

**MANDRAKE RESOURCES LIMITED**

A.B.N. 60 006 569 124

**ANNUAL REPORT**

**FOR THE YEAR ENDED**

**30 June 2021**

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**CORPORATE DIRECTORY**

**Directors**

Patrick Burke – Non-Executive Chairman

James Allchurch – Managing Director

Lloyd Flint – Non-Executive Director

**Company Secretary**

Lloyd Flint

**Registered office**

Level 1,

10 Outram Street

West Perth WA 6005

Ph: +61 8 9200 3743

Website: [www.mandrakeresources.com.au](http://www.mandrakeresources.com.au)

**Auditors**

BDO Audit (WA) Pty Ltd

Level 1

38 Station Street

Subiaco WA 6008

**Share Registry**

Automic Registry Services

Level 2

267 St Georges Terrace

Perth WA 6000

Ph: 1300 288 664 (within Australia) +61 2 9698 5414

E: [hello@automicgroup.com.au](mailto:hello@automicgroup.com.au)

Website: [www.automicgroup.com.au](http://www.automicgroup.com.au)

**Bankers**

National Australia Bank

1232 Hay Street

West Perth WA 6005

**Securities Exchange Listing**

Australian Securities Exchange Limited

**ASX Code – MAN**

# MANDRAKE RESOURCES LIMITED

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## ANNUAL REPORT 30 JUNE 2021

### DIRECTORS' REPORT

Your directors present their report of the Company and its controlled entities for the financial year ended 30 June 2021.

#### Information on Directors

The names of directors in office at any time during or since the end of the year are:

<b>Patrick Burke</b>	—	Non-Executive Chairman (appointed 4 August 2019)
Qualifications	—	<i>LLB</i>
Experience	—	<p>Mr Burke holds a Bachelor of Laws from the University of Western Australia. He has extensive legal and corporate advisory experience and over the last 15 years has acted as a Director for a large number of ASX listed companies, as well as NASDAQ and AIM listed companies. His legal expertise is in corporate, commercial and securities law in particular capital raisings and mergers and acquisitions.</p> <p>Mr Burke's corporate advisory experience includes identification and assessment of acquisition targets, strategic advice, deal structuring and pricing, funding, due diligence and execution.</p>
Interest in Shares and Options	—	940,000 ordinary fully paid shares; 6,000,000 unlisted options @ \$0.03 expiring 28 November 2022; 2,500,000 Class A Performance Rights; 2,500,000 Class B Performance Rights
Directorships held in listed entities	—	<p>In the past 3 years, Patrick Burke has been a director of:</p> <p>Meteoric Resources NL (Executive Chairman appointed 1 December 2017)</p> <p>Province Resources Limited (Non-Executive Chairman appointed 9 November 2020)</p> <p>Western Gold Limited (Non-Executive Director appointed 22 March 2021)</p> <p>Torque Metals Limited (Non-Executive Director appointed 9 February 2021)</p> <p>Triton Minerals Limited (Non-Executive Director appointed 22 July 2016)</p> <p>Koppar Resources Limited (Non-Executive Director appointed 5 February 2018; resigned 31 December 2019)</p> <p>Vanadium Resources Limited (Non-Executive Director appointed 1 July 2017; resigned 29 November 2019)</p> <p>Transcendence Technologies Limited (Non-Executive Director appointed 28 September 2018; resigned 20 November 2019)</p> <p>WestWater Resources, Inc. (Non-Executive Director appointed 16 March 2016; resigned 4 April 2019)</p> <p>Bligh Resources Limited (Non-Executive Director appointed 5 December 2016; resigned 28 November 2018)</p>
<b>James Allchurch</b>	—	Managing Director (appointed 4 August 2019)
Qualifications	—	<i>BSc (Hons)</i>
Experience	—	<p>Mr Allchurch is a geologist with over 19 years' experience in mineral exploration, geotechnical assessment and mining operations. Mr Allchurch was the Managing Director of ASX-listed company Monto Minerals which controlled copper mining and tin exploration operations in Queensland and has held various Board positions over the previous 10 years including ASX-listed Bligh Resources and various private entities. More recently Mr Allchurch founded a Chilean cobalt mining exploration company, executing detailed exploration activities prior to a cash sale to a US-based fund.</p> <p>Mr Allchurch spent six years working at Ascent Capital and has considerable expertise in the identification and assessment of resource projects over a broad range of commodities in geographies including Europe, Australia, Africa and South America.</p>
Interest in Shares and Options	—	2,500,000 Ordinary fully paid shares; 12,000,000 unlisted options @ \$0.03 expiring 28 November 2022; 8,500,000 Class A Performance Rights; 8,500,000 Class B Performance Rights

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Directorships held in listed entities	—	In the past 3 years, James Allchurch has been a director of: Winchester Energy Limited – (Non-Executive Director – appointed 1 April 2020) PepinNini Lithium Limited – (Non-Executive Director - appointed 1 July 2019; resigned 11 November 2019).
<b>Ben Phillips</b>	—	Non-Executive Director (appointed 18 April 2018 resigned 7 March 2021)
Experience	—	<p>Mr Phillips has over 15 years' experience providing consultation for a broad spectrum of companies including Oil and Gas, Resources, MedTech and Defence. He has provided services to departments ranging from R&amp;D through to product commercialisation and sales.</p> <p>Mr Phillips corporate finance experience focuses on the structuring of 'funding and management' for small cap companies both private and public. Mr Phillips has been working at Ironside Capital since the company's incorporation having previously held a position at Merchant Corporate Finance.</p>
Interest in Shares and Options	—	<p>As at the date of resignation:</p> <p>Beneficially held through Deep36 Pty Ltd – 1,000,000 Ordinary fully paid shares, 500,000 Unlisted options @ \$0.03 expiring 14 July 2022 escrowed for 24 months and 500,000 Unlisted options @ \$0.03 expiring 14 July 2022</p> <p>Beneficially held through Bob Alfred Pty Ltd – 2,310,500 Ordinary fully paid shares (1,710,500 escrowed 24 months from quotation) and 1,710,500 Unlisted options @ \$0.03 expiring 14 July 2022 escrowed for 24 months; 6,000,000 unlisted options @ \$0.03 expiring 28 November 2022; 2,000,000 Class A Performance Rights; 2,000,000 Class B Performance Rights</p>
Directorships held in listed entities	—	Nil
<b>Lloyd Flint</b>		<p>Non-Executive Director (appointed 7 March 2021)</p> <p>Company Secretary (appointed 1 February 2020)</p>
Qualifications		BAcc, MBA, CAANZ, FINSIA, FGIA
Experience		Mr Flint is an experienced professional gained over 25 years including CFO and group Company Secretary roles for a number of listed ASX companies. Mr Flint currently provides financial and company secretarial services to a number of ASX listed companies
Interest in Shares and Options		Nil
Directorships held in listed entities		Nil

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**DIRECTORS' REPORT (CONT)**

**Meeting of Directors**

The number of meetings of Directors held during the period and the number of meetings attended by each Director was as follows:

	DIRECTORS' MEETINGS	
	Number eligible to attend	Number Attended
Patrick Burke	4	4
James Allchurch	4	4
Ben Phillips	2	2
Lloyd Flint	2	2

**Principal Activities**

The principal activity of the Company during the financial year ended 30 June 2021 was the exploration and evaluation of mineral resources.

**Operating Results**

The consolidated loss of the group after providing for income tax amounted to \$3,108,541 (2020: Loss of \$788,931).

**Dividends Paid or Recommended**

No interim dividend (2020: Nil) was paid during the year. No final dividend is recommended by the Directors.

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### Review of Operations

The year ended 30 June 2021 has been a significant growth period for the Company as it continues its exploration activities at the Jimperding Project located in the Jimperding Metamorphic Belt 70km north east of Perth, WA.

The Company has been primarily focussed on exploration of its 100%-owned Jimperding Project during the 2021 financial year, with particular emphasis on the advanced Newleyine Prospect.

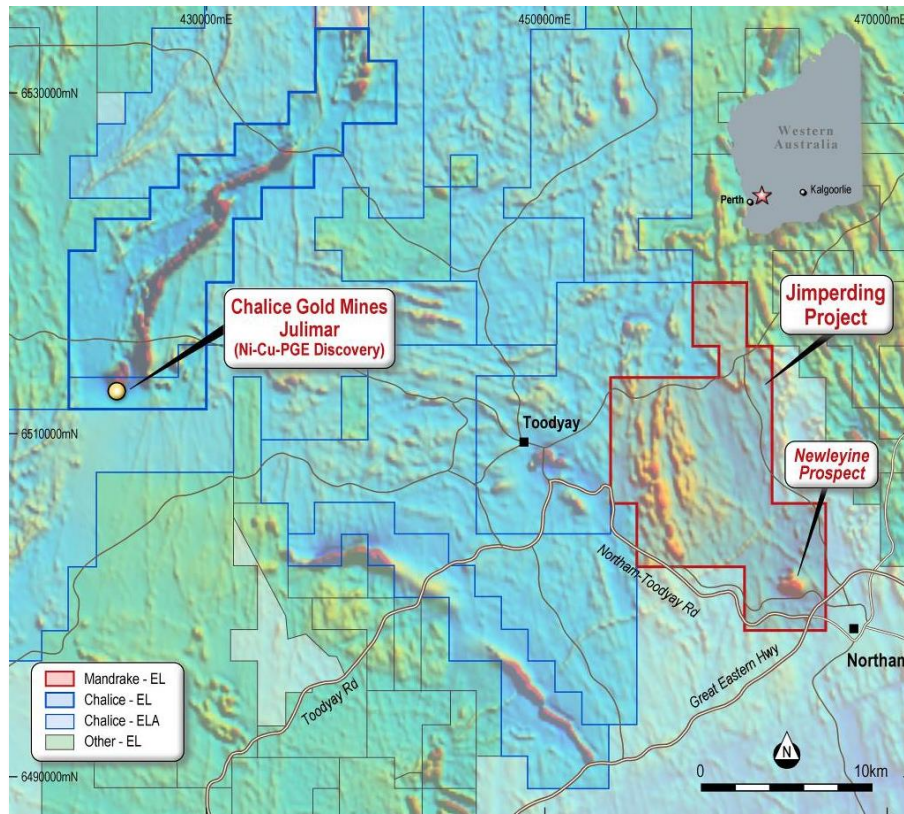
Through its wholly owned subsidiary Focus Exploration Pty Ltd (Focus), the Company also owns 100% of the Berinka Pine Creek Project in the Northern Territory which is situated on exploration licence EL31710.

