

The logo for ANAX Metals Limited features the letters 'A', 'N', 'A', and 'X' in a bold, white, sans-serif font. The first and third 'A's are stylized with a curved orange and yellow swoosh underneath them. The letters are set against a dark blue rectangular background.

METALS LIMITED

ACN 106 304 787
(Formerly Aurora Minerals Limited)

Annual Report
30 June 2021

CORPORATE DIRECTORY

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Mr Geoff Laing Managing Director
Mr Peter Cordin Non-Executive Director
Mr Philip Warren Non-Executive Director

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COMPANY SECRETARY

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CHAIRMAN'S REPORT

Dear Shareholders

This financial year has seen Anax Metals Limited (“Anax”) successfully demonstrate its ore-sorting technology business model, and its ability to acquire and advance through a Scoping Study a project with near term production of metals with low market risk, using innovative technology.

Anax has earned 80% of the Whim Creek Project and has entered into a royalty agreement with Anglo American Marketing Limited under which the Company received US\$2M in exchange for a 1% net smelter return on Anax’s future copper and zinc production from Whim Creek. In addition, this agreement allows Anax the potential to access US\$20M in project development funding for Whim Creek.

The Whim Creek Mineral Resource has been updated to JORC 2012 standard increasing the Project’s Reportable copper tonnage by 37% to 8.23Mt at 1.03% Cu and 1.28 Mt Zn at 6.63%.

On 30 August 2021 Anax announced the results of the Whim Creek Project Scoping Study (“Study”) which demonstrated outstanding value at a Production Target that would underpin mining and processing for a period of 5 to 7 years. The Study predicts free cashflow of \$196M (range \$189-\$296M) with NPV (at 6%) of \$163M (range \$151M - \$247M). Capital Cost is estimated at \$52M.

A JORC 2012 Mineral Resource for the high-grade Evelyn Deposit is in progress. Regional processing and asset consolidation are being assessed. Near-mine exploration is being conducted.

Whilst Whim Creek has the potential to generate significant value for Shareholders, its significance is that it proves Anax’s business model.

The Company is now assessing other opportunities to acquire under or un-developed mineral resources that can create outstanding shareholder value with low capital expenditure, in short time frames, using innovative technology.

At the heart of this approach is the highly skilled team of employees and consultants that Anax has assembled. Their dedication and ability have been amply demonstrated with the work done to produce the Scoping Study. I thank and congratulate them for this work.

Anax has the experience; the people; the technology; and the financial backing to repeat its successes.

I look forward to a very exciting year ahead.



Phillip Jackson
Chairman

OPERATIONS REPORT

The 2021 Financial Year has been a transformational year for Anax Metals Limited (ASX: ANX) (“**Anax**” or “**the Company**”, formerly called Aurora Minerals Limited).

The Company’s strategy, as communicated to shareholders², is to acquire projects that are well understood and highly leveraged to the integration of ore sorting technology to unlock value. The technology is robust and underpinned by its successful application in metals and waste recycling.

The Company completed its re-compliance⁴ and re-listed on the ASX⁶ on 5 November 2020 as Anax Metals Limited (“**Anax**” meaning Leader in Ancient Greek). The name change was timed to mark the Company’s transformation from a purely exploration company to one that leads the way in both exploration and development, with the application of innovative technology⁵.

In keeping with this strategy, on 21 July 2020, the Company executed an Earn-in and Joint Venture Agreement with Venturix Resources Limited to secure up to 80% of the Whim Creek Copper-Zinc-Lead Project, located in the Pilbara Region of Western Australia².

Post commencement of the earn-in, cash was deployed principally to progress feasibility work at the Whim Creek Project and rectify/upgrade existing mining infrastructure, with Anax completing the initial 40% Earn-In to the Project on 6 December 2020⁹ and reaching 80% Earn-In on 15 January 2021¹¹.

The Whim Creek site is subject to an Environmental Protection Notice (EPN) which requires certain rectification and upgrade works. This work is ongoing and has been carried out in parallel with the feasibility study, working closely with the Department of Water and Environmental Regulation (DWER) to deliver the required outcomes and improve the site infrastructure to return it to an operating facility in due course.

In May 2021, the definition of a JORC 2012 compliant Mineral Resource for the Whim Creek deposit increased the reportable Resources of the Project by 37%. The independent Resource upgrade required the verification of the historical drilling database, which brought to light potential near-mine extensions to mineralisation for follow up exploration¹⁶. Further resource upgrades are planned for the Evelyn deposit, located 25km to the south.

In August 2021, Anax announced the results of a Scoping Study¹⁹ which identified a production target (92% of which is Measured or Indicated Resource Category) that underpins mining and processing for a period of five to seven years, generating free cashflow of between \$189m and \$296m. Development activity is scheduled to commence in 2022.

During the year, the Company has also progressed the Company’s gold exploration strategy on the Whim Creek tenure. Leveraging historical identification of gold-in-soil anomalies, geological and geophysical interpretation and gap analysis, the Company commenced its gold exploration in late 2020⁸. Results of soil sampling have confirmed extensive platinum, nickel-cobalt as well as gold anomalies.¹⁸ The development of a deposit-wide, three-dimensional structural model of the Whim Creek Project has been commissioned to investigate the potential for extensions to known mineralisation that may be offset by structural disruption. The resulting 3D model will inform future exploration across the Project¹⁸. The gold potential of the Salt Creek tenure located along the regional Scholl Shear, and the Evelyn tenure 25km to the south of Whim Creek, both await investigation.

In June 2021, the Company signed a binding royalty agreement with Anglo American Markets Limited, receiving US\$2m in exchange for a 1% Net Smelter Return (NSR) of Anax production (80%) from the Whim Creek Joint Venture¹⁷. In addition, the Anglo agreement has provided Anax with potential access to US\$20m in project development funding¹⁷. This transaction is an endorsement of the Anax strategy to unlock asset value through the integration of technology.

While actively progressing the Whim Creek development and gold exploration, the Company remains focussed on expanding its project portfolio through acquisition, development and monetisation of other assets that are amenable to the integration of smart ore sorting and associated technology.

Whim Creek – Anax’s new Flagship Project

On 21 July 2020, Anax Metals Limited executed an Earn-in and Joint Venture Agreement with Venturex Resources Limited to secure up to 80% of the Whim Creek Copper-Zinc-Lead Project, located in the Pilbara Region of Western Australia². The Earn-in and Joint Venture Agreement with Venturex Resources Limited (“Venturex”) was the culmination of a lengthy due diligence process by Anax, which informed the Company regarding the history, environment, heritage, legal and operations of the Whim Creek Project. It enables Anax to take this previously stranded project forward to development, with the application of ore sorting technology^{2, 3, 4}.

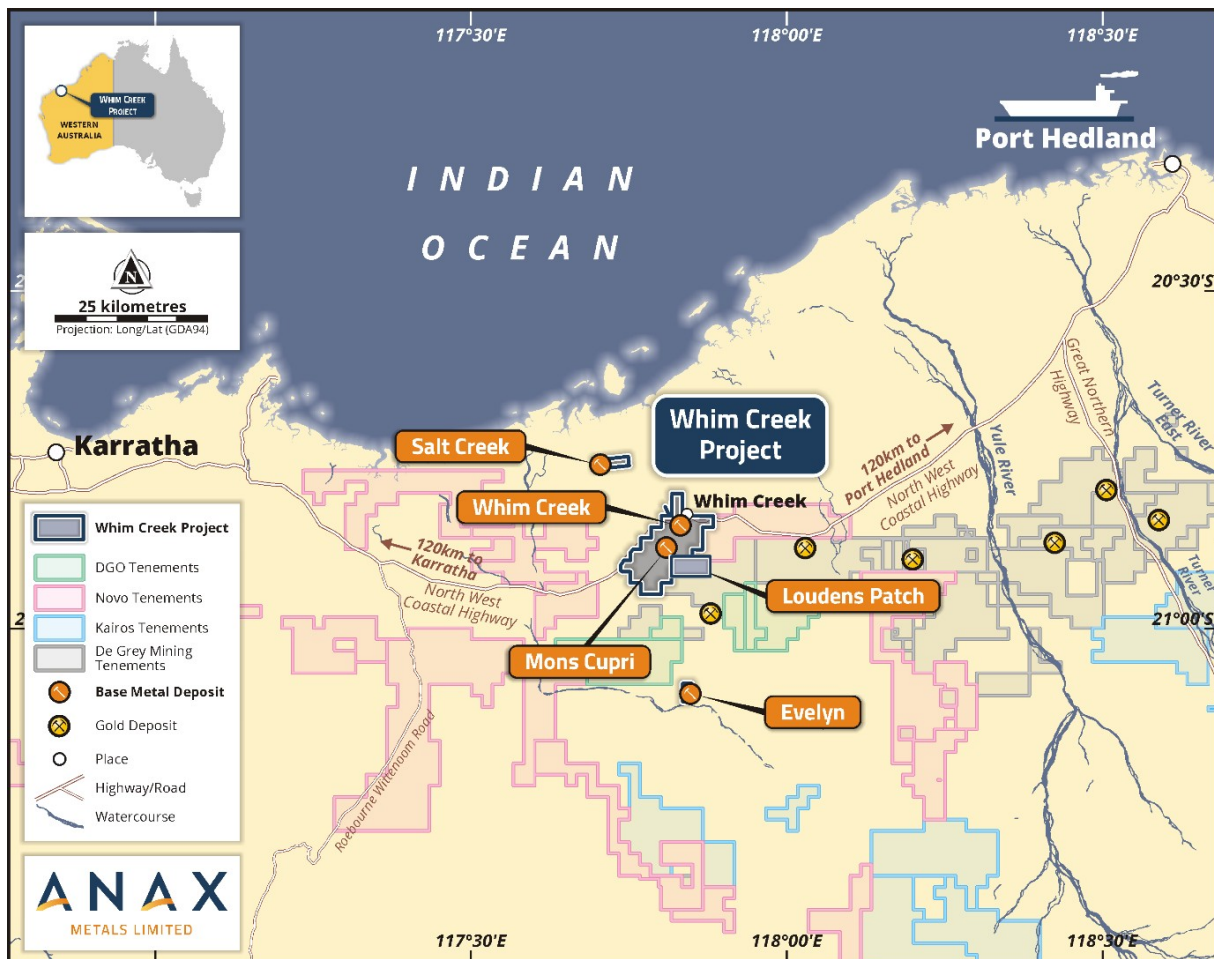


Figure 1: Whim Creek Project Location in the Pilbara region of Western Australia

Project highlights

- Four copper-zinc deposits with lead, silver and gold credits Located in the Pilbara, a prolific mining region of Western Australia
- Defined JORC (2012) Resources that enable rapid advance to production
- Mining leases in good standing
- Near surface, open pit-able Resources

- VHMS style mineralisation amenable to the preconcentration process
- Established heap leach and solvent extraction electrowinning (SX-EW) infrastructure
- Low development capital requirements – established haul roads, gas pipeline for power generation, accommodation and situated on a main road for access to port and/or processing facilities

Due diligence prior to acquisition of the Whim Creek project highlighted the environmental legacy remaining from previous heap leach processing practices which necessitated immediate remediation^{2, 3, 4}. Of primary concern were the ponds associated with the Heap Leach Facility near which groundwater contamination has previously been detected.

Feasibility Study

Upon re-listing on the stock exchange, Anax commenced work on Scoping and Feasibility Studies to progress the rapid development of the project to production. The Company has significantly progressed this study during the year, with the following key activities:

Drilling

Metallurgical diamond drilling completed in November 2020 at Mons Cupri and Whim Creek Prospects intersected massive sulphides, as anticipated, confirming the ore zones defined by JORC (2012) Resource estimates⁷.



Figure 2: Diamond Drilling at Mons Cupri, Whim Creek Project, November 2020

The drilling confirmed outstanding ore grades and zoning of the Mons Cupri Resource¹², as follows:

- 11m @ 5.01% Zn, 5.22% Pb and 0.87% Cu from 32m in 20AMCD001
- 42m @ 2.34% Cu from 43m in 20AMCD001
- 18m @ 5.20% Zn, 2.48% Cu and 1.53% Pb from 60m in 20AMCD002
- 62m @ 1.90% Cu, 1.03% Zn from 78m in 20AMCD002

Additionally, bulk composites prepared for ore sorting test work returned significant gold (up to 2.08g/t Au) and silver grades (up to 89g/t Ag)¹².

Ore sorting

Preliminary ore sorting test work was completed in December 2020 using historical quarter-core remnant from Venturex's own drilling to quantify ore upgrade potential¹⁰. The results confirmed that the Whim Creek volcanic hosted massive sulphide (VHMS) mineralisation is highly amenable to ore sorting¹⁰. Pre-concentrates

grading up to **4.8% Cu from a 1.7% Cu feed** and **22% Zn from 7.9% Zn feed** were generated, with recoveries of circa 93% and yields of up to 55%¹⁰. These preliminary tests determined the calibration settings for the bulk sample ore sorting test work which was performed in 1H 2021^{12,15}.

The bulk sorting programme results announced in April 2021 further confirmed that the VHMS mineralisation at Mons Cupri and Whim Creek is highly amenable to ore sorting and demonstrated the effectiveness of Anax's sorting concept to produce high-grade pre-concentrates that would underpin the proposed future mining operation at the Whim Creek project. The results also demonstrated the recovery of medium to lower grade ore using a second-stage sort, which can be leached using the existing Whim Creek heap infrastructure.

Based on these results, a proposal is being developed to incorporate a two-stage sorting process into the Feasibility Study ore processing flowsheet, with the intention that sorting machine calibration can be fine-tuned to suit the chosen processing pathway, either offshore processing of pre-concentrates, onsite processing, or onsite heap leaching of middlings, while also producing sufficiently inert by-product material efficiently for road gravel or capping material.

Mineral Resource update

In May 2021, the Company announced a JORC 2012 Mineral Resource for the Whim Creek deposit. The Mineral Resource was completed following a database audit and verification of historical data and a single diamond drill hole completed by Anax in late 2020 where 20AWCD001 intersected **5m @ 2.43% Cu and 1.02% Zn from 52m** and **7m @ 1.19% Cu from 60m**.

The Mineral Resource modelling and estimate, undertaken by an independent resource consultancy, produced a JORC2012 compliant Indicated and Inferred Mineral Resource as shown in Table 1 and Table 2.

Table 1: Whim Creek Deposit Copper Mineral Resource by Classification (0.40% Cu cut-off).

Classification	kTonnes	Cu %	Zn %	Pb %	Ag ppm	Au ppm
Measured	-	-	-	-	-	-
Indicated	1,750	1.10	0.63	0.16	6	0.04
Inferred	660	0.56	0.17	0.08	2	0.02
TOTAL Cu Resources	2,410	0.95	0.50	0.14	5	0.04

Note: Appropriate rounding applied.

Table 2: Whim Creek Deposit Zinc Mineral Resource by Classification ($\geq 2.0\%$ Zn; $< 0.40\%$ Cu).

Classification	kTonnes	Cu %	Zn %	Pb %	Ag ppm	Au ppm
Measured	-	-	-	-	-	-
Indicated	120	0.12	3.22	0.44	12	0.08
Inferred	45	0.13	2.47	0.40	9	0.04
TOTAL Zn Resources	165	0.13	3.00	0.43	11	0.07

Note: Appropriate rounding applied.

