



# **E79 GOLD MINES LIMITED**

## **HALF-YEAR REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2021**

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**Directors**

Christopher Cairns (Non-Executive Chair)  
Peter Ironside (Non-Executive Director)  
Deborah Lord (Non-Executive Director)

**Company Secretary**

Amanda Sparks

**CEO**

Edward (Ned) Summerhayes

**Registered and Principal Office**

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**ABN**

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**Share Registry**

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Perth Western Australia 6000  
Telephone: 1300 288 664

**Solicitors**

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
Perth Western Australia 6000

**Bankers**

ANZ Bank  
Level 5  
240 St Georges Terrace  
Perth Western Australia 6000

**Stock Exchange Listing**

Australian Securities Exchange Ltd  
Level 40, Central Park, 152-158 St Georges Terrace  
Perth Western Australia 6000

**ASX Code: E79**

**Auditors**

BDO Audit (WA) Pty Ltd  
Level 9, Mia Yellagonga Tower 2  
5 Spring Street  
Perth Western Australia 6000



Your Directors submit their interim financial report on the consolidated entity consisting of E79 Gold Mines Limited ("E79 Gold") and the entities it controls at the end of the half-year ended 31 December 2021.

## DIRECTORS

The Directors in office at the date of this report and at any time during the half-year are as follows. Directors were in office for the entire period unless otherwise stated.

Christopher Cairns – appointed 30/9/2021

Peter Ironside

Deborah Lord – appointed 30/9/2021

### *Previous Directors:*

Geoff Donohue – resigned 30/9/2021

Peter McIntyre – resigned 30/9/2021

## PRINCIPAL ACTIVITY

The Group's principal activity for the period 1 July 2021 to 29 September 2021 was to seek a transaction of merit capable of becoming the major undertaking of the Company. From 30 September 2021, the Company's principal activity was mineral exploration.

## REVIEW AND RESULTS OF OPERATIONS

### CORPORATE

The following key activities occurred:

- On 9 July 2021, the Company changed its name to E79 Gold Mines Limited (previously Zamanco Minerals Limited).
- On 12 July 2021, a share consolidation took place on the basis of one share for each 4.3033333 shares resulting in consolidated shares on issue of 14,999,824 as at 12 July 2021.
- On 17 August 2021, a prospectus was lodged with ASIC for an Initial Public Offering ('IPO').
- On 7 October 2021, E79 Gold successfully listed on ASX following a successful \$7 million IPO.

### SUMMARY OF FINANCIAL PERFORMANCE

A summary of key financial indicators for the Group, with prior period comparison, is set out in the following table:

	31 December 2021	30 June 2021
	\$	\$
Cash and cash equivalents held	8,124,396	2,673,644
	Six Months Ended 31 December 2021	Six Months Ended 31 December 2020
	\$	\$
Net profit/(loss) for the half-year after tax	(1,047,680)	20,875
Basic profit/(loss) per share (cents)	(2.61)	0.032
Net cash from/(used in) operating activities	(612,263)	(20,332)
Net cash from/(used in) investing activities	(232,896)	(304,001)
Net cash from/(used in) financing activities	6,293,104	-

During the half-year:

- Expenditure on exploration totalled \$335,901 (2020 half-year: \$nil).
- On 30 September 2021, 15,000,000 shares were issued at a deemed issue price of 20 cents per share (\$3,000,000) to acquire 100% of E79 Exploration Pty Ltd.
- On 1 October 2021, 35,000,000 shares were issued at 20 cents per share pursuant to an IPO. Gross proceeds were \$7,000,000.

### SUMMARY OF OPERATIONS

E79 Gold has two flagship projects, the Laverton South Project in the world-class Laverton gold district and the Jungar Flats Project in the North Murchison region.

Key highlights during the 6 months were:

- Successfully listing on ASX on 7 October 2021;
- Acquisition of gravity data on both projects;
- Commencing aircore drilling in November 2021 at the Laverton South gold project, with 3330 m drilled to 31 December 2021; and
- Safe and efficient drilling with no incidents to report.