As at 15 September 2021 the Company had approximately \$16.5M in cash. In addition to the Berinka and Jimperding Projects, the Company is considering additional resource opportunities as and when they are presented.

### Jimperding Project (Mandrake 100%)

The Jimperding Project lies approximately 30km east of Chalice Mining Limited's (Chalice) Julimar PGE-Ni-Cu discovery announced on 23 March 2020. The 142km<sup>2</sup> EL comprising the Jimperding Project was applied for on 4 March 2020, prior to the Julimar discovery hole announcement and prior to Chalice pegging over 2,000km<sup>2</sup> of ELAs contiguous to the Jimperding Project.

The Jimperding Metamorphic Belt is in the northern part of the southwestern Yilgarn Craton and comprises Archaean gneisses, arkosic paragneiss and banded-iron formation, interleaved with a variety of garnetiferous orthogneiss and ultramafic units<sup>1</sup>.



**Figure 1 - Regional Aeromagnetics – Jimperding Project**

Regional work conducted by Harrison (1986) suggested that some of the mafic/ultramafic bodies in the terrane may be remnants of larger layered intrusives and thus targets for platinum group element (PGEs)<sup>2</sup>. The recent Julimar discovery in the area appears to validate this assessment.

<sup>1</sup> Wilde, S.A. (2001), Jimperding and Chittering Metamorphic Belts, Southwestern Yilgarn Craton, WA – A Field Guide. 4<sup>th</sup> International Archaean Symposium. Geol Survey of WA.

<sup>2</sup> Harrison, P.H (1986), Professional Papers for 1984. Rep 19. Geol Survey of WA.

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#### Newleyine Prospect

##### Previous Work

Previous exploration was primarily undertaken in the late 1970s by Australian Anglo American (Australian Anglo) who conducted surface mapping and sampling at the Newleyine prospect. Surface sampling of the 1.5km long Newleyine ultramafic intrusive by way of 90 rock chip samples returned assay values up to 0.52% Ni and 805ppm Cu.

Three exploratory diamond drill holes completed by Australian Anglo established the presence of widespread Ni-Cu-Fe sulphide mineralisation of 0.25% Ni and 300ppm Cu over drill widths of up to 240m through a dunite body. Samples were evidently not assayed for PGEs or gold.

##### Work Undertaken by Mandrake Resources

##### **Geochemistry**

Concentrations of platinum and palladium in rock chip samples collected from two Mandrake field mapping events exceeded expectations with rock chip samples up to 0.36g/t Pd and 0.27g/t Pt confirming the ultramafic intrusive at Newleyine is highly fertile for PGEs.

##### **Ground EM**

In late 2020, Mandrake completed a Fixed Loop Electromagnetic (FLEM) survey at the Newleyine Prospect which successfully identified three confined late-time bedrock conductors located within a distinct bullseye magnetic complex that contains layered ultramafic intrusion units and banded iron formation.

The conductors are of moderate to high conductance, moderately dip north (consistent with mapped outcrop) and are located between 125 – 210m below surface. Conductors A, B and C are summarised below.

##### **Conductor Plate Dimensions**

	Conductor A	Conductor B	Conductor C
Depth below surface (m)	125	210	130
Dip (°)	50	55	55
Dip direction (°)	20	337.5	22.5
Strike length (m)	160	200	90
Depth extent (m)	140	150	98.3

##### **Drilling**

Drilling commenced at the Newleyine Prospect in June 2021 and was designed to test the three discrete, late-time EM bedrock conductors.

##### MNEWDD001

MNEWDD001, targeting eastern-most FLEM conductor plate B, encountered almost exclusively ultramafic rock (serpentinite) with regular zones of disseminated and vein-filled sulphides (primarily pyrite and pyrrhotite) up to 4% by volume sulphides.

The down-hole electromagnetic (DHEM) survey at MNEWDD001 identified a very strong, late-time off-hole conductor plate with ~7,000 Siemens conductance. This conductor was subsequently tested by MNEWDD003.

##### MNEWDD002

MNEWDD002, which targeted FLEM conductor plate A, recorded several zones of disseminated and semi-massive sulphides in mafic-ultramafic rocks.

MNEWDD002 included a broad serpentinite zone with consistent disseminated sulphides (primarily pyrite) up to 2% by volume from 43m to 119m followed by another serpentinite intersection from 121 – 130.5m containing 1-3% sulphides.

At 130.5m a 4.5m zone comprising amphibolite with 5-10% disseminated sulphides (primarily pyrrhotite) was followed by a further 2.9m wide zone from 138.4m containing 15% sulphides by volume (including minor chalcopyrite) as well as several semi-massive sulphide bands (60% sulphides) up to 10cm in thickness.

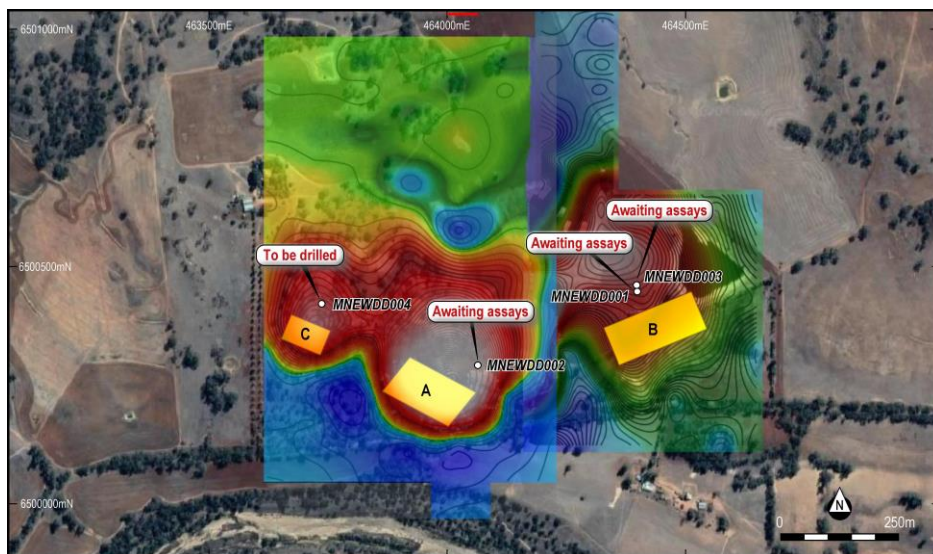
A banded magnetite iron formation, containing bands of near massive sulphide was intersected immediately below the sulphide ultramafic unit at 143.6m.



A DHEM was then conducted on MNEWDD002 which identified a very strong, late-time off-hole conductor plate with ~5,000 Siemens conductance. The conductor is strongly confined and measures approximately of 40 x 30m and is yet to be drill tested.

#### MNEWDD003

MNEWDD003 tested the very strong, late-time off-hole conductor plate (~7,000 Siemens conductance) identified in the DHEM survey at MNEWDD001.



**Figure 2 – Newleyne prospect showing FLEM EM conductors (A, B and C) and drill holes**

MNEWDD003 primarily comprised mafic-ultramafic rocks serpentinite and amphibolite with zones of disseminated and vein-filled sulphides (primarily pyrite and pyrrhotite) up to 2% sulphides by volume.

Semi massive and massive sulphide zones were observed from 286.2m downhole depth associated primarily with banded iron formation with minor ultramafic rocks and mafic metasediments. The sulphide zones appear proximal to the overlying ultramafic contact (with some ultramafic zones within the sulphidic zone) and are composed primarily of pyrrhotite and minor chalcopyrite.

As at the time of writing, Mandrake is preparing to drill MNEWDD004 (testing conductor plate C).

Assaying of ultramafic and sulphide zones of all holes drilled to date for base metals as well as PGEs is now underway. Assay results will inform interpretation and modelling of the Newleyne intrusive where initial drilling has proven the presence of ultramafic host rocks and a relative abundance of sulphide material.

#### **AEM Survey**

During December 2020 Mandrake completed a whole-of-permit (~142km<sup>2</sup>) airborne electromagnetic (AEM) survey at the Jimperding Project.

The heliborne AEM survey utilised Geotech Limited's Versatile Time-Domain Electromagnetic (VTEM™ Max) geophysical system surveying at 200m spacing (with some 100m-spaced infill lines flown over anomalous areas). Cultural sources (sheds, power lines etc.) were avoided by flight lines where possible.

The objective of the survey was to generate targets prospective for "Julimar-style" mineralisation.

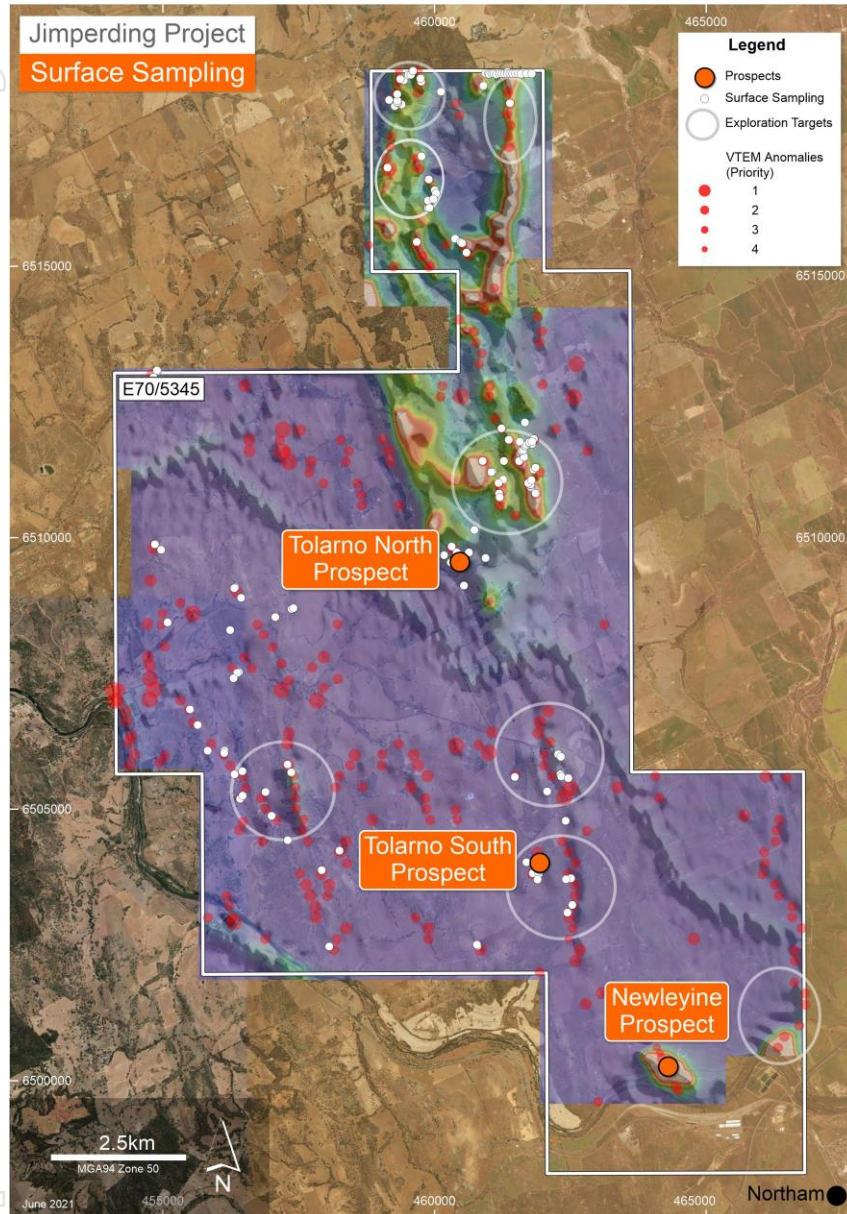
The AEM survey successfully identified a large number of late-time EM conductors that were assessed by field reconnaissance work and mapping.