The Whim Creek deposit resource estimate increased the reportable Resources of the Project by 37%¹⁶ and the updated Whim Creek Project Global Mineral Resource for copper dominant and zinc dominant resources (exclusive of each other) are shown below in Table 3 and Table 4.

Table 3: Whim Creek Project Global Copper Dominant Mineral Resource (0.40% Cu Cut-off).

Deposit	Classification	kTonnes	Cu %	Zn %	Pb %	Ag ppm	Au ppm
Mons Cupri	Measured	990	1.62	1.42	0.61	38	0.28
	Indicated	3,130	0.84	0.47	0.20	16	0.09
	Inferred	400	0.60	0.22	0.10	10	0.03
Salt Creek	Measured	-	-	-	-	-	-
	Indicated	850	1.40	1.12	0.24	8	0.11
	Inferred	460	1.15	2.41	0.60	27	0.16
Whim Creek	Measured	-	-	-	-	-	-
	Indicated	1,750	1.10	0.63	0.16	6	0.04
	Inferred	660	0.56	0.17	0.08	2	0.02
COMBINED	Measured	990	1.62	1.42	0.61	38	0.28
	Indicated	5,730	1.00	0.61	0.19	12	0.08
	Inferred	1,530	0.75	0.86	0.24	12	0.07
TOTAL Cu Resources	Combined	8,250	1.03	0.76	0.25	15	0.10

Note: Appropriate rounding applied.

Table 4: Whim Creek Project Global Zinc Dominant Mineral Resource ($\geq 2.0\%$ Zn; $< 0.40\%$ Cu)

Deposit	Classification	kTonnes	Cu %	Zn %	Pb %	Ag ppm	Au ppm
Mons Cupri	Measured	70	0.16	4.56	1.79	53	0.23
	Indicated	340	0.09	3.56	1.01	38	0.07
	Inferred	150	0.08	4.84	1.96	27	0.04
Salt Creek	Measured	-	-	-	-	-	-
	Indicated	170	0.18	14.15	4.23	85	0.53
	Inferred	380	0.12	8.75	2.57	62	0.25
Whim Creek	Measured	-	-	-	-	-	-
	Indicated	120	0.12	3.22	0.44	12	0.08
	Inferred	45	0.13	2.46	0.40	9	0.04
COMBINED	Measured	70	0.16	4.56	1.79	53	0.23
	Indicated	630	0.12	6.34	1.77	46	0.19
	Inferred	575	0.11	7.22	2.23	48	0.18
TOTAL Zn Resources		1,275	0.12	6.63	1.98	47	0.19

Note: Appropriate rounding applied.

The independent Resource upgrade required the verification of the historical drilling database, which brought to light potential near-mine extensions to mineralisation for follow up exploration¹⁶.

A resource upgrade is planned for the Evelyn deposit, located 25km to the south of the Whim Creek Project.

Scoping Study

A scoping study was completed after the financial year end, on 30 August 2021, the details of which will contribute towards the Feasibility Study.

The Feasibility Study is ongoing and includes all aspects of the Project's proposed development. Metallurgical test work including flotation, comminution, rheology and heap leaching are in progress. Engineering studies including mining, processing and infrastructure are also underway. Environmental studies, offtake and remote processing investigations will follow.

This study is intended to enable the Project's funding and development, scheduled to commence in 2022.

Environmental legacy and current status

The Western Australian Government Department of Water and Environmental Regulation (DWER or the Department) issued an Environmental Protection Notice (EPN) in July 2019 in relation to the area of the heap leach facility, where localised groundwater contamination was suspected⁴.

In parallel with scoping / feasibility work, the Company pursued necessary remediation work to address the environmental legacy remaining from previous heap leach processing practise, as per the terms of the EPN.

In June 2021, the Heap Leach Facility Management Plan was approved by the Department and heap leach infrastructure upgrades are underway, designed to meet current licencing requirements to enable a seamless operating licence application process in due course. The Department approved various EPN Management Plans which Anax continues to implement, with fortnightly reporting of progress.

Three new monitoring bores were installed in late 2020. During the year, groundwater was monitored, and results reported quarterly with positive trends becoming evident. Vegetation monitoring was also carried out to meet biannual reporting requirements, and vegetative health remains robust. Bunding inspections follow each rain event to verify the efficacy of the new bunds diverting stormwater away from heap leach infrastructure. Process water ponds have been cleaned and post year-end were certified as impermeable.

Exploration

As well as defined Resources, the acquisition of the Whim Creek tenure secures significant exploration prospectivity. The known VHMS mineralisation is confined to the Bookingarra Suite of volcanic units and metasediments which outcrop extensively within the Whim Creek Basin. VHMS deposits are often structurally controlled, and this applies in the case of the Whim Creek deposits. Significant exploration work has already been done by historical and recent explorers to pinpoint potential for mineralisation both near-mine and further afield. The following map, Figure 2, highlights prospective geology and intersecting structures within the Whim Creek tenure.^{3,4}

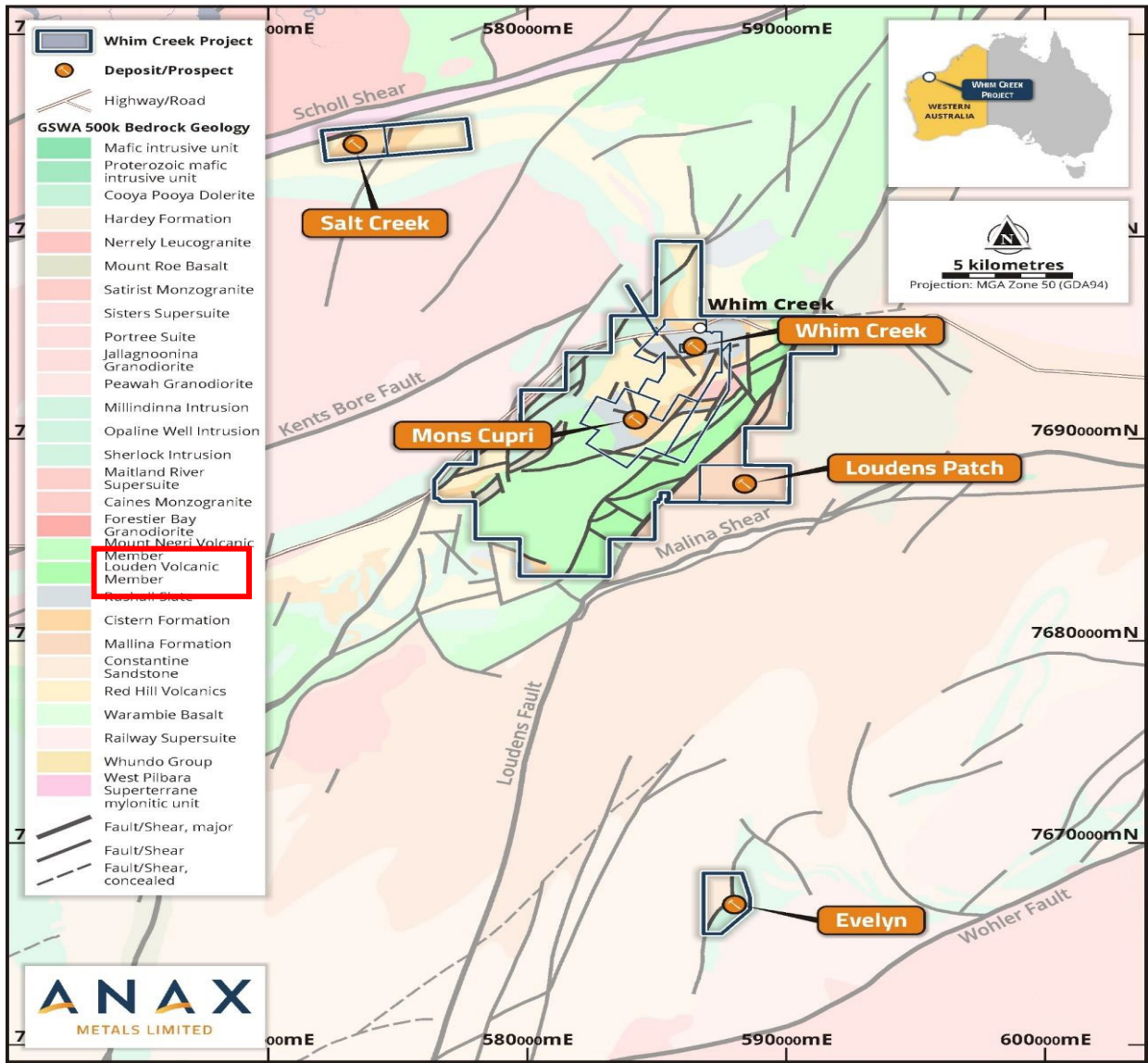


Figure 3: Whim Creek Regional Geology and Major Structures (source Geological Survey of Western Australia, 2020) 3, 4

While copper has been the historical focus of the Whim Creek area, Archean granite-greenstone geology is commonly gold exploration terrain. Located adjacent to De Grey Mining Limited's (AX: DEG) (De Grey) Mallina Project in the West Pilbara, the Whim Creek Project secures 15,000Ha of the Archean aged Whim Creek Greenstone Belt (see figures 1 and 2). These rocks are considered to be laterally equivalent to the Archean Dr Grey Group metasediments of the Mallina Basin and, like most Archean greenstone belts, prospective for gold⁸.

Exploration field work commenced in February 2021 following geological and geophysical interpretation, the identification of historical gold-in-soil anomalies and gap analysis^{8,14}.

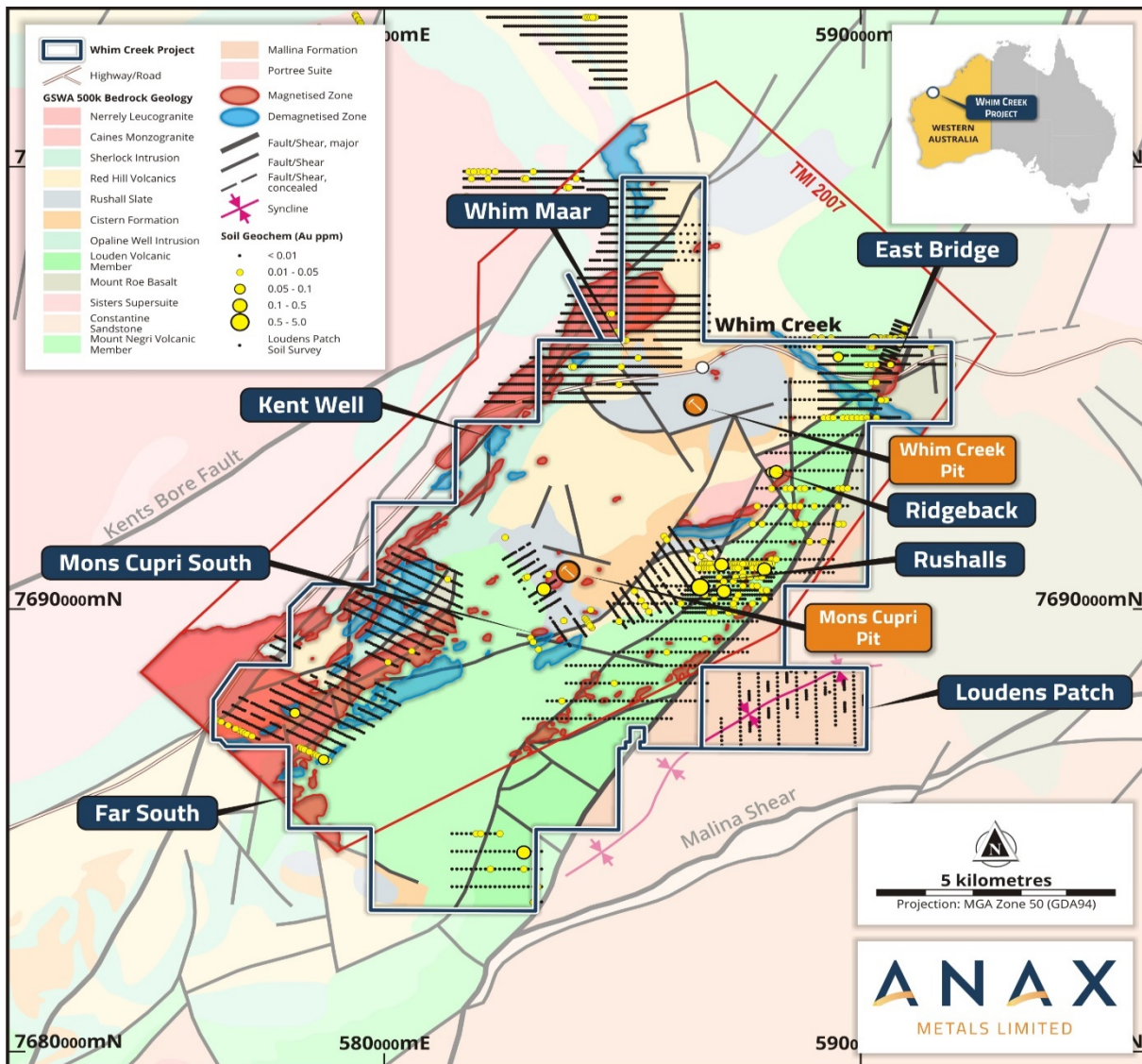


Figure 4: GSWA 2020 Geology, Major Structures, Aeromagnetic and Gold-in-Soil Anomalies at Whim Creek Project

Exploration targets were prioritised, targeting coincident geological and geophysical anomalies that had not previously been explored but were considered indicative of potential gold mineralisation, such as Kent Well Prospect (see figure 3 above). Early results have generated a cohesive nickel-cobalt anomaly as well as three separate platinum anomalies all associated with Archean-age layered mafic intrusives of the Whim Creek Greenstone Belt. Extensions to these anomalies are currently being explored. New cohesive gold anomalies were generated at HLF and south of the Airstrip with follow-up exploration results awaited, post year-end¹⁸.