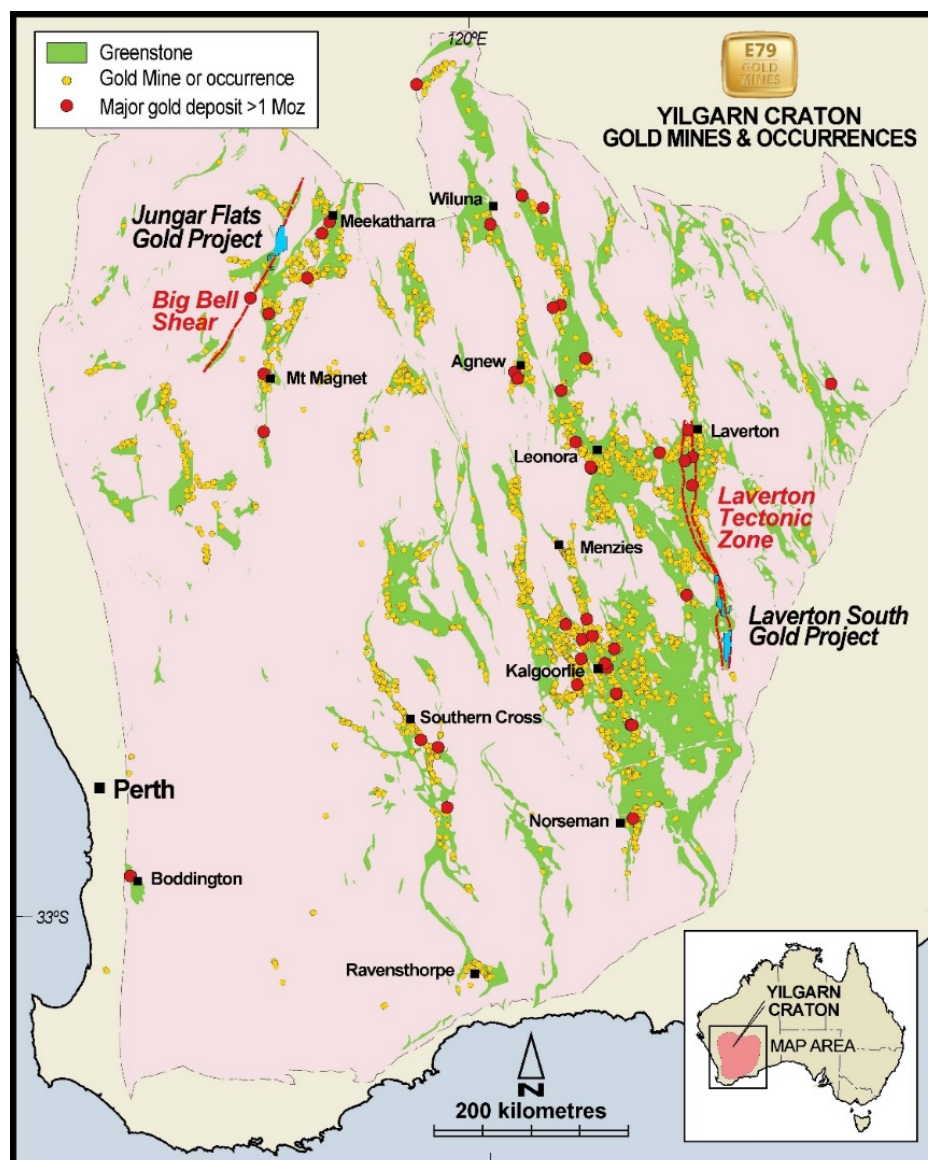


Figure 1: Yilgarn Craton Greenstones showing E79 Gold Project locations.

### Laverton South Project

The Laverton South Project, with an area of 346km<sup>2</sup>, covers a southern portion of the Laverton Tectonic Zone ('LTZ') approximately 130km east-northeast of Kalgoorlie, within the major gold producing Archean Yilgarn Craton of Western Australia. The LTZ is one of the world's richest gold belts with more than 30 million ounces ('Moz') in historical production, reserves and resources and hosts numerous prolific deposits including Granny Smith (3.7Moz), Sunrise Dam (10.3Moz) and Wallaby (11.8Moz).