Two stand-out prospects, Tolarno North and Tolarno South, were identified with both prospects having received no previous exploration.

#### Tolarno North Prospect

Field inspection of a VTEM anomaly located in a paddock revealed the existence of a roughly 900m-long by 200m-wide soil-covered zone with intermittent outcropping, subcropping and float ultramafic rock. Strongly ferruginised weathered schist adjacent to the EM anomaly was submitted for assay and recorded 0.31% Ni, 503ppm Cu and 20ppb Pt.

The serpentinised peridotites comprising the majority of the ultramafic rock typically returned values of 0.1% - 0.3% Ni. Ultramafic rock chip sample X4409 was submitted to the laboratory for analysis and returned 0.13% Ni, 396ppm Cu and 30 ppb Pt.



**Figure 3 - Jimperding Project Surface pXRF Sampling Locations**

Whilst the true extent of the ultramafic intrusive is unclear, the initial geochemical signature and coincident EM anomalism indicates the potential prospectivity of Tolarno North for PGE-Ni-Cu mineralisation.

#### Tolarno South Prospect

In the course of investigating three distinct VTEM anomalies and a historic mine shaft believed to have been worked for gold, Mandrake identified an area of approximately 700m x 200m where ultramafic and amphibolite float were found.

No source of the EM anomalies were found and no outcrop located. It is noted that colluvium across the area is derived from a quartzite ridge hosting the historic shaft which will likely obscure any outcrop or meaningful soil geochemistry.

One sample of ultramafic float was sent to the lab for assay and returned 0.12% Ni and 10ppb Pt.

**Berinka Pine Creek Gold-Silver-Copper Project (Mandrake 100%)**

In August 2020 Mandrake completed a reverse circulation (RC) drilling programme targeting gold mineralisation at its 100%-owned 289km<sup>2</sup> Berinka Pine Creek gold project in the Northern Territory.

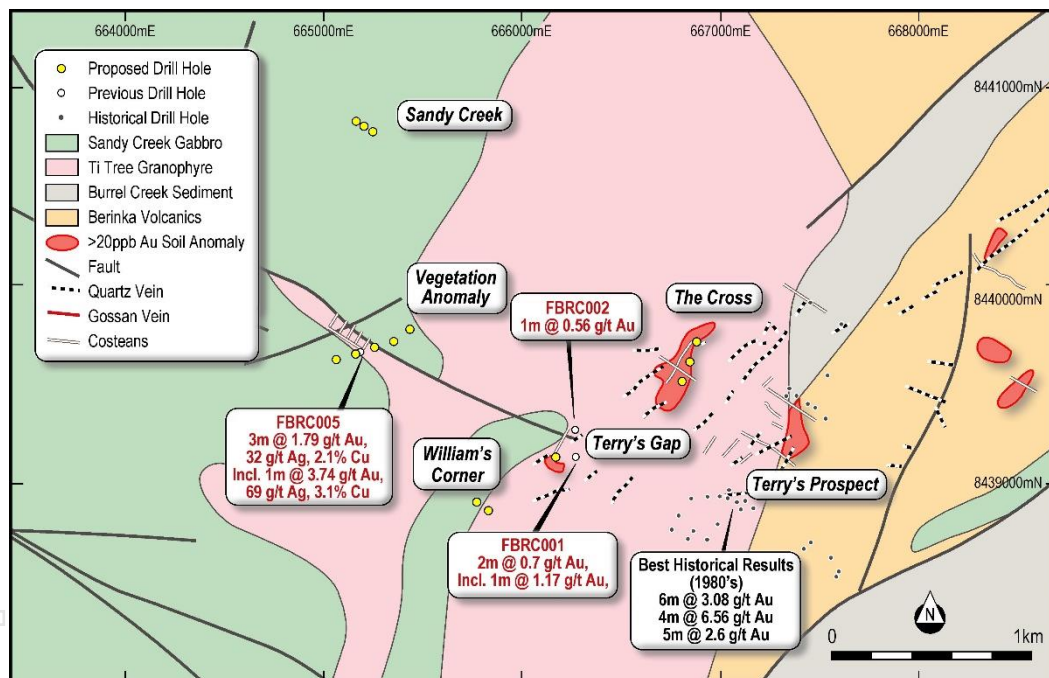
Mandrake investigated two greenfield prospects, Vegetation Anomaly and Terry's Gap, identified from aeromagnetics and historic gold results derived from costeans.

RC hole FBRC005 at Vegetation Anomaly returned the following high grade gold-silver-copper intercept:

- 3m @ 1.8g/t Au, 32 g/t Ag and 2.1% Cu from 124m including;
  - 1m @ 3.7 g/t Au, 69 g/t Ag and 3.1% Cu from 124m

Gold appears to be hosted in a series of veins in close proximity to a faulted contact between a gabbro and granite and is associated with sulphides, particularly pyrite and chalcopyrite (copper). The presence of high concentrations of silver and copper is particularly noteworthy in that previous drilling work at Berinka, primarily at Terry's Prospect in the mid-80s, identified gold with significantly lower copper and silver concentrations. This suggests that the mineralisation at the Vegetation Anomaly may represent a different mineralised system/event.

To assist in understanding the structural controls on mineralisation Mandrake engaged specialist downhole logging consultants to run an optical probe in two holes. This information has greatly assisted in determining the orientation of structures/veins of interest and has been invaluable in assisting with the generation of a follow-up drilling programme.



**Figure 4 – Proposed Drilling Programme - Berinka Pine Creek Project**

***Brief Exploration History - Berinka Pine Creek Gold-Silver-Copper Project***

The Berinka gold exploration project is located within the Pine Creek Orogen of the Northern Territory, located 220km south southwest of Darwin.

Gold mineralisation at the project is associated with >10km strike of poorly tested structurally controlled Berinka Volcanics of the Proterozoic Pine Creek Orogen.

Carpentaria Exploration (CEC) first explored the area in 1975 when a reconnaissance visit found quartz veining assaying 5.5g/t Au at what is now known as the Terry's Prospect.

Over the next six years CEC conducted soil sampling, mapping, gridding, rock chip sampling and ground magnetics. Most of these activities were focused on the Terry's Prospect area which is situated approximately 2km south-east of Vegetation Anomaly. Importantly, Vegetation Anomaly and Terry's Prospect appear 'connected' by a distinct NW-SE lineament as interpreted from magnetic imagery.



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In the mid-1980s CEC drilled 36 RC drill holes totalling 3,014m at Terry's prospect. Best intersections include\*:

- 4m @ 6.6g/t from 32m
- 6m @ 3.1g/t from 18m
- 5m @ 2.6g/t from 30m

\*A complete list of all historic drill intercepts is contained in the Mandrake Resources prospectus lodged with the ASX on 24 May 2019.

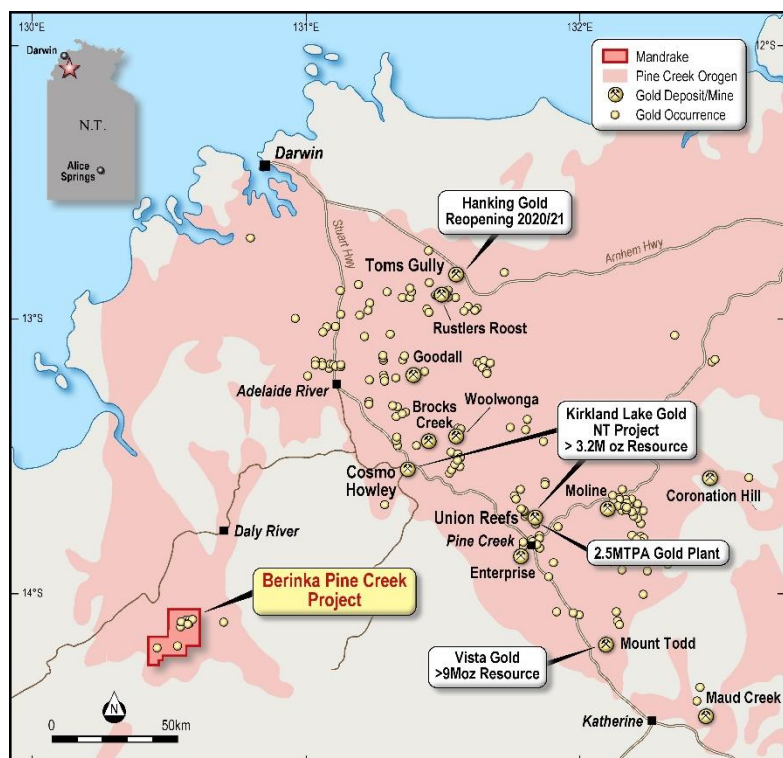


Figure 5 - Location of Berinka Pine Creek Project

#### COMPETENT PERSONS STATEMENT

The technical information in this announcement complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and has been compiled and assessed under the supervision of Mr James Allchurch, Managing Director of Mandrake Resources. Mr Allchurch is a Member of the Australian Institute of Geoscientists. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Allchurch consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears

#### Financial Position

The net assets of the Company at 30 June 2021 was \$18,883,629 (2020: \$3,853,267).