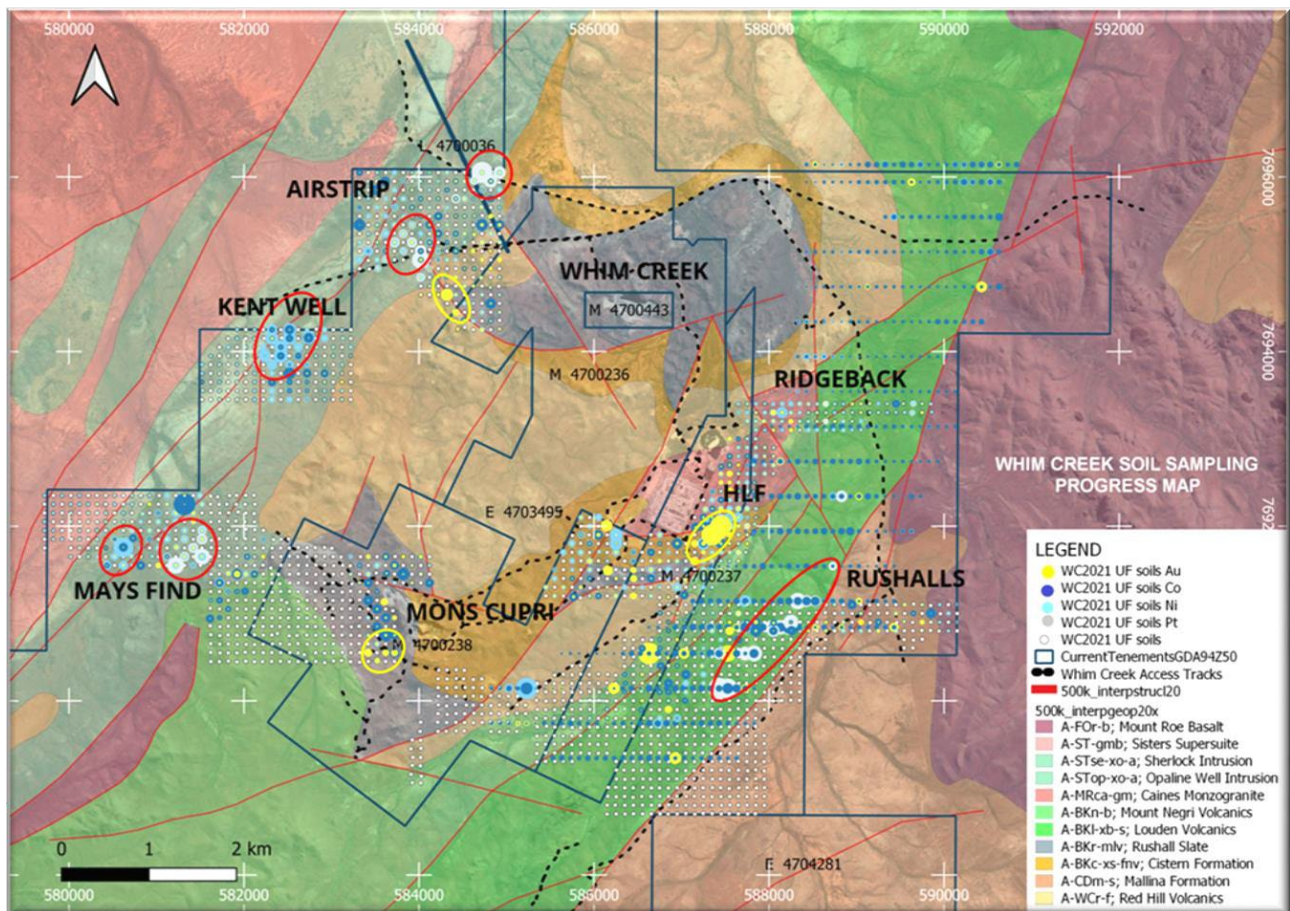


Figure 5: GSWA 2020 Geology, Major Structures and Anax UltraFine+™ Geochemical Soil Anomalies at Whim Creek Project 18

The Whim Creek JORC 2012 Mineral Resource definition highlighted targets for near-mine exploration and historical data review confirmed that further work was warranted¹⁶. Subsequent soil sampling is awaiting geochemical analysis. The field exploration programme will conclude in late September 2021 due to the ramping up of site remediation operations while interpretation of the accumulated data is ongoing.

The gold potential of the Salt Creek tenement, located along the regional Scholl Shear, and the Evelyn tenement, 25km to the south of Whim Creek, in the gold- prospective Croydon Anticline of the Mallina Basin await investigation in 2022.

An independent structural geological consultant has been commissioned to develop a deposit-wide, three-dimensional structural model of the Whim Creek Project to investigate the potential for extensions to known mineralisation that may be offset by structural disruption. This work is also expected to identify structural pathways that may pinpoint new mineralised targets and will incorporate all historical and recent exploration compiled to date, including the drilling database, surface mapping and sampling and geophysics. The resulting 3D model will inform future exploration across the Project¹⁸.

Other Anax Exploration Tenure

The Loudens Patch tenement (E47/4281), located between the Whim Creek Project and De Grey's Mallina Project (See Figure 1), was granted in August 2020, increasing the exploration footprint that Anax now holds in the highly prospective Pilbara gold region. The tenement secures part of a sub-basin of the regional Mallina Basin, bounded by the gold mineralised Loudens Fault and Mallina Shear. Anax recognised the potential for structurally controlled and/or conglomerate gold at Loudens Patch and the field exploration programme has begun with Ultrafine+™ gridded soil sampling over gold prospective structures in August 2021.^{1,4}

Mount Short tenement (E74/651), granted in December 2019, is located near Ravensthorpe and secures similar geology to Whim Creek, namely Archean ultramafic's and metasediments which have historically been drill targeted for massive sulphides. Anax plans field investigation following the Wheatbelt growing season in late 2021 and continues to consider options relating to JV partnerships or other opportunities to progress this work.

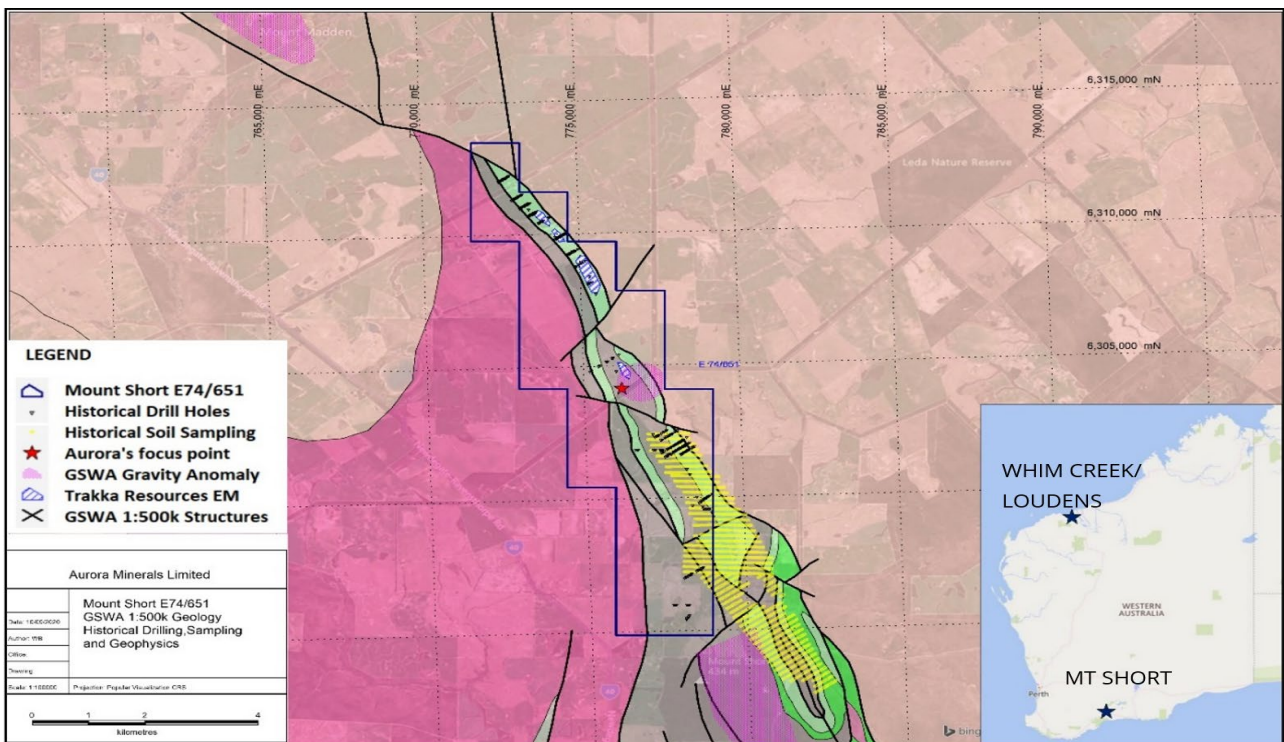
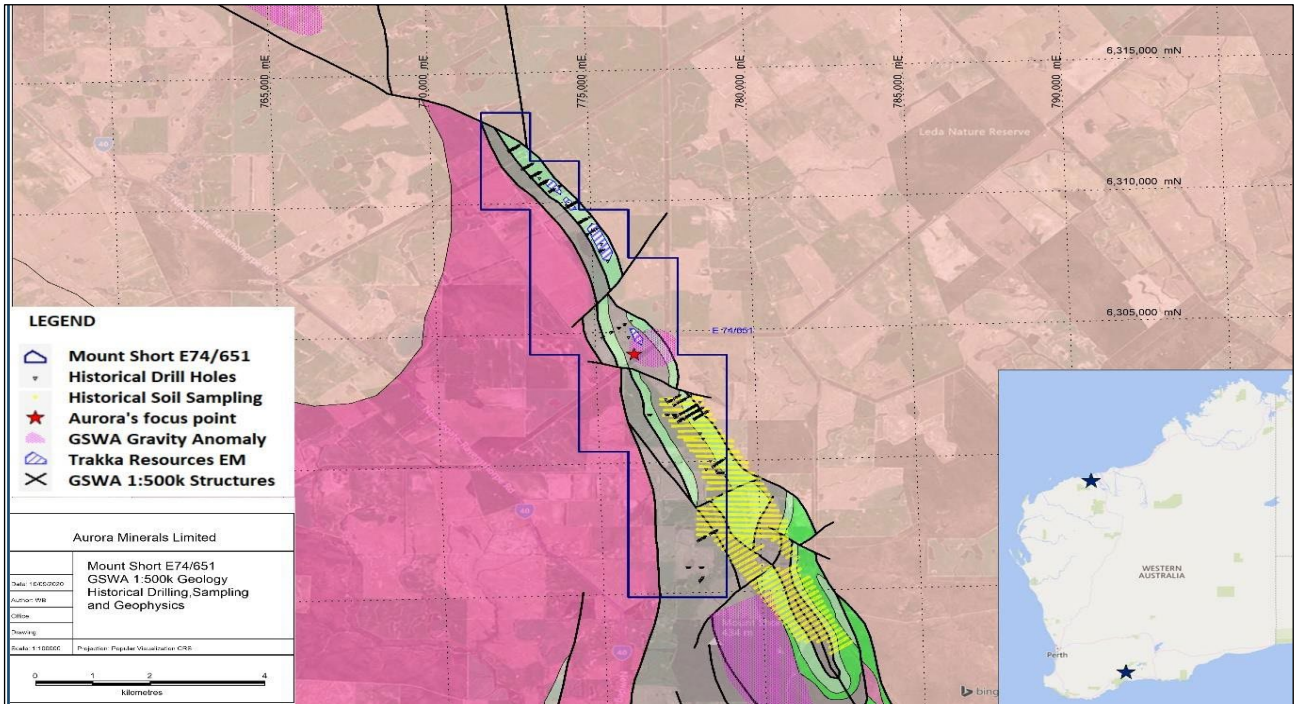


Figure 6: Mt Short (E74/651) historical exploration and GSWA Geology

Advanced Project Procurement Plan

Anax has defined a clear strategy to acquire, develop and monetise assets that are amenable to the integration of smart ore sorting and associated technology.

On 4 June 2021 the Company secured a binding contract with Anglo American Marketing Limited for the sale of a 1% net smelter Return (NSR) of Anax production (80%) from the Whim Creek project, for US\$2M (AU\$2.6M).⁴ Securing this strategic funding partner enables Anax to pursue its intention to commence production at Whim Creek as well as capitalise the Company (up to US\$20M) for future asset consolidation opportunities in the Pilbara and beyond.

This transaction is an endorsement of the Anax strategy to unlock asset value through the integration of technology and the Company is focussed on expanding its project portfolio using this strategy in collaboration with the strategic partnerships established to date with assistance from Conrad Partners, one of the Company's key marketing advisors.

Corporate

Capital restructure

On 2 October 2020 shareholder approval was given for the following capital restructure, which became effective from that date⁵:

- A consolidation of equity securities on a 9 for 10 basis
- Change in nature and scale of activities to incorporate the Whim Creek project
- Change of company name from Aurora Minerals Limited to Anax Metals Limited
- Approval to issue public offer shares to raise \$2m in further funding

Capital Raising

As stated above, in conjunction with the capital restructure in October, the Company completed a \$2m placement on 5 November 2020⁶ to fund its strategy, with most commitments from institutional investors.

This was supplemented with a second placement in March 2021, where Anax completed a \$4.7 Million Placement, again with most commitments from institutional investors¹³.

Financial Assets

Anax holds minority interests in ASX Listed gold exploration assets through its holdings in **Xantippe Resources Limited** (formerly Peninsula Mines Limited), and **Predictive Discovery Limited**. These are held with other listed investments as current assets at fair value on the Balance Sheet, signalling the Company's intention to use these investments to maintain liquidity in the short to medium term.

Anax Metals Group Financial Investments as at 30 June 2021

Investment	Code	Unit value	Total value
Predictive Discovery Ltd	PDI	\$0.077	2,177,370
Xantippe Resources Ltd	XTC	\$0.002	342,591
Desert Metals Ltd	DM1	\$0.650	16,250
			<hr/>
			\$2,536,211

Cash at bank on 30 June 2021 was AUD6.7 million. Value of cash and financial investments on 30 June 2021 was AUD9.2million (~2.6c/share).

Summary List of all previous ASX releases referenced in this report

1. Mount Short Project Progress, 6 April 2020
2. Aurora Minerals Limited to acquire up to 80% interest in Whim Creek Copper-Zinc Project from Venturex Resources Limited, 21 July 2020
3. Notice of General Meeting, 3 September 2020
4. Re-compliance Prospectus, 18 September 2020
5. Results of General Meeting, 2 October 2020
6. Reinstatement to Official Quotation, 5 November 2020
7. Drilling Intersects Massive Sulphides, 25 November 2020
8. Gold Exploration Commences at Whim Creek Project, 2 December 2020
9. Initial 40% Earn-In at Whim Creek Project Complete, 7 December 2020
10. Ore Sorting Test Work Upgrades Whim Creek, 15 December 2020
11. 80% Earn-In at Whim Creek Project Complete, 15 January 2021
12. Outstanding Drilling Results, 5 February 2021
13. \$4.7 Million Placement – Strong Support to Underpin Development and Growth Strategy, 2 March 2021
14. Gold Exploration Field Work Commences at Whim Creek Project, 5 March 2021
15. Sorting Tests Unlock Whim Creek Value, 28 April 2021
16. Whim Creek Project Copper Tonnes Increase by 37%, 25 May 2021
17. Anax Signs Whim Creek Royalty Agreement with Anglo American, 4 June 2021
18. Anax Defines Extensive Platinum, Nickel-Cobalt and Gold Anomalies at Whim Creek, 27 July 2021
19. Scoping Study results demonstrate Outstanding value at Whim Creek, 30 August 2021

Competent Persons Statement

The information in this report that relates to the exploration results and JORC (2012) Mineral Resource estimates of Venturex is summarised from publicly available reports as released to the ASX. The results are duly referenced in the text of this report and the source documents listed above.

The information in this report that relates to Exploration Results is based on and fairly represents information compiled by Ms Wendy Beets and Mr Andrew McDonald. Ms Beets and Mr McDonald are full-time employees and shareholders of Anax Metals Ltd and members of the Australian Institute of Geoscientists. Ms Beets and Mr McDonald have sufficient experience of relevance to the style of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ms Beets and Mr McDonald consent to the inclusion in this report of the matters based on information in the form and context in which they appear.

The information in this report that relates to geochemical ore sorting results is based on and fairly represents information compiled by Dr Tony Parry. Dr Parry is the Managing Director of Consultancy OreSort Solutions and a Member of the Australian Institute of Mining and Metallurgy. Dr Parry is a shareholder of Anax Metals Ltd. Dr Parry has sufficient experience of the ore sorting, sampling and analytical techniques under consideration to be aware of problems that could affect the reliability of the data and to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Parry consents to the inclusion in this report of the matters based on information in the form and context in which they appear.