Within the Laverton South Project are two tenement packages, Lake Yindana and the Pinjin JV.

- **Lake Yindana (100% E79)** 207km<sup>2</sup> within a newly identified greenstone package
- **Pinjin JV (E79 earning-in)** 139km<sup>2</sup> of prospective ground with historical drill targets

These projects sit within 15km either side of the ~1Moz Rebecca deposit (Ramelius Resources), while the Pinjin JV ground straddles the Anglo Saxon deposits (Hawthorn Resources) and has the historic Patricia open pits 7.5km to the north.

Work at the Laverton South Project consisted of land based gravity surveys, seismic surveys, target generation and drill testing with aircore drilling commencing in November 2021. Aircore drilling to 31 December 2021 compromised 40 holes for 3,330m drilled.

While assays for this part of the program are not due back until March 2022, E79 Gold is confident the lithologies and stratigraphy identified are similar to those encountered by JV partner, St Barbara, which identified anomalous gold mineralisation over a width of 300m with bedrock drillhole intercepts including 8m @ 0.35g/t Au from 70m and 4m @ 0.27g/t Au from 58m (note 1). Mineralisation remained open along strike to the south, which is the focus of current drilling by E79 Gold.



**Figure 2:** Aircore rig in action at Laverton South in December 2021

<sup>1</sup> Refer to E79 Gold Mines Limited Prospectus

### **Murchison (Jungar Flats) Project**

The Jungar Flats Project, in the North Murchison region, is located 70km west of Meekatharra and 45km north-northeast of the 2.8Moz Big Bell gold deposit. The Project tenure covers an area of 336km<sup>2</sup>, contains approximately 30km of strike of the highly prospective Big Bell Shear and straddles a narrow north-south trending greenstone belt.

Work on the Jungar Flats Project consisted of project review, commencement of a land based gravity survey and target generation. Of particular interest is the central greenstone belt which is obscured by granite through the central zone of the tenements. The gravity survey will allow the Company to infer contacts between granite, the greenstone sequences and broad structural trends undercover and will assist the Company to refine and plan its initial exploration activities.

### **SUBSEQUENT EVENTS**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Federal and State Governments, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2021 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 subsequent financial years.

### **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declarations as required under section 307C of the Corporations Act 2001 is included in this report and can be found on the page following this report.

Signed in accordance with a resolution of the Directors.



Christopher Cairns  
Non-executive Chair

Perth, Western Australia

3 March 2022

*The information in this report that relates to Exploration Results is based on information compiled by Mr Ned Summerhayes, a Competent Person who is a member of the Australian Institute of Geoscientists. Mr Summerhayes is a full-time employee, a shareholder and an option holder of the Company. Mr Summerhayes has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Summerhayes consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*



## DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF E79 GOLD MINES LIMITED

As lead auditor for the review of E79 Gold Mines Limited for the half-year ended 31 December 2021,

I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of E79 Gold Mines Limited and the entities it controlled during the period.



**Dean Just**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth, 3 March 2022





		Consolidated	
		Six months ended 31 December 2021	Six months ended 31 December 2020
Note		\$	\$
<b>Revenue and Income</b>			
	Interest revenue	2,241	4,860
	Sundry income	-	3,156
	<b>Total revenue and income</b>	<b>2,241</b>	<b>8,016</b>
<b>Expenses</b>			
	Administration and corporate expenses	3(a) (229,431)	(21,724)
	Initial establishment costs not capitalised	3(b) (141,606)	-
	Equity based payments	3(c) (345,788)	-
	Exploration expensed	3(d) (335,901)	-
	<b>Total expenses</b>	<b>(1,052,726)</b>	<b>(21,724)</b>
<b>Other Gains/(Losses)</b>			
	Net fair value gains on financial assets at fair value through profit or loss	-	40,421
	Gain/(loss) on foreign exchange	2,805	(5,838)
	<b>Total other gains/(losses)</b>	<b>2,805</b>	<b>34,583</b>
	<b>Profit/(loss) before income tax</b>	<b>(1,047,680)</b>	<b>20,875</b>
	Income tax expense	-	-
	<b>Profit/(loss) after income tax attributable to members of E79 Gold Mines Limited</b>	<b>(1,047,680)</b>	<b>20,875</b>
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
	Other	-	-
	<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>-</b>	<b>-</b>
	<b>Total comprehensive income/(loss) for the period</b>	<b>(1,047,680)</b>	<b>20,875</b>
<b>Profit/loss per share for the half-year attributable to the members of E79 Gold Mines Limited</b>		<b>Cents Per Share</b>	<b>Cents Per Share</b>
	Basic profit/(loss) per share	5 (2.61)	0.14