#### Significant Changes in State of Affairs

During the reporting year the company issued the following securities:

##### Shares

3,483,333 ordinary fully paid shares were issued to creditors in lieu of cash payments for services;  
102,975,000 shares were issued on receipt of notice to exercise options raising \$3,089,250 for the Company before costs;  
9,000,000 shares were issued to Andean Energy Resources Pty Ltd for the purchase of the Jimperding project;  
2,000,000 shares were issued on the exercise of Performance Rights that vested during the year; and  
60,000,000 shares were issued at \$0.20 each under a placement announce in early June. The placement raised \$12.0m before costs for the Company.

##### Options

5,000,000 options expiring 18 June 2024 exercisable at 30c each were issued as part of the fee for arranging the placement announced 11 June 2021;  
6,000,000 options expiring 18 June 2024 exercisable at 30c each were issued as part payment of geological and drilling services being undertaken at Newleyine.

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**Performance rights**

26,000,000 Performance Rights were issued to Directors pursuant to approval at the annual general meeting. The rights vested during the year on performance hurdles being achieved. 2,000,000 of the rights were exercised and the respective shares issued. 2,000,000 of the rights lapsed without exercising/vesting on the resignation of Ben Phillips in early March.

**Environmental Regulations**

To the best of the Directors' knowledge, all activities have been undertaken in compliance with the requirements of environmental regulations.

**Proceedings on Behalf of Company**

No person has applied for leave of 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 part of those proceedings.

The Company was not a party to any such proceedings during the year.

**Subsequent Events**

3,000,001 options exercisable at 40c each expired on 14 July 2021.

Notices to exercise 33,525,727 options exercisable at \$0.03 per option were received and 33,525,727 shares were issued accordingly raising \$1,005,771.81 before costs for the Company.

No securities have escrow restrictions on them following the removal of ASX imposed restrictions on 14 August 2021.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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**ANNUAL REPORT 30 JUNE 2021****DIRECTORS' REPORT (CONT)****Share Options**

Unissued shares under option

At the date of this report, the un-issued ordinary shares of Mandrake Resources Limited under option are as follows:

Grant Date	Expiry Date	Exercise Price	Number of shares under option
14 July 2019	14 July 2022	\$0.03	52,049,350
28 November 2019	28 November 2022	\$0.03	24,000,000
22 June 2021	18 June 2024	\$0.30	5,000,000
29 June 2021	18 June 2024	\$0.30	6,000,000

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

**Indemnification and Insurance of Directors and Officers**

The Company indemnifies each of its Directors, Officers and Company Secretary. The Company indemnifies each Director or Officer to the maximum extent permitted by the Corporations Act 2001 from liability to third parties, except where the liability arises out of conduct involving lack of good faith, and in defending legal and administrative proceedings and applications for such proceedings.

The Company must use its best endeavours to insure a Director or Officer against any liability, which does not arise out of conduct constituting a wilful breach of duty or a contravention of the Corporations Act 2001. The Company must also use its best endeavours to insure a Director or Officer against liability for costs and expenses incurred in defending proceedings whether civil or criminal.

The Company has not entered into any agreement with its current auditors indemnifying them against any claims by third parties arising from their report on the financial report.

On the 29 June 2021, Director and Officers Insurance was taken out with Liberty Mutual Insurance Company.

**Non-Audit Services**

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

The board of directors has considered the position and, in accordance with advice received from the audit committee, is 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 satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

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

Details of the amounts paid or payable to the auditor (BDO Audit (WA) Pty Ltd) for audit and non-audit services provided during the year are set out in note 17.

	2021 \$	2020 \$
Non-audit services		
– Tax returns	-	9,864
– Relisting services	-	18,690
– Other	2,750	-
	<u>2,750</u>	<u>28,554</u>

**Auditor's Independence Declaration**

The auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 19.

**REMUNERATION REPORT (AUDITED)**

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
4. Non-executive director fee arrangements
5. Details of remuneration
6. Additional disclosures relating to options and shares
7. Loans to key management personnel (KMP) and their related parties
8. Consultancy Agreements, and other transactions and balances with KMP and their related parties

The names of the directors in office at any time during or since the end of the financial year are:

Pat Burke – Non-Executive Chairman (appointed 4 August 2019)

Ben Phillips – Non-Executive Director (appointed 18 April 2018 – resigned 7 March 2021)

James Allchurch – Managing Director (appointed 4 August 2019)

Lloyd Flint – Non-Executive Director (appointed 7 March 2021)

**1. Introduction**

The remuneration policy of the Company has been designed to ensure reward for performance is competitive and appropriate to the result delivered. The framework aligns executive reward with the creation of value for shareholders and conforms to market best practice. The Board ensures that Director and executive reward satisfies the following key criteria for good reward government practices:

- Competitiveness and reasonableness;
- Acceptability to the shareholder;
- Performance;
- Transparency; and

Capital management.

**2. Remuneration governance**

Throughout the financial year, the Company did not have a remuneration committee as the directors believed the size of the consolidated entity and the size of the Board did not warrant its existence.

**3. Executive remuneration arrangements**

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated group is based on the following:

- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation and options.
- Incentives paid in the form of options and performance rights are intended to align the interests of the directors and Company with those of the shareholders. During the year a total of 26,000,000 Performance Rights were issued to directors in this regard:

A total of 13,000,000 Class A Performance Rights and 13,000,000 Class B Performance Rights were issued to the directors of the Company. The terms of the Performance Rights are as follows:

Class	Vesting Condition	Entitlement
Class A Performance Rights	The 20 Day volume weighted average price of Shares traded on ASX is greater than \$0.10 per Share.	50% of total granted Performance Rights
Class B Performance Rights	The 20 Day volume weighted average price of Shares traded on ASX is greater than \$0.15 per Share.	50% of total granted Performance Rights

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The Rights were valued as follows:

	Class A Performance Rights	Class B Performance Rights
	Barrier up-and-in trinomial hybrid method	Barrier up-and-in trinomial hybrid method
Methodology		
Inputs:		
Underlying security spot price	\$0.105	\$0.105
Exercise price	Nil	Nil
Valuation date	30 November 2020	30 November 2020
Commencement of performance period	30 November 2020	30 November 2020
End of performance period	30 November 2023	30 November 2023
Performance period (years)	3	3
Implied share price barrier	\$0.14	\$0.21
Volatility	100%	100%
Risk-free rate	0.11%	0.11%
Dividend yield	Nil	Nil
Value per right	\$0.0994	\$0.0927

The value of the grant of the rights was calculated to be \$2,312,189 of which has been expensed to share based payments in the statement of profit or loss and other comprehensive income as a result of relevant hurdles being achieved.

- KMP receive a superannuation guarantee contribution required by the government, which is currently 9.5% (2020: 9.5%) of the individual's average weekly ordinary time earnings (AWOTE), and do not receive any other retirement benefits. Some individuals, may choose to sacrifice part of their salary to increase payment towards superannuation.
- Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement. Any options not exercised before or on the date of termination will lapse. The Non-Executive Directors are not entitled to retirement benefits.
- All remuneration paid to KMP is valued at the cost to the Company and expensed.



# MANDRAKE RESOURCES LIMITED

ABN 60 006 569 124

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### REMUNERATION REPORT (AUDITED) (CONT)

#### 4. Non-executive director fee arrangements

The Board policy is to remunerate Non-Executive Directors at a level to comparable Companies for time, commitment, and responsibilities. Non-executive Directors do not receive performance related compensation. Directors' fees cover all main Board activities and membership of any committee. The Board has no established retirement or redundancy schemes in relation to Non-Executive Directors.

The Non-Executive Directors have or may be provided with options that are meant to incentivise the Non-Executive Directors. The board determines payments to the Non-Executive Directors and reviews their remuneration annually based on market practice, duties, and accountability. Independent external advice will be sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is \$300,000 per annum and any change is subject to approval by shareholders at a General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

#### 5. Details of Remuneration

The Key Management Personnel of Mandrake Resources Limited includes the Directors of the Company.

30 June 2021	Short Term Salary, Fees & Commissions	Post Employment Superannuation	Other/ Bonus	Share- based payments <sup>1</sup>	Total	Performance based remuneration
	\$	\$	\$	\$	\$	%
Patrick Burke	60,000	-	-	480,298	540,298	88.9%
James Allchurch <sup>2</sup>	277,254	-	-	1,633,012	1,910,266	85.5%
Ben Phillips <sup>3</sup>	27,000	-	-	198,879	225,879	88.0%
Lloyd Flint <sup>4</sup>	8,226	-	-	-	8,226	0.0%
<b>Total</b>	<b>372,480</b>	<b>-</b>	<b>-</b>	<b>2,312,189</b>	<b>2,684,669</b>	<b>86.1%</b>

<sup>1</sup> Refer note 10b for issue of performance rights approved at the annual general meeting in November 2020.

<sup>2</sup> Director fees are paid to Stopped Pty Ltd, a company controlled by Mr Allchurch.

<sup>3</sup> Mr Phillips resigned 7 March 2021. All fees were paid to Bob Alfred Pty Ltd ATF the Bob Alfred Trust (an entity controlled by Mr Phillips). The value of performance rights above excludes 2.0m of the rights that lapsed after issue, on resignation.

<sup>4</sup> Appointed 7 March 2021. All fees were paid to Flint Family Trust, an entity controlled by Mr Flint. In addition, \$78,750 was paid to Mr Flint for financial and company secretarial services performed during the year.

30 June 2020	Short Term Salary, Fees & Commissions	Post Employment Superannuation	Other/ Bonus	Share-based payments	Total	Performance based remuneration <sup>6</sup>
	\$	\$	\$	\$	\$	%
Patrick Burke <sup>1</sup>	45,742	-	-	52,740	98,482	53.5%
James Allchurch <sup>2</sup>	197,976	-	-	105,480	303,456	34.8%
Ben Phillips <sup>3</sup>	45,000	-	-	52,740	97,740	54.0%
Peter Wall <sup>4</sup>	12,000	-	-	-	12,000	-
Graham Durtanovich <sup>5</sup>	18,000	-	-	-	18,000	-
<b>Total</b>	<b>318,718</b>	<b>-</b>	<b>-</b>	<b>210,960</b>	<b>529,678</b>	<b>37.5%</b>

<sup>1</sup> Appointed 4 August 2019. June 2020 fees of \$5,000 are payable as at 30 June 2021.