DIRECTORS' REPORT

Anax Metals Limited (“the Company”, “parent entity” or “Anax”) is a public company incorporated and domiciled in Australia and listed on the Australian Securities Exchange. The registered office of the Company is located at Suite 1B, Ground Floor, 20 Kings Park Road, West Perth, Western Australia.

The Directors of the Company present their report on the group, which comprises Anax Metals Limited and its controlled entities (together referred to as the “Group”), for the financial year ended 30 June 2021 (“financial period”).

DIRECTORS

The names of the Directors of Anax during the whole of the financial period and up to the date of this report are:

Phillip Jackson (BJuris, LLB, MBA, FAICD), Chairman & Member of the Audit Committee

Phillip Jackson, the Chairman and a Director of the Company, is a barrister and solicitor with over 25 years legal and international corporate experience, especially in the areas of commercial and contract law, mining law and corporate structuring. He has worked extensively in the Middle East, Asia and the United States of America. In Australia, he was formerly a managing legal counsel for a major international mining company, and in private practice specialised in small to medium resource companies. Phillip was managing region legal counsel: Asia-Pacific for a leading oil services company for 13 years. He was General Counsel for a major international oil and gas company. Phillip has been Chairman of Anax since it listed in June 2004 and is a non-executive Chairman of Xantippe Resources Limited. Phillip is also a non-executive director of listed company Scotgold Resources Limited.

Geoffrey Laing (BSc, MBA, MAusIMM), Managing Director

Geoff Laing is a Chemical Engineer with over 25 years' experience in the mining sector across a variety of commodities in Australia, Africa, Europe and South America. Geoff has experience in project funding and mine development through to production. Previously, as Managing Director and GM Corporate for Exco Resources, Geoff was involved in the successful development and divestment of the Cloncurry Copper Project in North Queensland and the highly successful White Dam Gold Mine in South Australia. Geoff has run a private consulting business, Nexus Bonum, and most recently managed Exterra Resources through the successful merge with Anova Metals, where he remained a director until 20 September 2019

Peter Cordin, (BE, MIEAust, FAusIMM (CP)), Non-Executive Director & Member of the Audit Committee

Peter is a civil engineer with over 40 years' experience in mining and exploration both at operational and senior management level. He has a wealth of experience in the evaluation and operation of resource projects both within Australia and overseas. He has direct experience in the construction and management of diamond and gold operations in Australia, Fenno-Scandinavia and Indonesia, and has also been involved in the development of resource projects in Kazakhstan and New Caledonia.

Philip Warren (BCom (Finance), CA), Non-Executive Director (Appointed 12 April 2021)

Philip is the Managing Director of Corporate Advisory firm, Grange Consulting Group, where he specialises in capital raisings, mergers and acquisitions and board governance. Phil is an experienced Company Director and has been involved in founding and advising on several successful ASX listings. He is a qualified Chartered Accountant and spent several years working overseas for major investment banks having started his career in the Perth office of Arthur Andersen in the business consulting division. Phil is currently a Non-Executive Director of Family Zone Cyber Safety Limited and Rent.com.au Limited, and was a founding director of Cassini Resources Limited. In the three years immediately prior to the end of the financial year, Phil also served as a director of the following Jupiter Energy Limited (April 2018 – November 2020).

COMPANY SECRETARY

Steven Wood

Mr Steven Wood was appointed as Company Secretary, effective from 26 June 2020.

PRINCIPAL ACTIVITIES

The principal activities of the group are mineral exploration and assessing, and if appropriate, acquiring either directly or indirectly exploration and mine development projects worldwide.

OPERATING RESULTS

The operating profit after tax for the financial period was \$241,153 (2020: profit of \$1,967,583).

FINANCIAL POSITION

The net assets of the Group on 30 June 2021 were \$12,881,634 (2020: \$5,626,929). As at year end, the Group had \$6,701,296 (2020: \$3,127,467) in available cash.

DIVIDENDS

No dividends were paid during the year and the directors do not recommend the payment of a dividend.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the operating results there were no other significant changes in the state of affairs of the Company.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD AND LIKELY DEVELOPMENT

On 16 August 2021 Anax announced that it had completed the Additional Minimum Expenditure of \$4,000,000 securing its 80% Earn-in interest in the Whim Creek Copper-Zinc project (the "Whim Creek Project") under the Earn-in and Joint Venture Agreement (the "EJVA") with Venturix Resources Limited ("VXR"). Anax advised that following the commencement of the EJVA on 30 October 2020, it had now completed the Additional Minimum Expenditure of \$4,000,000 and satisfied its Joint Venture sole funding requirements, and additional cash payments of \$3,000,000 are due in \$1,000,000 increments on the second, third and fourth anniversary of 2 October 2020. The Company confirms it has satisfied the requirements to earn an 80% interest in the assets (and corresponding share of the Permitted Encumbrances) and VXR has confirmed that the Company has completed the Additional Minimum Expenditure.

Other than the above, there has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

REVIEW OF OPERATIONS

Refer to the Operations Report commencing on Page 4 of this Report.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of Directors held during the financial year ended 30 June 2020 and the number of meetings attended by each Director:

Director	Full Board Meetings	
	Number Attended	Number Eligible to Attend
Phillip Jackson	6	6
Geoff Laing	6	6
Peter Cordin	6	6
Philip Warren	1	1

REMUNERATION REPORT (Audited)

Board policy

The objective of the Company's remuneration policy for key management personnel is to ensure reward for performance is appropriate for the results delivered. The policy is designed to ensure that the following key criteria for good governance practices are followed:

- Acceptability to shareholders
- Transparency
- Capital management

Company performance, shareholder wealth and key management personnel remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and key management personnel by the issue of options to the key management personnel to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

The constitution of the Company provides that the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting. The Company has entered into separate Consulting or Employment Agreements with each of the Directors and accordingly the Company has resolved not to pay any Directors' fees as additional remuneration to the non-executive Directors.

A Director may be paid fees or other amounts as the Directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A Director may also be reimbursed for out-of-pocket expenses incurred because of their directorship or any special duties.

REMUNERATION REPORT (Audited) (continued)

Terms and Conditions of Engagement (as at the date of this report):

	Role	Date of Agreement	Date last Modified	Current Annual Consulting Fee	Directors' Fee/Salary	Notice Period Required from Company	Notice Period Required from Officer	Termination Fees Payable
Directors								
	Phillip Jackson	Chairman	13 April 2010	01 Dec 2018	-	\$50,000	-	-
	Geoff Laing	Managing Director	15 Mar 2018	-	\$236,520	-	3 months	3 months
	Peter Cordin	Non-executive Director	20 Feb 2014	01 Dec 2018	-	\$40,000	-	-
	Philip Warren ⁽ⁱ⁾	Non-executive Director	12 April 2021	-	-	\$43,800	-	-

(i) Mr Philip Warren was appointed as Non-Executive Director effective 12 April 2021.

REMUNERATION REPORT (Audited) (continued)

(a) Principles used to determine the nature and amount of remuneration

The nature and amount of remuneration paid to key management personnel has been determined by reference to the services provided, prevailing market rates and with the objective of retaining their services.

Key management personnel, apart from P Cordin and P Warren, are not directly remunerated by way of salary. The Company entered into agreements with entities related to key management personnel for the provision of their services to the Group. Details of these agreements are set out within the remuneration report which is contained in the director's report.

(b) Details of remuneration

The remuneration of the key management personnel, being the Directors, and other specified executives is summarised below.

No salaries, fees, commissions, bonuses, superannuation, or other form of remuneration were paid or payable to key management personnel or specified executives during the year other than fees and options paid to companies associated with those persons, in terms of consulting agreements, as follows

Key Management Personnel	Short-term benefits		Post-employment benefits	Share-based payments		Total
	Salary, fees and leave	Other	Pension and superannuation	Shares/ Units	Options/ Rights	
	\$	\$	\$	\$	\$	\$
2021						
Mr Geoff Laing	260,172	-	-	-	134,275	394,447
Mr Phillip Jackson	57,700	-	-	-	29,116	86,816
Mr Peter Cordin	40,530	-	3,850	-	14,558	58,938
Mr Philip Warren ⁽ⁱ⁾	12,462	-	1,191	-	11,467	25,120
	370,864	-	5,041	-	189,416	565,321
2020						
Mr Geoff Laing	236,520	-	-	-	-	236,520
Mr Phillip Jackson	50,000	-	-	-	-	50,000
Mr Peter Cordin	36,530	-	3,470	-	-	40,000
Mr Tim Markwell ⁽ⁱⁱ⁾	17,653	-	-	-	-	17,653
	340,703	-	3,470	-	-	344,173

(i) Mr Philip Warren was appointed as Non-Executive Director of the company effective from 12 April 2021.

(ii) Mr Tim Markwell resigned as Non-Executive Director effective 09 December 2019.

REMUNERATION REPORT (Audited) (continued)

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2021	2020	2021	2020	2021	2020
Mr. Geoff Laing	66%	100%	-	-	34%	-
Mr. Phillip Jackson	66%	100%	-	-	34%	-
Mr. Peter Cordin	75%	100%	-	-	25%	-
Mr. Philip Warren ⁽ⁱ⁾	54%	-	-	-	46%	-
Mr. Tim Markwell ⁽ⁱⁱ⁾	-	100%	-	-	-	-

(i) Mr. Philip Warren was appointed as Non-Executive Director of the company effective from 12 April 2021.

(ii) Mr. Tim Markwell resigned as Non-Executive Director effective 09 December 2019.

(c) Shares issued as remuneration

No shares were issued to the key management personnel or specified executives during the years ended 30 June 2021 and 30 June 2020.

(d) Options and Performance Rights issued as remuneration

The following options and performance rights were issued to key management personnel during the year ended 30 June 2021.

2021	Instrument	Number Granted	Grant Date	Exercise Price	Expiry Date	Vesting Date	Fair Value Per Unit
Directors							
Geoff Laing	Performance rights	3,000,000	27 Oct 2020	-	27 Oct 2022	22 Jan 2021	\$0.0206
	Performance rights	2,600,000	27 Oct 2020	-	27 Oct 2023	15 Jun 2021	\$0.0180
	Performance rights	2,500,000	27 Oct 2020	-	27 Oct 2023	Not yet vested	\$0.0153
		8,100,000					
Phillip Jackson	Unlisted options	4,000,000	27 Oct 2020	\$0.045	27 Oct 2023	27 Oct 2021	\$0.0108
Peter Cordin	Unlisted options	2,000,000	27 Oct 2020	\$0.045	27 Oct 2023	27 Oct 2021	\$0.0108
Philip Warren	Unlisted options	2,000,000	26 May 2021	\$0.105	26 May 2024	26 May 2022	\$0.0598

There were no options or performance rights issued to key management personnel during the year ended 30 June 2020.

REMUNERATION REPORT (Audited) (continued)

(e) Additional disclosures relating to key management personnel

(i) Shareholdings

The number of shares in the Company held during the financial year by each member of key management personnel of the Group, including their personally related parties, is set out below:

Ordinary shares	Opening balance	Received as remuneration	Purchased during period	Sold during period	Net change other	Closing balance
2021						
G Laing	6,546,064	-	2,700,000	-	(654,607)	8,591,457
P Jackson	32,745,245	-	-	-	(3,274,525)	29,470,720
P Cordin	2,416,197	-	-	-	(241,620)	2,174,577
P Warren ⁽ⁱ⁾	-	-	215,000	-	-	215,000
	41,707,506	-	2,915,000	-	(4,170,752)	40,451,754
2020						
G Laing	6,546,064	-	-	-	-	6,546,064
P Jackson	32,745,245	-	-	-	-	32,745,245
P Cordin	2,416,197	-	-	-	-	2,416,197
T Markwell ⁽ⁱⁱ⁾	-	-	-	-	-	-
	41,707,506	-	-	-	-	41,707,506

- (i) Mr Philip Warren was appointed as Non-Executive Director of the company effective from 12 April 2021.
(ii) Mr Tim Markwell resigned as Non-Executive Director effective 09 December 2019.

(ii) Options holdings

The number of options held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

Options	Opening Balance	Received as Remuneration	Expired	Exercised	Net Change Other	Closing Balance
2021						
G Laing	9,000,000	-	-	(2,700,000)	(900,000)	5,400,000
P Jackson	300,000	4,000,000	(270,000)	-	(30,000)	4,000,000
P Cordin	200,000	2,000,000	(180,000)	-	(20,000)	2,000,000
P Warren ⁽ⁱ⁾	-	2,000,000	-	-	3,000,000	5,000,000
	9,500,000	8,000,000	(450,000)	(2,700,000)	(2,050,000)	16,400,000
2020						
G Laing	9,000,000	-	-	-	-	9,000,000
P Jackson	3,600,000	-	(3,300,000)	-	-	300,000
P Cordin	400,000	-	(200,000)	-	-	200,000
T Markwell ⁽ⁱⁱ⁾	400,000	-	(200,000)	-	(200,000)	-
	13,400,000	-	(3,700,000)	-	(200,000)	9,500,000

- (i) Mr Philip Warren was appointed as Non-Executive Director of the company effective from 12 April 2021.
(ii) Mr Tim Markwell resigned as Non-Executive Director effective 09 December 2019.

REMUNERATION REPORT (Audited) (continued)

(iii) Performance rights holdings

The number of performance rights held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

Performance rights	Opening Balance	Received as Remuneration	Expired	Exercised	Net Change Other	Closing Balance
2021						
G Laing	-	8,100,000	-	-	-	8,100,000
P Jackson	-	-	-	-	-	-
P Cordin	-	-	-	-	-	-
P Warren ⁽ⁱ⁾	-	-	-	-	-	-
	-	8,100,000	-	-	-	8,100,000

2020

There were no performance rights held by directors and key management personnel during the year ended 30 June 2020.

- (i) Mr Philip Warren was appointed as Non-Executive Director of the company effective from 12 April 2021.

(iv) Other transactions with key management personnel and their related parties

Nexus Bonum Pty Ltd, a company of which Geoff Laing is a director, delivered engineering consulting services to the Company, for which \$130,810 plus GST was paid (2020: \$Nil).

Grange Capital Partners Pty Ltd, a company of which Philip Warren is a director, was engaged as Lead Manager for capital raising, Compliance and re-listing purposes. \$120,000 plus GST was paid for these services, comprising \$30,000 Lead Manager fees and \$90,000 in capital raising fees.

Grange Consulting Group Pty Ltd, a company of which Philip Warren is a director, delivered corporate advisory services for which \$94,467 plus GST was paid (2020: \$Nil), and Company Secretarial services for which \$62,844 plus GST was paid (2020: \$Nil).

During the year, Holihox Consulting Pty Ltd, a company of which Phillip Jackson is a director, delivered legal consulting fees, and was paid \$30,000 plus GST for these services.

Anax Metals Limited provided office facilities and overheads to Xantippe Resources Limited, a company of which Phillip Jackson is a director, to the value of \$53,269 (2020: \$55,307) by means of a Facilities agreement. At 30 June 2021, trade debtors of \$Nil related to these facilities charges (2020: \$25,720).

All transactions with related parties are on commercial terms.

