2021