<sup>2</sup> Appointed 4 August 2019. Includes May and June 2019 fees of \$21,900. June 2020 fees of \$20,148 payable as at 30 June 2021. Director fees are paid to Stopped Pty Ltd, a company controlled by Mr Allchurch.

<sup>3</sup> Includes April to June 2019 fees of \$9,000. June 2020 fees of \$3,000 are payable as at 30 June 2021. Bob Alfred Pty Ltd ATF the Bob Alfred Trust (an entity controlled by Mr Phillips)

<sup>4</sup> Resigned 5 August 2019.

<sup>5</sup> Resigned 26 September 2019.

<sup>6</sup> Options issued to directors that vested on grant. The options are exercisable at \$0.03 per shares on or before 28 November 2022.

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REMUNERATION REPORT (AUDITED) (CONT)

6. Additional disclosures relating to options, performance rights and shares

KMP Options and Rights Holdings

The table below discloses the number of share options and performance rights granted, vested or lapsed during the year.

Share options and performance rights do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met, until their expiry date.

Options 30 June 2021	Balance at the start of the year	Issued as part of debt conversion	Granted as Compensation and Exercisable	Options Expired	At resignation	Balance at end of Year
Patrick Burke	6,000,000	-	-	-	-	6,000,000
James Allchurch	12,000,000	-	-	-	-	12,000,000
Ben Phillips	8,710,500	-	-	-	(8,710,500)	-
Lloyd Flint	-	-	-	-	-	-
<b>Total</b>	<b>26,710,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,710,500)</b>	<b>18,000,000</b>

Performance Rights 30 June 2021	Balance at the start of the year	Granted as Compensation	Vested during the year	Lapsed	Balance at end of Year
					Vested Un-vested
Patrick Burke	-	5,000,000	5,000,000	-	5,000,000 -
James Allchurch	-	17,000,00	17,000,000	-	17,000,000 -
Ben Phillips	-	4,000,000	2,000,000	(2,000,000)	12,000,000 -
Lloyd Flint	-	-	-	-	- -
<b>Total</b>	<b>-</b>	<b>26,000,000</b>	<b>24,000,000</b>	<b>-</b>	<b>24,000,000 -</b>

<sup>1</sup> Held at resignation. 2,000,000 rights were subsequently exercised and 2,000,000 lapsed on resignation.

KMP Shareholdings

The number of ordinary shares in Mandrake Resources Limited held by each KMP of the Group during the financial year is as follows:

30 June 2021	Balance at the start of the year	Shares Purchased	Granted as Compensation	Other changes during the year	At resignation	Balance at end of Year
Patrick Burke	940,000	-	-	-	-	940,000
James Allchurch	2,500,000	-	-	-	-	2,500,000
Ben Phillips	3,310,500	-	-	2,000,000	(3,310,500)	-
Lloyd Flint	-	-	-	-	-	-
<b>Total</b>	<b>6,750,500</b>	<b>-</b>	<b>-</b>	<b>2,000,000</b>	<b>(3,310,500)</b>	<b>3,440,000</b>

7. Loans to KMP and their related parties

There were no loans to KMP and the related parties during the financial year (2020: nil).

## REMUNERATION REPORT (AUDITED) (CONT)

## 8. Consultancy agreements, and other transactions and balances with KMP and their related parties

During the reporting period, no related parties of directors were engaged by the Company.

## 9. Service agreements

The Company has entered into an executive service agreement with James Allchurch which was amended on 12 May 2020. The material terms of the agreement are as follows:

- (a). (Position): Mr Allchurch is appointed as the Managing Director of the Company.
- (b). (Commencement Date): Mr Allchurch's term as the Managing Director of the Company will commence on completion of the acquisition of Focus Exploration Pty Ltd.
- (c). (Term): Mr Allchurch's employment commenced on the Commencement Date and continue until the agreement is validly terminated in accordance with its terms.
- (d). (Notice period): The Company must give 6 months' notice to terminate the agreement other than for cause. Mr Allchurch must give 3 months' notice to terminate the agreement.
- (e). (Salary): The Company will pay Mr Allchurch a salary of \$220,000 per year for services rendered. Should Mr Allchurch be required to undertake services with time commitments above and beyond that contemplated by this agreement, with Board approval, the Mr Allchurch will receive a day rate of \$1,200 per day.

The agreement otherwise contains leave entitlements, termination and confidentiality provisions and general provisions considered standard for an agreement of this nature.

## Non-executive Directors:

Each of the non-executive Directors have signed letters of appointment. The key terms of appointment are:

	Patrick Burke	Ben Phillips <sup>1</sup>	Lloyd Flint
Term	n/a	n/a	n/a
Remuneration	\$5,000 per month	\$3,000 per month	\$3,000 per month
Termination benefits	n/a	n/a	n/a

<sup>1</sup> Resigned 7 March 2021

There were no other transactions with KMP and their related parties.

## Corporate Governance Statement

Under ASX Listing Rule 4.10.3 the Company's Corporate Governance Statement can be located at the URL on the Company's website:  
[http: https://www.mandrakeresources.com.au/about-us/corporate-governance/](https://www.mandrakeresources.com.au/about-us/corporate-governance/)

Signed in accordance with a resolution of the directors.



James Allchurch  
 Managing Director  
 Dated 30 September 2021

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF MANDRAKE RESOURCES LIMITED

As lead auditor of Mandrake Resources Limited for the year ended 30 June 2021, 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.

This declaration is in respect of Mandrake Resources Limited and the entities it controlled during the period.



Jarrad Prue  
Director

BDO Audit (WA) Pty Ltd  
Perth, 30 September 2021

**Mandrake Resources Limited ABN 60 006 569 124  
and Controlled Entities**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2021**

		<b>Consolidated Group</b>	
	<b>Note</b>	<b>30.06.2021</b>	<b>30.06.2020</b>
		<b>\$</b>	<b>\$</b>
Interest Received	2	16,814	40,394
Administration expenses		(632,523)	(173,474)
Consultancy Fees		(19,590)	(85,935)
Debt extinguishment	10.c	-	(153,920)
Director Fees and employee costs		(95,226)	(122,742)
Travel expenses		(1,395)	(1,092)
Occupancy expenses		(14,625)	(20,865)
Legal compliance and professional fees		(49,807)	(60,336)
Share based payments	10.b	(2,312,189)	(210,960)
<b>(Loss) before income tax</b>		<b>(3,108,541)</b>	<b>(788,931)</b>
Income tax benefit/(expense)	3	-	-
<b>(Loss) for the year</b>		<b>(3,108,541)</b>	<b>(788,931)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive (loss) for the year</b>		<b>(3,108,541)</b>	<b>(788,931)</b>
<b>Earnings per share</b>			
Basic (loss) per share	5	(0.009)	(0.003)
Diluted (loss) per share	5	N/A	N/A

The above consolidated statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

**Mandrake Resources Limited ABN 60 006 569 124  
and Controlled Entities**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 June 2021**

		Consolidated Group	
	Note	30.06.21	30.06.20
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	16,062,419	3,305,851
Other receivables	7	256,271	69,318
<b>TOTAL CURRENT ASSETS</b>		16,318,690	3,375,169
<b>NON- CURRENT ASSETS</b>			
Exploration and Evaluation expenditure	8	2,932,528	593,375
<b>TOTAL NON- CURRENT ASSETS</b>		2,932,528	593,375
<b>TOTAL ASSETS</b>		19,251,218	3,968,544
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	367,589	115,277
<b>TOTAL CURRENT LIABILITIES</b>		367,589	115,277
<b>TOTAL LIABILITIES</b>		367,589	115,277
<b>NET ASSETS</b>		18,883,629	3,853,267
<b>EQUITY</b>			
Ordinary Share Capital	10a	32,346,886	17,470,027
Performance Right Reserve	10b	2,312,189	-
Option Reserve	10c	1,842,966	893,112
Accumulated (Losses)		(17,618,412)	(14,509,872)
<b>TOTAL EQUITY</b>		18,883,629	3,853,267

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

**Mandrake Resources Limited ABN 60 006 569 124  
and Controlled Entities**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021**

	Ordinary Share Capital	Convertible Loan Note Reserve	Performance Rights Reserve	Option Reserve	Accumulated (Losses)	Total Equity
	\$	\$		\$	\$	\$
<b>Consolidated Group</b>						
<b>Balance at 1.7.2019</b>	13,011,070	220,000	-	285	(13,720,942)	(489,586)
Loss for the year	-	-	-	-	(788,931)	(788,931)
<b>Transactions with owners in their capacity as owners</b>						
Shares issued during the year	5,265,603	(220,000)	-	-	-	5,045,603
Share Issue Expenses	(806,646)	-	-	-	-	(806,646)
Option Reserve	-	-	-	892,827	-	892,827
<b>Balance at 30.06.2020</b>	17,470,027	-	-	893,112	(14,509,872)	3,853,267
<b>Balance at 1.7.2020</b>	17,470,027	-	-	893,112	(14,509,872)	3,853,267
Loss for the year	-	-	-	-	(3,108,541)	(3,108,541)
<b>Transactions with owners in their capacity as owners</b>						
Shares issued during the year	16,158,583	-	-	-	-	16,158,583
Share Issue Expenses	(1,281,724)	-	-	-	-	(1,281,724)
Performance rights issued	-	-	2,312,189	-	-	2,312,189
Option Reserve	-	-	-	949,854	-	949,854
<b>Balance at 30.06.2021</b>	32,346,886	-	2,312,189	1,842,966	(17,618,412)	18,883,629

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

**Mandrake Resources Limited ABN 60 006 569 124  
and Controlled Entities**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	Consolidated Group	
		30.06.2021	30.06.2020
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(357,974)	(728,171)
Interest received		16,814	40,394
<b>Net cash (outflow) inflow from operating activities</b>	14	<u>(341,160)</u>	<u>(687,777)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquired through acquisition of Focus Exploration Pty Ltd	11	-	100
Exploration and evaluation expenditure	8	<u>(1,199,358)</u>	<u>(343,475)</u>
<b>Net cash (outflow) inflow from investing activities</b>		<u>(1,199,358)</u>	<u>(343,375)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	10	15,089,250	4,531,588
Payment of share issue cost	10	<u>(792,164)</u>	<u>(278,700)</u>
<b>Net cash inflow from financing activities</b>		<u>14,297,086</u>	<u>4,252,888</u>
<b>Net increase in cash held</b>		12,756,568	3,221,736
Cash at beginning of year		<u>3,305,851</u>	<u>84,115</u>
<b>Cash and cash equivalents at end of year</b>	6	<u>16,062,419</u>	<u>3,305,851</u>

The above consolidated Statement of Cashflows should be read in conjunction with the accompanying notes



## NOTES TO FINANCIAL REPORT FOR THE YEAR ENDED 30 June 2021

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Mandrake Resources Limited and controlled entities ('Consolidated Group' or 'Group').