REMUNERATION REPORT (Audited) (continued)

(f) Additional information

	2021	2020	2019	2018	2017
	\$	\$	\$	\$	\$
Total revenue	2,679,993	95,076	372,397	289,582	1,036,968
EBITDA	322,729	1,977,541	(2,926,272)	(6,149,149)	(3,409,123)
EBIT	253,681	1,967,583	(2,936,106)	(6,179,062)	(3,455,313)
Profit / (loss) after income tax	241,153	1,967,583	(2,936,436)	(6,179,062)	(3,455,313)

The factors that are considered to affect total shareholders' return are summarised below:

	2021	2020	2019	2018	2017
Share price at 30 June (\$)	0.076	0.020	0.011	0.029	0.044
Total dividends declared (cents per share)	-	-	-	-	-
Basic profit / (loss) per share (cents per share)	0.09	0.85	(2.51)	(4.59)	(1.60)

****END OF REMUNERATION REPORT (AUDITED) ****

SHARE OPTIONS

Options to take up ordinary fully paid shares in the Company at the date of this report are as follows:

Number of Options	Listed/Unlisted	Grant Date	Exercise Price	Expiry Date
2,700,000	Unlisted	26 Nov 2018	\$0.045	10 Dec 2021
2,700,000	Unlisted	26 Nov 2018	\$0.069	10 Dec 2022
23,250,000	Unlisted	2 Oct 2020	\$0.0450	2 Oct 2023
9,000,000	Unlisted	27 Oct 2020	\$0.0881	27 Oct 2023
2,000,000	Unlisted	26 May 2021	\$0.1050	26 May 2024
4,000,000	Unlisted	26 May 2021	\$0.1350	26 May 2023

Performance rights to take up ordinary fully paid shares in the Company at the date of this report are as follows:

Number of Performance Rights	Listed/Unlisted	Grant Date	Exercise Price	Expiry Date
6,000,000	Unlisted	27 Oct 2020	-	27 Oct 2022
4,800,000	Unlisted	27 Oct 2020	-	27 Oct 2023
4,500,000	Unlisted	27 Oct 2020	-	27 Oct 2023

Options and performance rights do not entitle their holders to participate in entitlement offers of new shares in the Company unless the holders first exercise their options or performance rights. No person entitled to exercise any option or performance right above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Anax Metals Limited were issued during the year ended 30 June 2021 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
26 Nov 2018	\$0.0310	2,700,000

ENVIRONMENTAL REGULATIONS

The mining leases, exploration licences and prospecting licences granted to the Company pursuant to the Mining Act (1978) (WA) are granted subject to various conditions which include standard environmental requirements. The Company's policy is to adhere to these conditions and the Directors are not aware of any material contraventions of these requirements.

PROCEEDINGS ON BEHALF OF THE 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 any part of those proceedings.

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

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

NON-AUDIT SERVICES

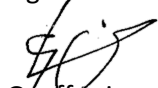
During the year, the Company's external auditors, RSM Australia Partners, also provided joint venture audit services to the value of \$2,500 of which \$2,500 is outstanding at the balance sheet date.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration as required by Section 307c of the Corporations Act 2001 is included within the Financial Report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Signed in accordance with a resolution of Directors:


Geoff Laing**DIRECTOR**

Perth, 24 September 2021

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

Consolidated

	Note	2021 \$	2020 \$
Other income	4	2,679,993	95,076
Foreign exchange revaluation gains		77,745	-
Revaluation of financial assets	10	(90,878)	3,498,642
Administration expenses	5	(1,759,684)	(1,565,811)
Depreciation and amortisation		(69,048)	(9,958)
Share based compensation	18	(574,903)	-
Finance costs		(12,528)	(773)
Exploration and evaluation expenditure	13	(9,544)	(49,593)
Profit before tax		241,153	1,967,583
Income tax expense	7	-	-
Profit for the year from continuing operations		241,153	1,967,583
Other comprehensive income, net of tax		-	-
Total comprehensive profit for the year		241,153	1,967,583
Basic earnings per share (cents per share)	20	0.086	0.952
Diluted earnings per share (cents per share)	20	0.080	0.952

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

		Consolidated	
	Note	2021	2020
		\$	\$
Current Assets			
Cash and cash equivalents	8	6,701,296	3,127,467
Other receivables	9	136,113	84,415
Financial assets at fair value through profit or loss	10	2,536,211	2,622,089
Total current assets		<u>9,373,620</u>	<u>5,833,971</u>
Non-Current Assets			
Right-of-use assets	11(a)	189,914	-
Property, plant and equipment	12	464,610	2,193
Exploration and evaluation expenditure	13	25,540,812	-
Total non-current assets		<u>26,195,336</u>	<u>2,193</u>
Total assets		<u>35,568,956</u>	<u>5,836,164</u>
Current Liabilities			
Trade and other payables	14	865,419	130,979
Employee benefits	15	81,064	78,256
Lease liabilities	11(b)	54,314	-
Other provisions	16(b)	3,457,520	-
Total current liabilities		<u>4,458,317</u>	<u>209,235</u>
Non-current Liabilities			
Lease liabilities	11(b)	(141,746)	-
Provision for rehabilitation	16(a)	(15,257,018)	-
Other provisions	16(b)	(2,830,241)	-
Total non-current liabilities		<u>(18,229,005)</u>	<u>-</u>
Total liabilities		<u>(22,687,322)</u>	<u>(209,235)</u>
NET ASSETS		<u>12,881,634</u>	<u>5,626,929</u>
Equity			
Issued capital	17	44,658,050	38,379,360
Reserves	18	6,307,188	5,572,326
Accumulated losses		(38,083,604)	(38,324,757)
TOTAL EQUITY		<u>12,881,634</u>	<u>5,626,929</u>

The accompanying notes form part of these financial statements.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Issued Capital \$	Options Reserve \$	Accumulated Losses \$	Total \$
CONSOLIDATED				
At 1 July 2019	37,325,181	5,572,326	(40,292,340)	2,605,167
Profit for the year	-	-	1,967,583	1,967,583
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	1,967,583	1,967,583
Transactions with owners in their capacity as owners:				
Share based payments	-	-	-	-
Issue of share capital	1,171,333	-	-	1,171,333
Share issue costs	(117,154)	-	-	(117,154)
At 30 June 2020	38,379,360	5,572,326	(38,324,757)	5,626,929
At 1 July 2020	38,379,360	5,572,326	(38,324,757)	5,626,929
Profit for the year	-	-	241,153	241,153
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	241,153	241,153
Transactions with owners in their capacity as owners:				
Share based payments expensed	32,331	739,646	-	771,977
Issue of share capital	6,726,000	2,326	-	6,728,326
Share issue costs	(570,451)	-	-	(570,451)
Options exercised	90,810	(7,110)	-	83,700
At 30 June 2021	44,658,050	6,307,188	(38,083,604)	12,881,634

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

		Consolidated	
	Note	2021 \$	2020 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,734,791)	(1,533,578)
Other revenue		2,679,423	78,992
Interest paid		(12,529)	-
Interest received		570	14,307
Net cash inflow/(outflow) from operating activities	8	932,673	(1,440,279)
Cash flows from investing activities			
Proceeds from sale of plant and equipment		909	-
Payments for purchases of plant and equipment		(7,204)	-
Proceeds from sale of financial assets		-	2,369,472
Purchase of financial assets		(5,000)	-
Investment in Whim Creek Project		(3,716,186)	-
Net cash (outflow)/inflow from investing activities		(3,727,481)	2,369,472
Cash flows from financing activities			
Proceeds from issue of shares		6,812,025	1,101,053
Share issue transaction costs		(405,708)	(46,874)
Repayment of lease liabilities		(37,680)	-
Net cash inflow from financing activities		6,368,637	1,054,179
Net increase in cash		3,573,829	1,983,372
Cash at the beginning of the financial year		3,127,467	1,144,095
Cash at the end of the financial year	8	6,701,296	3,127,467

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: CORPORATE INFORMATION

Anax Metals Limited (the “Company”) is a limited company incorporated in Australia. The consolidated financial report of the Company for the year ended 30 June 2021 comprises the Company and its subsidiaries (together referred to as the “Group”).

The financial report was authorised for issue by the directors on 24 September 2021.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of Accounting Policies

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Compliance with IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of preparation

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(x).

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 29.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Anax at the end of the reporting period. Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances, and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment

of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(c) Taxation

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

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

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Tax consolidation

The Company and its wholly owned Australian resident entities have formed a tax-consolidated group with effect from 27 January 2006 and are therefore taxed as a single entity from that date. The head entity within

the tax-consolidated group is Anax. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(d) Segment reporting

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(e) Exploration, evaluation and development expenditure

As detailed in Note 2, effective from 1 July 2020 the Company voluntarily changed its accounting treatment of exploration, evaluation and development expenditure from immediate expense in the period incurred to capitalization on balance sheet. Management view that this change in policy provides the users with more reliable information relating to the increased value attributable to the Group resulting from expenditure on the Whim Creek Project.

Under the newly adopted accounting policy, all exploration and evaluation expenditure are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the profit or loss.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or
- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability, and
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the profit or loss.

Exploration, evaluation, and development costs comprise acquisition costs, direct exploration and evaluation costs and an appropriate portion of related overhead expenditure but do not include general overhead expenditure which has no direct connection with a particular area of interest.

Restoration costs arising from exploration activities are provided for at the time of the activities which give rise to the need for restoration.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward exploration, evaluation and development costs are amortised on a units of production basis over the life of the economically recoverable reserves.

(f) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(g) 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 relevant taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expenses.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

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

(h) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(i) Revenue recognition

Interest income

Interest income is recognised on a proportional basis considering the interest rates applicable to the financial assets.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

All revenue is stated net amount of goods and services tax (GST).

(j) Comparatives

Where required by accounting standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(k) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the operating profit after income tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to consider the after income-tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(l) Interest in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduces the carrying amount of the carrying amount of the investment.

(m) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(n) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(o) Issued capital

Issued and paid-up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(p) Equity based payments

The Company provides benefits to its directors, consultants and contractors in the form of share-based payments, whereby directors, consultants and contractors render services in exchange for options to acquire shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value to the Company of the equity instruments at the date at which they were granted. The fair value is determined using the Black-Scholes valuation model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions is recognised as an expense, together with a corresponding increase in equity, on a straight-line basis, over the period in which the vesting and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant directors and employees become fully entitled to the options (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income reflects:

- the grant date fair value of the options.
- the current best estimate of the number of options that will ultimately vest, taking into account such factors as the likelihood of personnel turnover during the vesting period and the likelihood of vesting conditions being met, based on best available information at balance date; and the extent to which the vesting period has expired.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of the modification.

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

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(q) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation is calculated on a straight-line basis so as to write off the net cost of each fixed asset over its effective life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	5.0% - 33.33%

(r) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(s) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(t) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect

of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(u) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

(v) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(w) Trade and other receivables

Trade receivables, which generally have 30-day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(x) Critical accounting estimates and judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

(y) Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(z) Foreign currency transactions

The financial statements are presented in Australian dollars, which is Anax's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

(aa) Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTE 2 – CHANGE IN ACCOUNTING POLICY – EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

Effective from 1 July 2020, the Company voluntarily changed its accounting policy on the accounting treatment of exploration, evaluation and development expenditure from immediate expense in the period the cost is incurred to capitalisation as exploration and evaluation assets on an area of interest basis. Management judges that this policy provides reliable and more relevant information to the users of the financial statements as it better reflects the accretive value of exploration, evaluation and development expenditure incurred on its exploration tenements, primarily the Whim Creek Project managed under Joint Venture agreement with Venturex Resources Limited (see note 5).

The effect of the change in accounting policy on the retained earnings of the entity at 1 July 2020 is nil as all prior exploration expenditure related to other projects which were expensed. As the acquisition of the Whim Creek Project occurred during the current period, there has been no need to restate comparative information as there was no exploration expense incurred for the Whim Creek project in prior periods.

NOTE 3 – ACQUISITION OF WHIM CREEK

On 6 December 2020, the Company achieved its right to earn an initial 40% interest in the Whim Creek Project under the Whim Creek JV Agreement, dated 21 July 2020, by spending \$1 million on eligible exploration and evaluation expenditure. Accordingly, The Company and its joint venture partner, Venturex Resources Limited, established a Joint Venture, as required by the Whim Creek Joint Venture Agreement, on 6 December 2020. The Company was appointed manager of the JV when the 40% interest was achieved ("Initial Interest").

The Company acquired an additional 40% interest on 15 January 2021 ("Further Interest") through (amongst other things) spending an additional \$0.5 million of eligible EE expenditure.

NOTE 3 – ACQUISITION OF WHIM CREEK (continued)

Under the Whim Creek JV Agreement, the Company has control over the Approval of Programmes and Budgets at both the JV Commencement Date and the Further Interest date (15 January 2021), and therefore is considered to control the Whim Creek Project as at both dates, using the definition of ‘control’ in AASB 10. The Company has therefore determined that the Joint Venture Agreement is neither a Joint Arrangement, Joint Venture or Joint Operation (as defined in AASB 11) for accounting purposes. It has instead accounted for its interest in the Whim Creek Project as an asset acquisition, noting that the Whim Creek Project is not a business because:

- It is not at a stage where it has the ability to generate outputs to the Participants.
- Substantially all of the fair value of the gross assets acquired is concentrated into a single identifiable asset group of similar assets; and
- Industry practice evolved in the resources sector as applied to historical brownfield assets on care and maintenance without JORC reserves (or early-stage exploration projects).

As such, the Company has recognised 100% of the assets and liabilities acquired through its investment in the Whim Creek Project, as determined by reference to the JV agreement, on 6 December 2020.

The agreement with Venturex Resources Limited also includes a contractual right held by Venturex to a percentage of operating profit from Whim Creek Project equivalent to their participating interest at the date of decision to mine. This right is akin to a percentage net smelter royalty return on the project net of proportionate funding of the development cost. As the contractual right is dependent on future decision, the value of this potential liability cannot be estimated reliably at the current reporting date. More information about this contingent liability is disclosed in Note 22.

(a) Consideration paid for ANX’s Initial Interest and Further Interests

Total consideration under the agreement for the Initial Interest and Further Interest are set out in the table below:

Initial Interest - 40%

	Undiscounted \$	Fair value \$	Comment
Earn-in eligible EE expenditure (“Initial Expenditure”)	1,000,000	1,000,000	Earned on 6 December 2020 (JV Commencement date)
Deferred cash payments to VXR (“Additional Cash Payments”)	3,000,000	2,831,694	\$1m on the 2 nd , 3 rd and 4 th anniversary
	4,000,000	3,831,694	Consideration
Further interest – 40% (total 80%)			
Aeris Deferred Consideration	3,500,000	3,385,327	Liability from 15 January 2021
Earn-in eligible EE expenditure (“Further Expenditure”)	500,000	500,000	Earned on 15 January 2021
Sub-total	4,000,000	3,885,327	Consideration
Total consideration	8,000,000	7,717,021	

NOTE 3 – ACQUISITION OF WHIM CREEK (continued)

Additionally, in accordance with the Joint Venture Agreement, the Company is required to spend a further \$4 million by 6 December 2024 (within 4 years of the JV Commencement Date) contingent on the announcement of a decision to mine being made before this date. As per note 24, after the year ended 30 June 2021, on 16 August 2021 the Company announced that it has completed this Additional Minimum Expenditure, thereby securing its 80% interest in the Whim Creek project.

(b) Value of Whim Creek Assets and Liabilities at 30 June 2021

	6 December 2020 \$	30 June 2021 \$
Current assets		
Cash and cash equivalents	-	540,369
Trade and other receivables	-	53,991
Total current assets	-	594,360
Non-current assets		
Property, plant and equipment	483,901	464,610
Exploration and evaluation expenditure	18,604,811	25,540,812
Total non-current assets	19,088,712	26,005,422
TOTAL ASSETS	19,088,712	26,599,782
Current liabilities		
Trade and other payables	-	(164,430)
Total current liabilities	-	(164,430)
Non-current liabilities		
Provision for rehabilitation	(15,257,018)	(15,257,018)
Total non-current liabilities	(15,257,018)	(15,257,018)
TOTAL LIABILITIES	(15,257,018)	(15,421,448)
NET ASSETS	3,831,694	11,178,334

NOTE 4 – OTHER INCOME

	2021 \$	2020 \$
Sale of Whim Creek net smelter royalty*	2,584,900	-
Interest received	570	12,892
Government stimulus	30,874	36,476
Other income	63,649	45,708
	2,679,993	95,076

*On 3 June 2021, the Company entered into a binding royalty agreement with Anglo American Marketing Limited, a subsidiary of Anglo American Plc. Under the terms of the agreement, US\$2,000,000 was payable

NOTE 4 – OTHER INCOME (continued)

immediately to Anax in consideration of a 1% Net Smelter Return (NSR) from Anax production from the Whim Creek Joint Venture with Venturex Resources Limited.

NOTE 5 – ADMINISTRATIVE EXPENSES

	2021	2020
	\$	\$
Loss on sale of fixed assets	2,557	-
Consulting/Labour hire	358,960	281,784
Directors' fees, corporate salaries and wages	487,310	149,879
Superannuation	47,579	18,943
Listed company expenses	211,754	50,512
Audit and taxation advice	41,950	34,500
Utilities and office outgoings	66,974	66,655
Insurance and legal	273,291	23,502
Whim Creek option fee	150,000	-
Corporate advisory expenses	-	885,737
Other administrative expenses	119,309	54,299
	1,759,684	1,565,811

NOTE 6 – AUDITOR'S REMUNERATION

	2021	2020
	\$	\$
Payments to Company Auditors – RSM Australia Partners		
- For audit and review of financial reports	41,500	30,000
- For other accounting services	2,500	-
	44,000	30,000

NOTE 7 – INCOME TAX

	2021	2020
	\$	\$
(a) Income tax expense/(benefit)		
The components of income tax expense/(benefit) comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) Reconciliation of income tax expense/(benefit) to prima facie tax payable on accounting profit/(loss)		
Operating profit before income tax	241,153	1,967,583
Prima facie tax (expense) at Australian rate of 26% (2020: 27.5%)	(62,700)	(541,085)
Adjusted for tax effect of the following amounts:		
Taxable/non-deductible items	(149,475)	-
Non-taxable/deductible items	28,879	16,490
Adjustment for change in tax rate	(802,168)	-
Under-provision in prior year	-	(88)
Income tax expense not brought to account	985,464	524,683
Income tax (expense)/benefit	-	-

NOTE 9 – OTHER RECEIVABLES

	Consolidated	
	2021	2020
	\$	\$
Security deposits and bonds	2,500	2,500
GST receivable	133,240	68,801
Other	373	13,114
	136,113	84,415

NOTE 10 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**Current assets**

Shares in Xantippe Resources Limited	342,591	354,464
Shares in Predictive Discovery Limited	2,177,370	2,267,625
Shares in Desert Metals Limited	16,250	-
	2,536,211	2,622,089

“Fair value” is based on quoted prices in an active market for the identical asset that the company can access at measurement date.

Reconciliation of the fair values at the beginning and end of the financial year is set out below:

Opening fair value	2,622,089	1,492,918
Purchases	5,000	-
Disposals ⁽¹⁾	-	(2,369,471)
Net fair value (loss)/gain on revaluation	(90,878)	3,498,642
	2,536,211	2,622,089

(1) During the prior year, the company disposed of its investment in Nusantara and disposed of 22,436,561 shares in Predictive Discovery Ltd.

NOTE 11 – LEASES

From 1 July 2020 to 31 October 2020, the Company leased its office premises on a monthly rolling basis. This lease was considered a short-term lease and the Company elected not to recognise this lease as a right-of-use asset with corresponding lease liability for this lease on the balance sheet.

On 1 October 2020 the Company entered a 2-year lease of new office premises in Perth, Australia. The lease expires on 30th September 2022 with an option to renew for a further 2-year period after that date subject to a market rate review. Effective from this date, a portion of this leased property was sub-let to offset monthly lease costs. The sub-lease expires on 30 September 2021.

On 11 November 2020, the Company entered a 3-year lease for IT equipment. This lease is considered a low-value item and, as such the Company has elected not to recognise this lease as a right-of-use asset with corresponding lease liability for this lease on the balance sheet.

Information about leases for which the Company is a lessee is presented below:

a) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment Property. They are presented as non-current assets.

NOTE 11 – LEASES (continued)

	2021 \$	2020 \$
Land and buildings - right-of-use	233,740	-
Less: Accumulated depreciation	(43,826)	-
	189,914	-

Additions to the right-of-use assets during the year were \$233,740.

b) Lease liabilities

Lease liabilities relate to the obligation to pay lease costs for leased properties that do not meet the definition of investment. They are presented as current liabilities and non-current liabilities, dependent on the lease payment due dates.

	2021 \$	2020 \$
Capital element of lease payment due within 12 months	54,314	-
Capital element of lease payment due after 12 months	141,746	-
	196,060	-

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

	2021 \$	2020 \$
Land and buildings – at cost	18,613	-
Accumulated depreciation	-	-
	18,613	-
Furniture and fittings – at cost	10,526	9,409
Accumulated depreciation	(9,533)	(8,672)
	993	737
Field and mobile equipment – at cost	213,796	211,449
Accumulated depreciation	(213,162)	(209,993)
	634	1,456
Plant and equipment – at cost	465,562	-
Accumulated depreciation	(21,192)	-
	444,370	-
	464,610	2,193

Movements in carrying amounts:

Movement in carrying amounts of plant and equipment at the beginning and end of the current financial period is set out below.

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT (continued)

	Furniture and fittings \$	Field and mobile equipment \$	Plant and equipment \$	Land and buildings \$	Total \$
Balance at 1 Jul 2020	737	1,456	-	-	2,193
Acquisition	1,117	5,813	458,358	18,613	483,901
Additions	-	-	7,204	-	7,204
Disposals	-	(3,466)	-	-	(3,466)
Depreciation	(861)	(3,169)	(21,192)	-	(25,222)
Balance at 30 Jun 2021	<u>993</u>	<u>634</u>	<u>444,370</u>	<u>18,613</u>	<u>464,610</u>
Balance at 1 Jul 2019	1,299	10,852	-	-	12,151
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation	(562)	(9,396)	-	-	(9,958)
Balance at 30 Jun 2020	<u>737</u>	<u>1,456</u>	<u>-</u>	<u>-</u>	<u>2,193</u>

NOTE 13 – EXPLORATION AND EVALUATION EXPENDITURE

As mentioned in note 2, effective from 1 July 2020, the Company voluntarily changed its accounting policy on the accounting treatment of exploration, evaluation and development expenditure from immediate expense in the period the cost is incurred to capitalisation as exploration and evaluation assets on an area of interest basis.

	2021 \$	2020 \$
Balance at beginning of period	-	-
Exploration asset acquired	21,990,135	-
Exploration and evaluation costs incurred	3,560,221	49,593
Exploration and evaluation costs expensed	(9,544)	(49,593)
Balance at end of period	<u>25,540,812</u>	<u>-</u>

The asset comprises the Whim Creek project. The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation of this area of interest.

NOTE 14 – TRADE AND OTHER PAYABLES

	2021 \$	2020 \$
Trade payables	260,571	104,285
Accrued expenses	604,848	26,694
	<u>865,419</u>	<u>130,979</u>

NOTE 15 – EMPLOYEE BENEFITS

	2021 \$	2020 \$
Employee paid leave entitlements	81,064	78,256
	<u>81,064</u>	<u>78,256</u>

NOTE 15 – EMPLOYEE BENEFITS (continued)

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

NOTE 16 – PROVISIONS

	2021 \$	2020 \$
a) Provision for rehabilitation ¹	15,257,018	-
b) Other provisions		
- Aeris liability ²	3,457,520	-
- Deferred consideration ³	2,830,241	-
	<u>6,287,761</u>	<u>-</u>
Current	3,457,520	-
Non-current	<u>18,087,259</u>	<u>-</u>
	<u>21,544,779</u>	<u>-</u>

¹ The Company is liable for the costs to rehabilitate the existing Whim Creek mine site in accordance with the Mine Closure Plan beginning in 2028. The monthly costs for rehabilitation have been estimated and held on the Balance Sheet as a non-current liability, at fair value.

² In accordance with the terms of the agreement with Venturex Resources Limited, upon Anax Metals Limited (the Company) earning more than 70% interest in the project through its subsidiary, Whim Creek Metals Pty Ltd, the Company assumes all of the liabilities arising out of, or in connection with, the Aeris Contract previously held by Venturex. Under this contract as varied, an amount of \$3,500,000 is payable to Aeris upon an announcement of the Company's intention to commence mining operations on any of the tenements held by the Company or its related bodies corporate, within 100km of Whim Creek. As this announcement is expected to be made within the next twelve months, the liability has been recognised as a current liability, at fair value.

³ Under the terms of the agreement with Venturex, cash payments on \$1,000,000 are payable by the Company to Venturex on each of the 2nd, 3rd and 4th anniversary of the Joint Venture Effective date of 02 October 2020. As such, this liability is held as a non-current liability on the Balance Sheet, at fair value.

NOTE 17 – ISSUED CAPITAL

	2021 \$	2020 \$
350,183,890 (2020: 234,266,568) fully paid ordinary shares	<u>44,658,050</u>	<u>38,379,360</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

NOTE 17 – ISSUED CAPITAL (*continued*)

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Rights attaching to ordinary shares

Ordinary shares entitle the holder to participate in dividends and in the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote.

(a) Movements in ordinary share capital

2021 Fully Paid Shares	Number 2021	Issue Date	Issue Price \$	Share Capital \$
At the beginning of the period	234,266,568			38,379,360
Share consolidation (10:9)	(23,426,809)	5 Oct 2020	-	-
Share Placement	66,666,667	5 Nov 2020	\$0.030	2,000,000
Options exercised*	2,700,000	21 Dec 2020	\$0.0310	90,810
Share Placement	69,500,000	2 Mar 2021	\$0.0680	4,726,000
Share based consulting fees	477,464	2 Mar 2021	\$0.0680	32,331
Cost of share issue	-	-	-	(570,451)
At reporting date	<u>350,183,890</u>	<u>-</u>	<u>-</u>	<u>44,658,050</u>

NOTE 17 – ISSUED CAPITAL (continued)

2020 Fully Paid Shares	Number 2020	Issue Date	Issue Price \$	Share Capital \$
At the beginning of the period	117,133,284			37,325,181
Share Placement	25,863,072	10 July 2019	\$0.01	258,630
Share Placement	84,242,214	17 July 2019	\$0.01	842,422
Issue of shares as consideration	7,027,998	17 July 2019	\$0.01	70,280
Costs of share issue	-	-	-	(117,153)
At reporting date	<u>234,266,568</u>	<u>-</u>	<u>-</u>	<u>38,379,360</u>

*\$90,810 includes exercise price of \$83,700 and value of options transferred from the share-based payment reserve of \$7,110.

NOTE 18 – RESERVES

	2021 \$	2020 \$
Share based payment reserve ^(a)	6,307,188	5,572,326
	<u>6,307,188</u>	<u>5,572,326</u>

(a) The Share based payment reserve records items recognised as expenses or cost of share issue on valuation of share options and performance rights.

	Number	\$
2021		
Balance at 1 July 2020	11,100,000	5,572,326
Consolidated	(1,110,000)	-
Expired/Forfeited/Cancelled during the year	(1,890,000)	-
Exercised	(2,700,000)	(7,110)
Granted during the period – Placement	23,250,000	2,325
Granted during the period – Cost of Placement	4,000,000	164,744
Granted during the period – Employees and consultants	26,300,000	574,903
Balance at 30 June 2021	<u>58,950,000</u>	<u>6,307,188</u>
2020		
Balance at 1 July 2019	16,200,000	5,572,326
Expired/ Forfeited/cancelled during the year	(5,100,000)	-
Balance at 30 June 2020	<u>11,100,000</u>	<u>5,572,326</u>

NOTE 19 – SHARE BASED REMUNERATION

(a) Options

Each option entitles the holder to take up one fully paid ordinary share in the Company at any time up to and including the expiry date. Upon exercise of an option, the resulting ordinary share has the same rights as other ordinary shares. Options do not entitle their holders to receive dividends, participate in entitlement issues or vote at general meetings of shareholders.

NOTE 19 – SHARE BASED REMUNERATION (continued)

	Weighted average exercise price 2021	Number of options 2021	Weighted average exercise price 2020	Number of options 2020
Outstanding at 1 July	\$0.0415	11,100,000	\$0.0967	16,200,000
Consolidated during the year	\$0.0831	(1,110,000)	-	-
Expired/forfeited/cancelled during the year	\$0.2320	(1,890,000)	\$0.1098	(5,100,000)
Exercised	\$0.0310	(2,700,000)	-	-
Granted during the year	\$0.0677	38,250,000	-	-
Outstanding at 30 June ⁽¹⁾	\$0.0664	43,650,000	\$0.0415	11,100,000
Exercisable at 30 June	\$0.0664	43,650,000	\$0.0415	11,100,000

(1) The weighted average life of the outstanding options is 762 days or 2.09 years (2020: 457 days or 1.25 years).

(b) Performance rights

Each performance right entitles the holder to take up one fully paid ordinary share in the Company at any time up to and including the expiry date. Upon exercise of a performance right, the resulting ordinary share has the same rights as other ordinary shares. Performance rights do not entitle their holders to receive dividends, participate in entitlement issues or vote at general meetings of shareholders.

	Weighted average exercise price 2021	Number of performance rights 2021	Weighted average exercise price 2020	Number of performance rights 2020
Outstanding at 1 July	-	-	-	-
Granted during the year	-	15,300,000	-	-
Outstanding at 30 June ⁽¹⁾	-	15,300,000	-	-
Exercisable at 30 June	-	15,300,000	-	-

(1) The weighted average life of the outstanding performance rights is 706 days or 1.93 years (2020: nil).