The separate financial statements of the parent entity, Mandrake Resources Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial report was authorised for issue on 30 September 2021 by the Board of Directors.

**Basis of Preparation**

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**Accounting Policies****a. Going Concern**

The financial statements have been prepared on the going concern basis, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The net loss after income tax for the consolidated entity for the financial year ended 30 June 2021 was \$3,108,541, and as at 30 June 2021, total assets exceeded total liabilities by \$18,883,629. Cash and cash equivalents was \$16,062,419.

Forecast Cash Flows demonstrates the Group can operate on a Going Concern basis.

**b. Principles of Consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Mandrake Resources Limited at the end of the reporting period. A controlled entity is any entity over which Mandrake Resources Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 20 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

**c. Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss. Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

# MANDRAKE RESOURCES LIMITED

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Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

### *Tax Consolidation*

Mandrake Resources Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group under the tax consolidation regime. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

#### **d. Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **e. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

#### **f. Revenue**

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

#### **g. Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses.

#### **h. Trade and Other Payables**

Liabilities for trade creditors and other payables are initially measured at fair value and subsequently carried at amortised cost which is the amount of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. The amounts are unsecured and are usually paid within 30 days. Payables to related parties are carried at the principal amount.

#### **i. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### **j. Segment Information**

An operating segment is a component of an entity that engages in business activities for which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) ,

## MANDRAKE RESOURCES LIMITED

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whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable, and
- Nature of the regulatory environment

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the Financial Statements.

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The Group does not have any material operating segments with discrete financial information. The Group does not have any customers and all its' assets and liabilities are primarily related to the corporate office and are located within Australia. The Board of Directors review internal management reports on a regular basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

#### k. Borrowings

In May 2019 Convertible Notes to the value of \$220,000 were issued. As these Convertible Notes were issued with the expectation of converting to equity, it was treated as equity within the accounts, with the full amount being taken to an equity reserve "Convertible Loan Note Reserve". The terms of the notes were such that, assuming approval of Shareholders to convert at a General Meeting, under no circumstance would the group be liable to settle the instruments in cash, and for this reason were treated as equity rather than as a liability in the financial statements. The Notes were subsequently converted in the prior year ending 30 June 2020 pursuant to attaching terms and conditions.

#### l. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

#### m. Earnings per share

##### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for bonus elements in ordinary shares issued during the year.

##### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares and the weighted average number of shares outstanding plus the weighted average number of ordinary shares that would be issued on the conversion of all potential ordinary shares into ordinary shares.

#### n. Contributed Equity

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. Exploration and evaluation expenditure**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

**p. Share-based payments**

The Group provides benefits to employees (including Directors) and consultants of the Group in the form of share-based payment transactions, whereby employees and consultants render services in exchange for shares, performance rights or options over shares ("equity-settled transactions").

The fair value of options and performance rights are recognised as an expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the holder becomes unconditionally entitled to the options. Fair value for options is determined using a Black-Scholes option pricing model and fair value for performing rights is determined using Barrier up-and-in trinomial hybrid method. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Mandrake Resources ("market conditions").

**q. Financial Instruments**

*Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on how the Group manages the financial assets and the contractual terms of the cash flows. At year end, all of the Group's financial assets have been classified as those to be measured at amortised cost.

*Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

*Impairment*

The Group assesses expected credit losses associated on a forward looking basis. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**r. Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

**Covid-19**

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

**Share-based payments**

The measurement of fair value requires the Group to make certain significant estimates and judgements as disclosed in the relevant note to the financial statements. The accounting estimates and judgements relating to equity-settled share based payments impact amounts recorded as assets and liabilities, and profit and loss. Please refer to Notes 10 and 11 for further information.

**Exploration and evaluation expenditure**

The consolidated group capitalises expenditure relating to exploration and evaluation costs where they are considered to be likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of economically recoverable resources. Capitalisation of expenditure requires the consolidated group to make a judgement on the extent that expenditure on exploration and evaluation assets will likely be recovered in the future through mineral extraction or some other form of commercialisation of the exploration and evaluation stage assets.

The future recoverability of capitalised exploration and evaluation costs are dependent on a number of factors, including whether the consolidated group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

**Asset Acquisition not Constituting a Business**

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

**Business Combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

**Changes in accounting policies and Accounting Policies issued not yet effective**

There are no standards that are not yet effective and that would be expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

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**NOTE 2: REVENUE AND OTHER INCOME**

**Revenue**

	2021 \$	2020 \$
Interest received or due and receivable from other persons	16,814	40,394
	<b>16,814</b>	<b>40,394</b>

**NOTE 3: OPERATING (LOSS)**

**(Loss) before income tax expense includes the following expenses**

	2021 \$	2020 \$
Audit and Accounting	42,699	54,676
Financial expenses	120	-
Legal compliance and professional fees	49,807	60,336
Travel	1,395	1,092

**NOTE 3: INCOME TAX EXPENSE**

	2021 \$	2020 \$
a. The components of income tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Utilisation of deferred tax assets previously not recognised	-	-
Deferred tax assets not recognised (losses)	(854,849)	(216,956)
Deferred tax assets not recognised (temporary)	-	-
	<b>(854,849)</b>	<b>(216,956)</b>
b. The prima facie tax on (loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
Accounting profit (loss) from continuing operations before income tax	(3,108,541)	(788,931)
Prima facie tax payable on (profit) from ordinary activities before income tax at 27.5% (2020: 27.5%)	(854,849)	(216,956)
Add:		
Tax effect of:		
— Other non-allowable items	643,528	(990)
Less:		
Tax effect of:		
— Utilisation of deferred tax assets previously not recognised	-	-
— Deferred tax assets not recognised (losses)	211,321	217,496
— Deferred tax assets not recognised (temporary)	-	-
Income tax expense/(benefit)	-	-

The deferred tax assets on revenue losses have not been recognised as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised. At reporting date, the group has unrecognised losses of \$2,601,794 (2020: \$1,830,442) and unrecognised net deferred tax asset of \$291,250 (2020: \$503,372).

**NOTE 4: DIVIDENDS**

No dividends have been paid during the financial year (2020: nil)

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**NOTE 5: LOSS PER SHARE**

		<b>2021</b>	<b>2020</b>
Net (loss) used in the calculation of basic EPS	\$	(3,108,541)	(788,931)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	No.	331,587,389	235,442,991
Basic (loss) per share	\$	(0.009)	(0.003)

For the year ended 30 June 2021, diluted loss per share was not disclosed because potential ordinary shares, being options granted, are not dilutive and their conversion to ordinary shares would not demonstrate an inferior view of the losses performance of the Company.

**NOTE 6: CASH AND CASH EQUIVALENTS**

		<b>2021</b>	<b>2020</b>
		\$	\$
Cash at bank and on hand		16,062,419	3,305,851
		16,062,419	3,305,851

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

**NOTE 7: OTHER RECEIVABLES**

		<b>2021</b>	<b>2020</b>
		\$	\$
CURRENT			
Other receivables		153,740	45,886
Deposits		102,531	23,432
		256,271	69,318

The group have considered the other receivables as not impaired or past due.

**NOTE 8: EXPLORATION AND EVALUATION EXPENDITURE**

		<b>2021</b>	<b>2020</b>
		\$	\$
Opening balance		593,375	-
Shares issued to acquire Focus Exploration Pty Ltd		-	249,900
Share based payments to acquire license and services (note 10)		1,139,795	-
Exploration and evaluation expenditure		1,199,358	343,475
		2,932,528	593,375

The exploration projects of the Company require additional exploration work in order to be able to assess their prospectively as economic deposits. No triggers for impairment have been identified.

**NOTE 9: TRADE AND OTHER PAYABLES**

		<b>2021</b>	<b>2020</b>
		\$	\$
CURRENT			
Trade payables and other payables		367,589	115,277
		367,589	115,277

Trade payables are non-interest bearing and are normally settled on 30-day terms.

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NOTE 10: CONTRIBUTED EQUITY

a. Share Capital	2021 \$	2021 No.	2020 \$	2020 No.
Ordinary fully paid shares	32,226,496	443,924,843	17,470,027	266,341,510
<b>Movement in ordinary shares on issue</b>			<b>\$</b>	<b>No.</b>
Balance at 1 July	17,470,027	266,466,510	13,011,070	3,248,883
Re-compliance	-	-	4,527,838	226,391,900
Conversion of converting loan notes	-	-	220,000	11,000,000
Conversion of debt	-	-	264,015	13,200,727
Issue for acquisition of Focus Exploration Pty Ltd	-	-	250,000	12,500,000
Exercise of options	3,089,250	102,975,000	3,750	125,000
Shares issued for services	389,833	3,483,333	-	-
Share issue for acquisition of exploration license	679,500	9,000,000	-	-
Placement	12,000,000	60,000,000	-	-
Exercise of rights	-	2,000,000	-	-
Share Issue Costs	(1,281,724)	-	(806,646)	-
<b>Balance at 30 June 2021</b>	<b>32,346,886</b>	<b>443,924,843</b>	<b>17,470,027</b>	<b>266,466,510</b>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b. Performance Rights Reserves	2021 No.	2021 \$	2020 No.	2020 \$
Period opening balance	-	-	-	-
Issue of Performance Rights	26,000,000	2,497,547	-	-
Exercised	(2,000,000)	-	-	-
Lapsed	(2,000,000)	(185,358)	-	-
Period closing balance	22,000,000	2,312,189	-	-

A total of 13,000,000 Class A Performance Rights and 13,000,000 Class B Performance Rights were issued to the directors of the Company. The terms of the Performance Rights are as follows:

Class	Vesting Condition	Entitlement
Class A Performance Rights	The 20 Day volume weighted average price of Shares traded on ASX is greater than \$0.10 per Share.	50% of total granted Performance Rights
Class B Performance Rights	The 20 Day volume weighted average price of Shares traded on ASX is greater than \$0.15 per Share.	50% of total granted Performance Rights

The Rights were valued as follows:

	Class A Performance Rights Barrier up-and-in trinomial hybrid method	Class B Performance Rights Barrier up-and-in trinomial hybrid method
Methodology		
Inputs:		
Underlying security spot price	\$0.105	\$0.105
Exercise price	Nil	Nil
Valuation date	30 November 2020	30 November 2020
Commencement of performance period	30 November 2020	30 November 2020
End of performance period	30 November 2023	30 November 2023
Performance period (years)	3	3



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Implied share price barrier	\$0.14	\$0.21
Volatility	100%	100%
Risk-free rate	0.11%	0.11%
Dividend yield	Nil	Nil
Value per right	\$0.0994	\$0.0927

The value of the grant of the rights was calculated to be \$2,312,189 of which has been expensed to share based payments in the statement of profit or loss and other comprehensive income as a result of relevant hurdles being achieved during the year ended 30 June 2021.