(c) Terms and conditions, and fair value of options and performance rights issued

Details of options and performance rights issued during the year ended 30 June 2021 are:

Equity instrument details	Unlisted options	Unlisted options	Unlisted options	Unlisted options	Performance rights A	Performance rights B	Performance rights C
Grant date	27 Oct 20	2 Oct 20	26 May 21	26 May 21	27 Oct 20	27 Oct 20	27 Oct 20
Expiry date	27 Oct 23	2 Oct 23	26 May 24	10 Mar 23	27 Oct 22	27 Oct 23	27 Oct 23
No. of options	9,000,000	23,250,000	2,000,000	4,000,000	6,000,000	4,800,000	4,500,000
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expected volatility (%)	100	100	99	99	100	100	100
Risk free interest rate (%)	0.13	0.18	0.14	0.04	0.11	0.13	0.13

NOTE 19 – SHARE BASED REMUNERATION (continued)

Equity instrument details	Unlisted options	Unlisted options	Unlisted options	Unlisted options	Performance rights A	Performance rights B	Performance rights C
Exercise price (\$)	\$0.045	\$0.045	\$0.105	\$0.136	Nil	Nil	Nil
Vesting date	27 Oct 21	Immediately	26 May 22	Immediately	22 Jan 21	15 June 21	27 Oct 21
Expected life of options (years)	3	-	3	2	2	3	3
Share price at grant date (\$)	0.0244	0.0244	\$0.100	\$0.100	0.0244	0.0244	0.0244
Value per option (\$)	0.0108	0.0104	\$0.0598	\$0.0412	0.0206	0.0180	0.0153
Total value (\$)	97,200	241,800	119,584	164,744	123,600	86,400	68,850
Vesting conditions note	1	N/A	1	N/A	2	3	4

Vesting conditions:

1. Holder providing continued service with the Company for 12 months from grant date.
2. The 20-business day volume weighted average price of the Company's shares, as traded on the ASX, reaching 4.5 cents prior to the expiry date, and the holder providing continued service with the Company for 12 months from grant date. (Vested on 22 January 2021.)
3. The 20-business day volume weighted average price of the Company's shares, as traded on the ASX, reaching 9 cents prior to the expiry date, and the holder providing continued service with the Company for 12 months from grant date. (Vested on 15 June 2021.)
4. The 20-business day volume weighted average price of the Company's shares, as traded on the ASX, reaching 13.5 cents prior to the expiry date, and the holder providing continued service with the Company for 12 months from grant date.

There were no options granted during the financial year ended 30 June 2020.

(d) Shares issued as consideration

During the year ended 30 June 2021, the Company issued 477,464 shares to suppliers in lieu of payment for services provided. (2020: Nil).

2021	Number granted	Expense	Grant Date	Assigned value of share at grant date	Share price at date of grant
Others					
Conrad Partners	477,464	\$32,331	2 Mar 21	\$0.068	\$0.071
	<u>477,464</u>	<u>\$32,331</u>			

NOTE 20 – EARNINGS PER SHARE

	Consolidated	
	2021	2020
	\$	\$
Reconciliation of loss		
Profit used in calculating earnings per share – basic and diluted	241,153	1,967,583
Net profit for the reporting period	241,153	1,967,583
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	<u>278,928,361</u>	<u>206,676,573</u>
Weighted average number of ordinary shares outstanding during the year plus options and performance rights used in the calculation of diluted earnings per share	<u>300,374,663</u>	<u>206,676,573</u>
Basic earnings per share (cents per share)	0.086	0.952
Diluted earnings per share (cents per share)	0.080	0.952

NOTE 21 – KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Names and positions of key management personnel

The names and positions of persons who were key management personnel of Anax Metals Limited and/or its controlled entities at any time during the financial year are as follows:

Key management personnel

Anax Metals Limited:

P S R Jackson	Non-Executive Chairman
P Cordin	Non-Executive Director
P Warren	Non-Executive Director (appointed 12 April 2021)
Geoff Laing	Managing Director/CEO

(b) Key management personnel remuneration

	Consolidated	
	2021	2020
	\$	\$
Short-term personnel benefits	370,864	340,703
Post-employment benefits	5,041	3,470
Share based payments	<u>189,416</u>	<u>-</u>
	<u>565,321</u>	<u>344,173</u>

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 for the year ended 30 June 2021.

NOTE 22 – CONTINGENCIES

Contingent liabilities

In accordance with the terms of the Joint Venture Agreement between Anax Metals Limited and Venturex Resources Limited signed on 21 July 2021, Venturex Resources Limited holds a contractual right to a percentage of operating profit from Whim Creek Project equivalent to their participating interest at the date of decision to mine.

NOTE 22 – CONTINGENCIES (*continued*)

This right is akin to a percentage net smelter royalty return on the project net of proportionate funding of the development cost. The value of this potential liability cannot be estimated reliably at the current reporting date.

On 3 June 2021 the Anax Metals Limited signed a binding agreement with Anglo American Markets Limited, a subsidiary of Anglo American Plc for the payment of a 1% Net Smelter Royalty on Anax Metals Limited production from the Whim Creek Joint Venture with Venturix Resources Limited.

Other than as stated above, since the last annual reporting date there has been no material change of any contingent liabilities or contingent assets.

NOTE 23 – COMMITMENTS FOR EXPENDITURE ON MINERAL TENEMENTS

In order to maintain the mineral tenements in which the Group and other parties are involved, the Group is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted. The minimum estimated expenditure requirements in accordance with the requirements of the Western Australian Department of Mines and Petroleum for the next financial year are:

	Consolidated	
	2021	2020
	\$	\$
Minimum estimated expenditure requirements		
Within the next twelve months	466,900	23,000
Within 1 to 5 years	1,720,100	103,500
Beyond 5 years	2,874,600	34,500
	5,061,600	161,000

These requirements are expected to be fulfilled in the normal course of operations and may be varied from time to time subject to approval by the grantor of titles. The estimated expenditure represents potential expenditure which may be avoided by relinquishment of tenure. Exploration expenditure commitments beyond twelve months cannot be reliably determined.

NOTE 24 – RELATED PARTIES

(a) Remuneration and retirement benefits

Information on remuneration of Directors during the financial period is disclosed in Note 21 and in the remuneration, report included with in the directors' report.

(b) Other transactions with Directors and Director-related entities

Nexus Bonum Pty Ltd, a company of which Geoff Laing is a director, delivered engineering consulting services to the Company, for which \$130,810 plus GST was paid (2020: \$Nil).

Grange Capital Partners Pty Ltd, a company of which Philip Warren is a director, was engaged as Lead Manager for capital raising, Compliance and re-listing purposes. \$120,000 plus GST was paid for these services, comprising \$30,000 Lead Manager fees and \$90,000 in capital raising fees.

Grange Consulting Services Pty Ltd, a company of which Philip Warren is a director, delivered corporate advisory services for which \$94,467 plus GST was paid (2020: \$Nil), and Company Secretarial services for which \$62,844 plus GST was paid (2020: \$Nil).

NOTE 24 – RELATED PARTIES (continued)

During the year, Holihox Consulting Pty Ltd, a company of which Phillip Jackson is a director, delivered legal consulting fees, and was paid \$30,000 plus GST for these services.

Anax Metals Limited provided office facilities and overheads to Xantippe Resources Limited (a company of which P Jackson is a director) to the value of \$53,269 (2020: \$55,307) by means of a Facilities agreement. At 30 June 2021, trade debtors of \$Nil related to these facilities charges (2020: \$25,720).

All transactions with related parties are on commercial terms.

(c) Transactions of Directors and Director-related entities concerning shares and share options

Details of transactions of Directors and Director-related entities concerning shares and share options are set out in the remuneration report included within the directors' report.

NOTE 25 – EVENTS OCCURRING AFTER BALANCE DATE

On 16 August 2021 the Company announced that it has completed the Additional Minimum Expenditure of \$4,000,000 securing its 80% interest in the Whim Creek Copper-Zinc project under the Earn-in Joint Venture Agreement with Venturex Resources Limited. The Company has satisfied the requirements to earn an 80% interest in the assets (and corresponding share of the Permitted Encumbrances) and Venturex has confirmed that the Company has completed the Additional Minimum Expenditure.

Other than the above, there has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

NOTE 26 – SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group operates as one segment in the current year, which is mineral exploration and evaluation within Australia.

NOTE 27 – FINANCIAL RISK MANAGEMENT

The Group, in its normal course of business, is exposed to financial risks comprising market risk (essentially interest rate risk), credit risk and liquidity risk.

The directors have overall responsibility for the Group's management of these risks and seek to minimise these risks through on-going monitoring and review of the adequacy of the risk management framework in relation to the risks encountered by the Group.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable. The Group's main debt is that associated with trade creditors in respect of which the Group's policy is to ensure payment within 30 days. The Group manages its liquidity by maintaining adequate cash reserves and monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

NOTE 27 – FINANCIAL RISK MANAGEMENT (*continued*)

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2021

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Remaining contractual \$
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	-	260,571	-	-	260,571
<i>Interest bearing - fixed rate</i>					
Lease liability	5.80%	64,529	83,964	115,494	263,987
		325,100	83,964	115,494	524,558

Consolidated - 2020

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Remaining contractual \$
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	-	104,285	-	-	104,285
		104,285	-	-	104,285

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group's main exposure to credit risk arises from its cash deposits at the bank. The consolidated Group manages this minimal exposure by ensuring its funds are deposited only with major banks with high security ratings.

NOTE 27 – FINANCIAL RISK MANAGEMENT (continued)

	Consolidated	
	2021 \$	2020 \$
Other receivables	136,113	71,301
Cash and cash equivalents	6,701,296	3,127,467

Market risk

The Group's market risk exposure is predominantly to the Australian money market interest rates in respect of its cash assets and lease liabilities. Short term receivables and payables are not significantly exposed to interest rate risk. The risk is managed by monitoring the interest rate yield curve out to 90 days to ensure a balance is maintained between the liquidity of its cash assets and interest rate return. The weighted average rate of interest earned by the Group on its cash assets during the year was 0.017% (2020: 0.68%).

The interest rate profile of the Group's interest-bearing financial instruments, based on the carrying amounts as at end of the reporting period was:

	2021 \$	2020 \$
Fixed rate instruments		
Lease liabilities	(196,060)	-
Floating rate instruments		
Cash and cash equivalent	6,701,296	3,127,467
	6,505,236	3,127,467

The table below summarises the sensitivity of the Group's variable rate instruments to interest rate risk. A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) profit or loss after tax by the amounts shown below.

Financial Assets	Effect of decrease or increase of interest rate on profit or loss and equity			
	100 bp decrease		100 bp increase	
	Profit or loss \$	Equity \$	Profit or loss \$	Equity \$
30 June 2021				
Total increase/(decrease)	(46,909)	(46,909)	46,909	46,909
30 June 2020				
Total increase/(decrease)	(21,358)	(21,358)	21,358	21,358

Fair value estimates

The carrying amount of the Group's financial assets and liabilities approximates fair value due to their short-term maturity.

NOTE 27 – FINANCIAL RISK MANAGEMENT (continued)
Fair value measurements

The Company carries its investments at fair value with changes in value recognised in profit and loss.

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated – 2021				
<i>Assets</i>				
Financial assets at fair value through profit or loss	2,536,211	-	-	2,536,211
Total assets	2,536,211	-	-	2,536,211
Consolidated – 2020				
<i>Assets</i>				
Financial assets at fair value through profit or loss	2,622,089	-	-	2,622,089
Total assets	2,622,089	-	-	2,622,089

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

Capital management risk

The Group's objective in managing capital is to safeguard its ability to continue as a going concern, so that it can continue to explore for minerals and seek suitable projects, with the ultimate objective of providing returns for shareholders whilst maintaining an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may issue new shares, sell assets, or farm out joint venture interests in its projects.

NOTE 28 – CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned	
		2021	2020
Parent Entity:			
Anax Metals Limited	Australia		
Subsidiaries of Anax Metals Limited:			
Aurora Resources Pty Ltd	Australia	100%	100%
Mainland Minerals Pty Ltd	Australia	100%	100%
Whim Creek Metals Pty Ltd	Australia	100%	-

At balance date the Group's registered office was located at Suite1B, Ground Floor, 20 Kings Park Road, West Perth, 6005.

NOTE 29 - PARENT ENTITY DISCLOSURES

Financial Position

	2021	2020
	\$	\$
Assets		
Current assets	8,779,260	5,833,971
Non-current assets	7,799,814	2,193
Intercompany loan – Whim Creek	3,855,470	-
	<u>20,434,544</u>	<u>5,836,164</u>
Liabilities		
Current liabilities	836,367	209,235
Non-current liabilities	6,429,507	-
	<u>7,265,874</u>	<u>209,235</u>
Net Assets	<u>13,168,670</u>	<u>5,626,929</u>
Equity		
Issued capital	44,658,050	38,379,360
Reserves – option reserves	6,307,188	5,572,326
Accumulated loss	<u>(37,796,568)</u>	<u>(38,324,757)</u>
	<u>13,168,670</u>	<u>5,626,929</u>

Financial Performance

Profit for the year	528,189	1,967,583
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>528,189</u>	<u>1,967,583</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiary

Anax Metals Limited has not entered into any guarantees in relation to the debts of its subsidiaries.

Contingent liabilities of the parent

The parent entity has the following contingent liabilities as at 30 June 2021 (30 June 2020: nil):

In accordance with the terms of the Joint Venture Agreement between Anax Metals Limited and Venturex Resources Limited signed on 21 July 2020, Venturex Resources Limited holds a contractual right to a percentage of operating profit from Whim Creek Project equivalent to their participating interest at the date of decision to mine. This right is akin to a percentage net smelter royalty return on the project net of proportionate funding of the development cost. As the contractual right is dependent on future decision, the value of this potential liability cannot be estimated reliably at the current reporting date.

On 3 June 2021 the Anax Metals Limited signed a binding agreement with Anglo American Markets Limited, a subsidiary of Anglo American Plc for the payment of a 1% Net Smelter Royalty on Anax Metals Limited production from the Whim Creek Joint Venture with Venturex Resources Limited.

Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2021 the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment. (30 June 2020: nil).

DIRECTORS' DECLARATION

The directors of the Company declare that, in the opinion of the directors:

- (a) the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards as described in note 1 to the financial statements;
- (c) the attached financial statements and notes give a true and fair view of the Group's financial positions as at 30 June 2021 and of its performance for the financial year ended on that date; and
- (d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s295(5) (a) of the Corporations Act 2001.

On behalf of the Directors:



Geoff Laing
DIRECTOR

Perth, 24 September 2021

RSM Australia Partners

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ANAX METALS LIMITED**

Opinion

We have audited the financial report of Anax Metals 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 statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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.

Key Audit Matter	How our audit addressed this matter
Acquisition of exploration and evaluation assets Refer to Note 3 in the financial statements	
<p>On 6 December 2020, the Company acquired an initial 40% interest in the Whim Creek Project by spending \$1 million on eligible exploration and evaluation expenditure and deferred cash payment of \$3 million payable on the 2nd, 3rd and 4th anniversary dates.</p> <p>The Company acquired an additional 40% interest on 15 January 2021 through spending an additional \$0.5 million on eligible exploration and evaluation expenditure and deferred cash payment of \$3.5 million payable upon announcement of a decision to mine.</p> <p>Accounting for these acquisitions is a key audit matter as it involves management judgements in determining the acquisition date, the acquisition accounting treatment, the fair value of net assets acquired and the fair value of the purchase consideration.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Reviewing the acquisition agreements to understand the transaction, acquisition date and the related accounting considerations. • Evaluating the management determination that the acquisition did not meet the definition of a business or joint arrangement within AASB 3 <i>Business Combinations</i> and AASB 11 <i>Joint Arrangements</i> respectively and therefore was accounted for as an asset acquisition; • Assessing management's determination of the acquisition date, fair value of consideration paid, and the fair value of the net assets acquired; and • Reviewing the adequacy and accuracy of the relevant disclosures in the financial statements.
Exploration and Evaluation Expenditure Refer to Note 13 in the financial statements	
<p>The Group has capitalised a significant amount of exploration and evaluation expenditure, with a carrying value of \$25,540,812 as at 30 June 2021.</p> <p>We determined this to be a key audit matter due to the significant management judgement involved in assessing the carrying value in accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, including:</p> <ul style="list-style-type: none"> • Determination of whether expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest; • Assessing whether any indicators of impairment are present and if so, judgement applied to determine and quantify any impairment loss; and • Assessing whether exploration activities have reached a stage at which the existence of economically recoverable reserves may be determined. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Obtaining evidence that the Group has valid rights to explore in the specific area of interest; • Agreeing a sample of additions to supporting documentation and ensuring the amounts are capital in nature and relate to the area of interest; • Assessing and evaluating management's assessment that no indicators of impairment existed for those tenements where the Group has current rights of tenure; • Enquiring with management and reviewing budgets and other documentation as evidence that active and significant operations in, or in relation to, the area of interest will be continued in the future; • Through discussions with management and reviewing relevant supporting documentation, assessing management's determination that exploration and evaluation activities have not yet reached a stage where the existence or otherwise of economically recoverable reserves may be reasonably determined; and • Assessing the appropriateness of the disclosures in the financial report.

Rehabilitation provision	
Refer to Note 16 in the financial statements	
<p>As at 30 June 2021, the Group had provisions of \$15,257,018 relating to the estimated future cost of rehabilitation and restoration of areas disturbed as a result of previous mining and exploration operations.</p> <p>The provision for rehabilitation was considered a key audit matter due to the materiality of the balance, the significant judgements and estimation uncertainty involved in the quantification of the liability.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process involved in the determination of the rehabilitation liability; • Obtaining the calculations and verified the methodology used to determine the provision; • Reviewing the key assumptions used in the calculations; and • Assessing the competence and objectivity of the management experts used.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 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 accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 at: https://www.auasb.gov.au/auditors_responsibilities/ar2.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 within the directors' report for the year ended 30 June 2021.

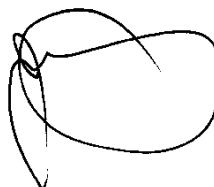
In our opinion, the Remuneration Report of Anax Metals Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

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.



RSM AUSTRALIA PARTNERS



J A KOMNINOS
Partner

Perth, WA
Dated: 24 September 2021

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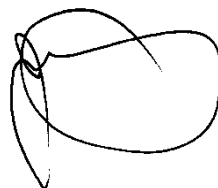
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Anax Metals Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA PARTNERS



J A KOMNINOS
Partner

Perth, WA
Dated: 24 September 2021

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable at 24 September 2021.

1. Number and Distribution of Equity Securities

The number and class of all securities on issue:

ASX Code	Description	Number on Issue
ANX	Fully paid ordinary shares	350,183,890
ANXAH	UNL OPT @ \$0.069 EXP 10/12/22	2,700,000
ANXAC	UNL OPT @ \$0.045 EXP 28/10/23 escrowed until 6 November 2022	29,250,000
ANXAI	UNL OPT @ \$0.045 EXP 28/10/23	3,000,000
ANXOPT05	UNL OPT @ \$0.136 EXP 10/03/23	4,000,000
ANXOPT06	UNL OPT @ \$0.105 EXP 28/05/24	2,000,000
ANXAG	UNL OPT @ \$0.045 EXP 10/12/21	2,700,000
ANXAJ	PERFORMANCE RIGHTS	7,200,000
ANXANXAD	PERFORMANCE RIGHTS escrowed until 6 November 2022	8,100,000

The number of holders

Ordinary Shares fully paid (ASX Code ANX): 1,850

Distribution of equity securities

Ordinary Shares (ANX)			
Size of Holding	No of Holders	Shares Held	%
1-1,000	119	55,613	0.02
1,001-5,000	268	849,601	0.24
5,001-10,000	364	2,873,653	0.82
10,001-100,000	823	33,181,681	9.48
100,001 and over	276	313,223,792	89.45
Total	<u>1,850</u>	<u>350,183,890</u>	<u>100.00</u>

Marketable parcel

There are 364 shareholders who hold less than a marketable parcel of 791,531 shares.

2. Substantial Shareholders

Name	No of Shares	%
Jetosea Pty Ltd	58,575,759	16.7
Holihox Pty Ltd (PSR S/F A/C)	29,470,720	8.42

SHAREHOLDER INFORMATION (continued)

Bearay Pty Ltd <Brian Clayton S/F A/C>	22,181,372	6.33
Citicorp Nominees Pty Limited	13,038,517	5.57
HSBC Custody Nominees (Australia) Limited	17,624,953	5.03

3. Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting every shareholder or class of shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each fully paid share which that member holds or represents.

4. Use of Funds

The entity used the cash and assets in a form readily convertible to cash that it had at the time of re-admission in a way consistent with its business objectives.

5. Option Holders

Holder	UNL OPT @ \$0.069 EXP 10/12/22	UNL OPT @ \$0.045 EXP 28/10/23 ESC	UNL OPT @ \$0.045 EXP 28/10/23	UNL OPT @ \$0.136 EXP 10/03/23
MR GEOFF LAING	2,700,000	-	-	-
JETOSEA PTY LTD	-	8,333,333	-	-
MS WENDY NICOLA BEETS	-	-	1,125,000	-
MS CATHERINE ANN MCDONALD	-	-	1,125,000	-
NARDIE GROUP PTY LTD	-	-	750,000	-
VERITAS SECURITIES LIMITED	-	-	-	4,000,000
Total number of holders	1	21	3	1
Total holdings over 20%	2,700,000	8,333,333	3,000,000	4,000,000
Other holders	-	20,916,667	-	-
Total	2,700,000	29,250,000	3,000,000	4,000,000

Holder	UNL OPT @ \$0.105 EXP 28/05/24	UNL OPT @ \$0.045 EXP 10/12/21	ANXPERF1 - PERFORMANCE RIGHTS	ANXPERF2 - PERF RIGHTS
PHILUCHNA PTY LTD	2,000,000	-	-	-
MR GEOFF LAING	-	2,700,000	-	8,100,000
MS WENDY NICOLA BEETS	-	-	3,600,000	-
MS CATHERINE ANN MCDONALD	-	-	3,600,000	-
Total number of holders	1	1	2	1
Total holdings over 20%	2,000,000	2,700,000	7,200,000	8,100,000
Other holders	-	-	-	-
Total	2,000,000	2,700,000	7,200,000	8,100,000

SHAREHOLDER INFORMATION *(continued)*

4. Twenty Largest Shareholders as at 9 September 2021

The twenty largest fully paid shareholders hold 60.56% of the issued capital and are tabled below:

Position	Holder Name	Holding	% IC
1	JETOSEA PTY LTD	57,301,207	16.36%
2	HOLIHOX PTY LTD <PSR SUPERANNUATION FUND A/C>	29,470,720	8.42%
3	BEARAY PTY LTD <BRIAN CLAYTON S/F A/C>	22,181,372	6.33%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,624,953	5.03%
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	12,761,737	3.64%
6	CITICORP NOMINEES PTY LIMITED	12,411,453	3.54%
7	MR GEOFFREY MICHAEL HUYSHE LAING <THE LAING FAMILY A/C>	7,222,894	2.06%
8	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	7,187,707	2.05%
9	EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	6,882,353	1.97%
10	SOLVITUR AMBULANDO PTY LTD <TIBUCHI SUPER FUND A/C>	4,999,500	1.43%
11	PPM SOLUTIONS PTY LTD <CUDBY FAMILY A/C>	4,974,700	1.42%
12	MR MARTIN JAMES HICKLING & MRS JANE FRANCES HICKLING <M & J HICKLING SUPER A/C>	4,780,000	1.37%
13	MAD FISH MANAGEMENT PTY LTD	4,000,000	1.14%
13	BLUESTAR MANAGEMENT PTY LTD	4,000,000	1.14%
14	LCDI INVESTMENTS PTY LTD	3,806,030	1.09%
15	NEWMEK INVESTMENTS PTY LTD	3,600,000	1.03%
16	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	2,927,371	0.84%
17	A C N 643 742 401 PTY LTD	2,763,448	0.79%
18	MR ROBERT SPENCER TAYLOR <PELICAN A/C>	2,745,000	0.78%
19	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	2,542,100	0.73%
20	HENRY BERRY CORPORATION LIMITED	2,511,000	0.72%
	Totals top 20	216,693,545	61.88%
	Balance other shareholders	133,490,345	38.12%
	Total Issued Capital	350,183,890	100.00%

5. Corporate Governance Statement

The 2021 Corporate Governance statement of Anax Metals Limited is available on the Company's website at <https://anaxmetals.com.au/wp-content/uploads/2021/09/Anax-corporate-governance-statement-2021.pdf>

Mineral Resources and Ore Reserves Statement – 2021 Annual Report

The Company has an interest in the following tenements in Western Australia:

PROJECT	TENEMENT	PERCENT HOLDING		NOTES	Location	TITLE HOLDER	JOINT VENTURE OR SUB LICENCE
		2021	2020				
Mount Short	E74/651	100%	100%	Live	Phillips River	ANX	No
Loudens Patch	E47/4281	100%	100%	Live	Pilbara	ANX	No
Whim Creek	L47/0036	80%	0%	Acquired	Pilbara	VXR	Joint Venture
Whim Creek	M47/0236	80%	0%	Acquired	Pilbara	VXR	Joint Venture
Whim Creek	M47/0237	80%	0%	Acquired	Pilbara	VXR	Joint Venture
Whim Creek	M47/0238	80%	0%	Acquired	Pilbara	VXR	Joint Venture
Whim Creek	M47/0323	80%	0%	Acquired	Pilbara	VXR	Joint Venture
Whim Creek	M47/0324	80%	0%	Acquired	Pilbara	VXR	Joint Venture
Whim Creek	M47/0443	80%	0%	Acquired	Pilbara	VXR	Joint Venture
Whim Creek	M47/3495	80%	0%	Acquired	Pilbara	VXR	Joint Venture
Liberty Indee	M47/1455	80%	0%	Acquired	Pilbara	VXR	Joint Venture

WHIM CREEK PROJECT

Anax Metals Limited (80%) / Venturex Resources Limited (20%)

In May 2021, the Company announced a JORC 2012 Mineral Resource for the Whim Creek deposit. The Mineral Resource was completed following a database audit and verification of historical data and a single diamond drill hole completed by Anax in late 2020 where **20AWCD001** intersected **5m @ 2.43% Cu** and **1.02% Zn from 52m** and **7m @ 1.19% Cu from 60m**.

The Mineral Resource modelling and estimate, undertaken by an independent resource consultancy, produced a JORC2012 compliant Indicated, and Inferred Mineral Resource as shown in Table 5 and Table 6

Table 5: Whim Creek Deposit Copper Mineral Resource by Classification (0.40% Cu cut-off).

Classification	kTonnes	Cu %	Zn %	Pb %	Ag ppm	Au ppm
Measured	-	-	-	-	-	-
Indicated	1,750	1.10	0.63	0.16	6	0.04
Inferred	660	0.56	0.17	0.08	2	0.02
TOTAL Cu Resources	2,410	0.95	0.50	0.14	5	0.04

Note: Appropriate rounding applied.

Table 6: Whim Creek Deposit Zinc Mineral Resource by Classification ($\geq 2.0\%$ Zn; $< 0.40\%$ Cu).

Classification	kTonnes	Cu %	Zn %	Pb %	Ag ppm	Au ppm
Measured	-	-	-	-	-	-
Indicated	120	0.12	3.22	0.44	12	0.08
Inferred	45	0.13	2.47	0.40	9	0.04
TOTAL Zn Resources	165	0.13	3.00	0.43	11	0.07

Note: Appropriate rounding applied.

The Whim Creek deposit resource estimate increased the reportable Resources of the Project by 37% and the updated Whim Creek Project Global Mineral Resource for copper dominant and zinc dominant resources (exclusive of each other) are shown below in Table 7 and Table 8.

Table 7 Whim Creek Project Global Copper Dominant Mineral Resource (0.40% Cu Cut-off).

(Reported to the ASX on 25 May 2021)

Deposit	Classification	kTonnes	Cu %	Zn %	Pb %	Ag ppm	Au ppm
Mons Cupri	Measured	990	1.62	1.42	0.61	38	0.28
	Indicated	3,130	0.84	0.47	0.20	16	0.09
	Inferred	400	0.60	0.22	0.10	10	0.03
Salt Creek	Measured	-	-	-	-	-	-
	Indicated	850	1.40	1.12	0.24	8	0.11
	Inferred	460	1.15	2.41	0.60	27	0.16
Whim Creek	Measured	-	-	-	-	-	-
	Indicated	1,750	1.10	0.63	0.16	6	0.04
	Inferred	660	0.56	0.17	0.08	2	0.02
COMBINED	Measured	990	1.62	1.42	0.61	38	0.28
	Indicated	5,730	1.00	0.61	0.19	12	0.08
	Inferred	1,530	0.75	0.86	0.24	12	0.07
TOTAL Cu Resources	Combined	8,250	1.03	0.76	0.25	15	0.10

Note: Appropriate rounding applied.

Table 8: Whim Creek Project Global Zinc Dominant Mineral Resource ($\geq 2.0\%$ Zn; $< 0.40\%$ Cu)

(Reported to the ASX on 25 May 2021)

Deposit	Classification	kTonnes	Cu %	Zn %	Pb %	Ag ppm	Au ppm
Mons Cupri	Measured	70	0.16	4.56	1.79	53	0.23
	Indicated	340	0.09	3.56	1.01	38	0.07
	Inferred	150	0.08	4.84	1.96	27	0.04
Salt Creek	Measured	-	-	-	-	-	-
	Indicated	170	0.18	14.15	4.23	85	0.53
	Inferred	380	0.12	8.75	2.57	62	0.25
Whim Creek	Measured	-	-	-	-	-	-
	Indicated	120	0.12	3.22	0.44	12	0.08
	Inferred	45	0.13	2.46	0.40	9	0.04
COMBINED	Measured	70	0.16	4.56	1.79	53	0.23
	Indicated	630	0.12	6.34	1.77	46	0.19
	Inferred	575	0.11	7.22	2.23	48	0.18
TOTAL Zn Resources		1,275	0.12	6.63	1.98	47	0.19

Note: Appropriate rounding applied.

COMPETENT PERSON'S STATEMENT

The information in this report that relates to the Mineral Resource for Mons Cupri and Salt Creek was first reported by the Company in accordance with Listing Rule 5.8 in the Company's prospectus dated 18 September 2020. The Company confirms that it is not aware of any new information or data that materially affects the information included in the prospectus and that all material assumptions and technical parameters underpinning the estimate in the prospectus continue to apply and have not materially changed.

The information in this report that relates to Mineral Resources for the Whim Creek Deposit is based on and fairly represents information compiled by Mr. Andrew McDonald (an employee of Anax Metals Ltd) and Mr. Lauritz Barnes, (Consultant with Trepanier Pty Ltd). Mr. McDonald is a member of the Australian Institute of Geoscientists and Mr. Barnes is a member of both the Australasian Institute of Mining and Metallurgy and the Australasian Institute of Geoscientists. Mr. McDonald and Mr. Barnes have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr. McDonald is the Competent Person for the database (including all drilling information and mined depletion), the geological and mineralisation models plus completed the site visits. Mr. Barnes is the Competent Person for the geological and mineralisation models, construction of the 3-D model plus the estimation. Mr. McDonald and Mr. Barnes consent to the inclusion in this report of the matters based on information in the form and context in which they appear.

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