The rights were issued pursuant to approval at the 2020 annual general meeting as follows:

Class of Performance Rights	Patrick Burke entitlement	Value \$	Ben Phillips entitlement	Value \$	James Allchurch entitlement	Value \$	Total Value
Class A Performance Rights	2,500,000	248,600	2,000,000	198,880	8,500,000	845,240	1,292,720
Class B Performance Rights	2,500,000	231,698	2,000,000	<sup>1</sup> -	8,500,000	787,772	1,019,469
Total	5,000,000	480,298	4,000,000	198,880	17,000,000	1,633,012	2,312,189

<sup>1</sup> Lapsed on resignation

C.

Option Reserve	2021		2020	
	\$		\$	
	\$	Number	\$	Number
Period opening balance	893,112	209,550,078	285	3,000,001
Converting loan options	-	-	-	11,000,000
Debt extinguishment	-	-	153,921	13,200,727
Capital raising	-	-	-	113,195,950
Options exercised	-	(102,975,000)	-	(125,000)
Broker options	489,560	5,000,000	527,946	45,278,400
Director options	-	-	210,960	24,000,000
Drilling and exploration options	460,294	6,000,000	-	-
	1,842,966	117,575,078	893,112	209,550,078

Options	Grant date	Expiry date	Balance at the start	Granted during the year	Exercise Price \$	Exercised during the year	Expired during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Existing <sup>1</sup>	14/07/17	14/07/21	2,250,001	-	0.400	-	-	2,250,001	2,250,001
Existing <sup>1</sup>	30/11/17	14/07/21	750,000	-	0.400	-	-	750,000	750,000
Converting loans	4/06/19	14/07/22	11,000,000	-	0.030	-	-	11,000,000	11,000,000
Debt extinguishment	12/08/19	14/07/22	13,200,727	-	0.030	-	-	13,200,727	13,200,727
Capital raising	12/08/19	14/07/22	113,070,950	-	0.030	(102,975,000)	-	10,095,950	10,095,950
Broker	12/08/19	14/07/22	45,278,400	-	0.030	-	-	45,278,400	45,278,400
Directors	28/11/19	28/11/22	24,000,000	-	0.030	-	-	24,000,000	24,000,000
Lead Manager	22/06/21	18/06/24	-	5,000,000	0.300	-	-	5,000,000	5,000,000
Driller	29/06/21	18/06/24	-	5,000,000	0.300	-	-	5,000,000	5,000,000
Geologist	29/06/21	18/06/24	-	1,000,000	0.300	-	-	1,000,000	1,000,000
			209,550,078	11,000,000		(102,975,000)	-	117,575,078	117,575,078

<sup>1</sup> As a result of the consolidation on 12 June 2019, the previous number of options on issue (60,000,000) consolidated to 3,000,001, and the exercise price increased, from \$0.02 to \$0.40.

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**2021**

The fair value of the options issued was calculated using Black-Scholes modelling as fair value of services received could not be measured reliably. A fair value of 9.79c and 7.67c respectively for lead manager and drilling and geology options were calculated. The options vested on grant. The following inputs were used in the calculation:

	Lead Manager Options	Driller/Geologist Options
Valuation date (equal to grant date under AASB 2)	18 June 2021	29 June 2021
Exercise price	30 cents	30 cents
Expiration date	18 June 2024	28 June 2024
Share price at valuation date	\$0.1723	\$0.1423
Risk free rate of interest	0.21% p.a.	0.21% p.a.
Company share price volatility	110% p.a.	110% p.a.
Fair value	\$0.0979	\$0.0767
Quantity	5,000,000	6,000,000
Value	\$489,560	\$460,294

The Broker options were considered to be capital raising costs, the value recorded was deducted against share capital. The drilling and geology options were capitalised in exploration and evaluation costs.

**2020**

The fair value of the options issued was calculated using Black-Scholes modelling. A fair value of 1.166c and 0.879c respectively for re-compliance and director's options were calculated. The following inputs were used in the calculation:

	Options issued on re-compliance	Directors options
Valuation date (equal to grant date under AASB 2)	12 August 2019	28 November 2019
Exercise price	3 cents	3 cents
Expiration date	14 July 2020	28 November 2022
Share price at valuation date	\$0.020	\$0.016
Risk free rate of interest	0.7% p.a.	0.62% p.a.
Company share price volatility	110% p.a.	110% p.a.
Fair value	\$0.01166	\$0.00879

The value recognised on issue of options is as follows:

Name	Quantity	AUD\$
<b>Re-compliance options</b>		
Broker options	45,278,400	527,946
Debts to equity options	13,200,727	153,920
<b>Total</b>	<b>58,479,127</b>	<b>681,867</b>
<b>Directors options</b>		
James Allchurch	12,000,000	105,480
Patrick Burke	6,000,000	52,740
Ben Phillips	6,000,000	52,740
<b>Total</b>	<b>24,000,000</b>	<b>210,960</b>

The Broker options were considered to be capital raising costs, the value recorded was deducted against share capital. The debt-to-equity options were (along with 13,200,727 ordinary shares) issued to creditors to extinguish certain liabilities, and the excess of the fair value of the shares and options issued to the book value of the liabilities extinguished was expensed to profit and loss. The options issued to Directors were expensed in accordance with AASB 2.

The options that attached to the shares issued as part of the capital raising, and the options that attached to the conversion of the convertible note, have been treated as freely attaching to the underlying issue of ordinary shares, and therefore have not been assigned any additional value.

All the options above vested on grant of the respective options.

**d. Convertible Loan Note Reserve**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Opening balance	-	220,000
Issued during the year	-	-
Conversion	-	(220,000)

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Closing balance

-

-

No convertible notes were issued during the current year.

During the 2019 year, the Company entered into converting loan agreements with various lenders, for a total of \$220,000.

The loans were interest free and unsecured. The loan notes converted into 11,000,000 shares and 11,000,000 options prior to re-quotation on 14 August 2019.

**e. Capital Management**

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

**NOTE 11: ASSET ACQUISITION DURING THE PERIOD**

**Summary of acquisition**

**2021**

9,000,000 shares were issued to acquire the Jimperding Project license E70/05345 from Andean Energy Resources Pty Ltd. 4,500,000 shares were issued when the share price was 5.7c per share. A second tranche of 4,500,000 shares was issued when the share price had a one day volume weighted trade price of 9.4c per share. The resultant value for the issue of the 9.0m shares of \$679,500 was capitalised to exploration and evaluation expenditure.

There were no other acquisitions during the year.

**2020**

During the prior period, Mandrake Resources Ltd acquired 100% of the issued share capital of Focus Exploration Pty Ltd (Focus) by way of the issue of 12,500,000 Mandrake shares to the shareholders of Focus at a fair value of \$0.02 per share. Focus is a Proprietary limited company which holds the Berinka Project in the Northern Territory.

The assets and liabilities recognised as a result of the acquisition are as follows:

<b>Fair value</b>	<b>\$</b>
Cash	100
Exploration and evaluation expenditure	249,900
Trade and other payables	-
Fair Value of the Net Assets acquired	250,000

The Company gained control of Focus on 12 August 2019 with a shareholding of 100% pursuant to the completion of the re-compliance work articulated in the Prospectus dated 21 May 2019.

Total cash outflows relating to the acquisition of Focus was nil. The purchase of Focus shares was funded entirely by the issue of Mandrake shares. Cash received on the acquisition of Focus was \$100, resulting in a net cash inflow in investing activities in the statement of cash flows of \$100. The only liabilities originally sitting in that company were Director's loans, which had been forgiven in full prior to the acquisition.

**NOTE 12: COMMITMENTS AND CONTINGENCIES**

There are no material commitments or contingencies within the group at reporting date (2020: nil).

**NOTE 13: EVENTS SUBSEQUENT TO BALANCE DATE**

3,000,001 options exercisable at 40c each expired on 14 July 2021.

Notices to exercise 33,525,727 options exercisable at \$0.03 per option were received and 33,525,727 shares were issued accordingly raising \$1,005,771.81 before costs for the Company.

No securities have escrow restrictions on them following the removal of ASX imposed restrictions on 14 August 2021.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the above, there have been no significant events after the reporting date.

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**NOTE 14: CASH FLOW INFORMATION**

**Reconciliation of profit/(loss) after income tax expense to net cash used in operating activities**

	2021 \$	2020 \$
Loss for the year	(3,108,541)	(788,931)
Non-cash items recorded in Profit and Loss:		
Debt extinguishment	-	153,920
Share-based payments	2,702,022	210,960
Changes in working capital balances		
Trade and other receivables	(186,953)	8,537
Trade and other payables	252,312	(272,264)
Net cash outflow from operating activities	(341,160)	(687,777)

**NON-CASH INVESTING ACTIVITIES**

During the year, the entity acquired the Jimperding Project license E70/05345 from Andean Energy Resources Pty Ltd. The acquisition was funded through the issue of shares with a fair value of \$679,500. This acquisition is not reflected in the statement of cash flows. Refer to further details in note 11.

3,483,333 ordinary fully paid shares were issued to service providers for services were fair valued and \$389,833 was expensed to investor relations and are not reflected in the statement of cashflows.

**NOTE 15: RELATED PARTY TRANSACTIONS**

**a. Related parties**

The Group's main related parties are as follows:

**(i) Entities exercising control over the Group:**

The ultimate parent entity that exercises control over the Group is, Mandrake Resources Limited which is incorporated in Australia.

**(ii) Key management personnel:**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer below and Note 16.

**(iii) Entities subject to significant influence by the Group:**

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity that holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

**b. Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Each of the directors were issued Performance Rights detailed in not 10b above.

\$78,750 was paid to Mr Flint for financial and company secretarial services performed during the year.

There were no other transactions with KMP and their related parties other than what is disclosed above and Note 16.

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**NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION**

Refer to the remuneration report contained in the directors' 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 2021.

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	372,480	318,718
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payments	2,312,189	210,960
Total KMP compensation	<u>2,684,669</u>	<u>529,678</u>

**Short-term employee benefits**

These amounts include fees and benefits paid to the non-executive Chair, non-executive directors and executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

These amounts are the current-year's estimated costs of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

**Share-based payments**

26,000,000 Performance Rights were approved at the 2020 Annual General Meeting. Further information on the options are detailed in note 10b. above.

Further information in relation to KMP remuneration can be found in the directors' report.

**NOTE 17: AUDITOR'S REMUNERATION**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Remuneration of the auditor for:		
– auditing or reviewing the financial statements – BDO Audit (WA) Pty Ltd	47,603	61,654
Remuneration of the auditor for non-assurance services:		
– Tax returns	-	12,465
– Relisting services	-	3,840
– Other	2,750	2,308
	<u>50,353</u>	<u>80,266</u>

**NOTE 18: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**Interest Rate Risk**

At reporting date, the Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash. The Group constantly analyses its exposure to interest rates, with consideration given to potential renewal of existing positions, the mix of fixed and variable interest rates and the period to which deposits may be fixed.

At reporting date, the Group had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Financial Assets		
Cash and cash equivalents – interest bearing	16,062,419	3,305,851

**MANDRAKE RESOURCES LIMITED**  
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*Sensitivity*

At 30 June 2021, if interest rates had increased by 0.25% from the year end variable rates with all other variables held constant, post tax profit and equity for the group would have been \$40,156 higher (2020: changes of 0.25% \$8,265 higher). The 0.25% (2020: 0.25%) sensitivity is based on reasonably possible changes over a financial year, using an observed range of historical RBA movements over the last few years.

**Liquidity Risk**

The Group has no significant exposure to liquidity risk as there is effectively no debt. The Group manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

**Credit Risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

Significant cash deposits are with institutions with a minimum credit rating of -AA (or equivalent) as determined by a reputable credit rating agency e.g. Standard & Poor.

The Group does not have any other significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

**NOTE 19: PARENT ENTITY DISCLOSURES**

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Financial position of the parent entity at year end</b>		
Current assets	16,384,074	3,440,553
Non-current assets	2,932,628	593,475
Total assets	19,316,802	4,034,028
Current Liabilities	433,173	180,761
Total liabilities	433,173	180,761
<b>Total equity of the parent entity comprising of:</b>		
Share capital	32,346,886	17,470,027
Reserves	4,155,155	893,112
Accumulated losses	(17,618,412)	(14,509,872)
<b>Total equity</b>	<b>18,883,629</b>	<b>3,853,267</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Total Profit/(loss)	(3,108,541)	(788,931)
Total comprehensive loss	<b>(3,108,541)</b>	<b>(788,931)</b>

**COMMITMENTS AND CONTINGENCIES**

Mandrake Resources Limited does not have any commitments and contingent assets and liabilities at 30 June 2021 (30 June 2020: nil).

**NOTE 20: CONTROLLED ENTITIES**

Focus Exploration Pty Ltd was acquired during the financial year ended 30 June 2021 and is 100% owned (refer note 11).

Seventh Son Pty Ltd was incorporated during the year and is 100% owned.

All group companies have been incorporated in Australia.

**NOTE 21: FAIR VALUES OF FINANCIAL INSTRUMENTS**

**Recurring fair value measurements**

The Group does not have any financial instruments that are subject to recurring or non-recurring fair value measurements

**Fair values of financial instruments not measured at fair value**

Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to equal their fair value.

**DIRECTORS' DECLARATION**

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The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached consolidated financial statements and notes thereto are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;
- (c) in the Directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the consolidated financial position and performance of the Company; and
- (d) the Directors have been given the declarations required by s.295A of the Corporations Act.

Signed in accordance with a resolution of the Directors made pursuant to s.295 (5) of the Corporations Act 2001.



James Allchurch  
Managing Director  
Dated 30 September 2021



## INDEPENDENT AUDITOR'S REPORT

To the members of Mandrake Resources Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Mandrake Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other 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 report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 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 Group 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.

## 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.

### Accounting for Exploration and Evaluation Asset

Key audit matter	How the matter was addressed in our audit
<p>The carrying value of the capitalised exploration and evaluation asset as at 30 June 2021 is disclosed in Note 8 to the financial report.</p> <p>As the carrying value of the Exploration and Evaluation Asset represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular:</p> <ul style="list-style-type: none"> <li>• Whether the conditions for capitalisation are satisfied;</li> <li>• Which elements of exploration and evaluation expenditures qualify for recognition; and</li> <li>• Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment.</li> </ul> <p>As a result, this is considered a key audit matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date;</li> <li>• Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes;</li> <li>• Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;</li> <li>• Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6;</li> <li>• Considering whether there are any other facts or circumstances existing to suggest impairment testing was required; and</li> <li>• Assessing the adequacy of the related disclosures in Note 8 to the financial report.</li> </ul>

## Other information

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of 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 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:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 14 to 18 of the directors' report for the year ended 30 June 2021.

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

### Responsibilities

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

BDO Audit Pty Ltd

The block contains the BDO logo (the letters 'BDO' in a blue, sans-serif font) and a handwritten signature in blue ink that appears to read 'J Prue'.

Jarrad Prue

Director

Perth, 30 September 2021

**MANDRAKE RESOURCES LIMITED**

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**ANNUAL REPORT 30 JUNE 2021****ASX ADDITIONAL INFORMATION**

The shareholder information set out below was applicable as at 18 September 2021.

As at 18 September 2021 there were 4,096 holders of Ordinary Fully Paid Shares

**VOTING RIGHTS**

The voting rights of the ordinary shares are as follows:

- (a) at meetings of members each member entitled to vote may vote in person or by proxy or attorney;
- (b) on a show of hands each person present who is a member has one vote; and
- (c) on a poll each person present in person or by proxy or by attorney has one vote for each ordinary share held

There are no voting rights attached to any of the options that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

**TWENTY LARGEST SHAREHOLDERS**

The names of the twenty largest shareholders as at 18 September 2021 are as follows:

Ordinary Fully Paid Shares

Holder Name	Holding	%
SANDHURST TRUSTEES LTD <JMFG CONSOL A/C>	19,683,255	4.12%
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	19,635,872	4.11%
CITICORP NOMINEES PTY LIMITED	17,238,375	3.61%
BNP PARIBAS NOMS PTY LTD <DRP>	14,234,390	2.98%
MARTINI 29 PTY LTD	12,000,000	2.51%
LOKTOR HOLDINGS PTY LTD <TAYBIRD A/C>	10,000,000	2.09%
BELLARINE GOLD PTY LTD <RIBBLES DALE SUPER FUND A/C>	8,000,000	1.68%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	6,031,853	1.26%
MR DAMIAN FRANCIS HALL	5,600,000	1.17%
HAWKS BURN CAPITAL PTE LTD <METHUSELAH STRATEGIC FND A/C>	4,763,474	1.00%
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	4,379,853	0.92%
PURESTEEL HOLDINGS PTY LTD <RATTIGAN SUPER FUND A/C>	4,103,627	0.86%
ONGAVA PTY LTD <PRH SUPER FUND A/C>	3,300,000	0.69%
BEDEL & SOWA CORP PTY LTD	3,000,000	0.63%
ABDUL FIDA PTY LTD <AR&F DANNAOUI FAMILY A/C>	2,800,000	0.59%
COMSEC NOMINEES PTY LIMITED	2,754,060	0.58%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,512,334	0.53%
MR JAMES PETER ALLCHURCH	2,500,000	0.52%
SWANCAVE PTY LTD <BMC FAMILY A/C>	2,439,809	0.51%
MR RICARDO ENRIQUE GARZON RANGEL	2,370,000	0.50%
<b>Totals</b>	<b>147,346,902</b>	<b>30.86%</b>

**SUBSTANTIAL HOLDERS**

No changes to substantial holdings notices have been received by the Company since the last Annual Report was released.

**MANDRAKE RESOURCES LIMITED**

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**ANNUAL REPORT 30 June 2021****ASX ADDITIONAL INFORMATION (CONT)****DISTRIBUTION OF EQUITY SECURITIES**

Ordinary Fully Paid Shares

Unmarketable Parcels – 1,289 Holders comprising a total of 3,107,266 ordinary fully paid shares. This is based on a price of \$0.059, being the closing trading price on 17 September 2021..

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	659	58,685	0.01%
1,001 - 5,000	367	1,320,312	0.28%
5,001 - 10,000	485	3,866,272	0.81%
10,001 - 100,000	1,880	77,381,891	16.21%
100,001 - 9,999,999,999	705	394,823,410	82.69%
<b>Totals</b>	<b>4,096</b>	<b>477,450,570</b>	<b>100.00%</b>

**RESTRICTED SECURITIES**

There were no restricted securities as at 18 September 2021.

**UNQUOTED SECURITIES**

As at 18 September 2021, the following unquoted securities are on issue:

**81,049,350 Options expiring 14 July 2022 @ \$0.03 – 145 Holders**

*Holders with more than 20% - Nil*

**22,000,000 Performance rights (refer note 10b for details)**

MR JAMES PETER ALLCHURCH	<MANSTEIN HOLDINGS A/C>	17,000,000
ROWAN HALL PTY LTD	<ROWAN HALL INVESTMENT A/C>	5,000,000

**ON-MARKET BUY BACK**

There is currently no on-market buyback program.

**USE OF FUNDS**

Mandrake Resources Ltd has used cash and cash equivalents on hand at re-quotation in a manner consistent with stated business objectives.