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes



		Consolidated	
		31 December 2021	30 June 2021
	Note	\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	8,124,396	2,673,644
Other receivables		405,816	50,663
<b>Total Current Assets</b>		<u>8,530,212</u>	<u>2,724,307</u>
<b>Non-Current Assets</b>			
Property, plant and equipment		113,689	-
Deferred exploration expenditure acquisition costs	7	3,096,479	-
<b>Total Non-Current Assets</b>		<u>3,210,168</u>	<u>2,724,307</u>
<b>Total Assets</b>		<u>11,740,380</u>	<u>2,724,307</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		359,507	48,976
Provisions		8,890	-
<b>Total Current Liabilities</b>		<u>368,397</u>	<u>48,976</u>
<b>Total Liabilities</b>		<u>368,397</u>	<u>48,976</u>
<b>Net Assets</b>		<u><b>11,371,983</b></u>	<u><b>2,675,331</b></u>
<b>Equity</b>			
Issued capital	8	19,370,017	10,122,974
Reserves		497,465	176
Accumulated losses		(8,495,499)	(7,447,819)
<b>Total Equity</b>		<u><b>11,371,983</b></u>	<u><b>2,675,331</b></u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.



		Consolidated	
		31 December 2021	31 December 2020
		\$	\$
<b>Cash flows from operating activities</b>			
		50,435	7,548
		(664,939)	(32,740)
		2,241	4,860
		<u>(612,263)</u>	<u>(20,332)</u>
<b>Cash flows from investing activities</b>			
		(122,450)	-
		(117,375)	-
		(30,000)	-
		-	(304,001)
	4	36,929	-
		<u>(232,896)</u>	<u>(304,001)</u>
<b>Cash flows from financing activities</b>			
		7,000,000	-
		(631,896)	-
		(75,000)	-
		<u>6,293,104</u>	<u>-</u>
		5,447,945	(324,333)
		2,673,644	2,663,464
		2,805	(5,838)
		<u>8,124,394</u>	<u>2,333,293</u>
	6		

The above consolidated statement of cashflows should be read in conjunction with the accompanying notes.



	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
<b>At 1 July 2020</b>	<b>10,122,974</b>	<b>176</b>	<b>(7,470,550)</b>	<b>2,652,600</b>
Profit/(loss) for the half-year	-	-	20,875	20,875
Other comprehensive income/(loss)	-	-	-	-
<b>Total comprehensive profit/(loss) for the half-year, net of tax</b>	<b>-</b>	<b>-</b>	<b>20,875</b>	<b>20,875</b>
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital	-	-	-	-
	-	-	-	-
<b>As at 31 December 2020</b>	<b>10,122,974</b>	<b>176</b>	<b>(7,449,675)</b>	<b>(2,673,475)</b>
<b>At 1 July 2021</b>	<b>10,122,974</b>	<b>176</b>	<b>(7,447,819)</b>	<b>2,675,331</b>
Loss for the half-year	-	-	(1,047,680)	(1,047,680)
Other comprehensive income/(loss)	-	-	-	-
<b>Total comprehensive loss for the half-year, net of tax</b>	<b>-</b>	<b>-</b>	<b>(1,047,680)</b>	<b>(1,047,680)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital	10,015,000	-	-	10,015,000
Cost of issue of share capital	(767,957)	-	-	(767,957)
Share based payments - options	-	497,289	-	497,289
	9,247,043	497,289	-	9,744,332
<b>As at 31 December 2021</b>	<b>19,370,017</b>	<b>497,465</b>	<b>(8,495,499)</b>	<b>11,371,983</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

This half-year financial report for the six months ended 31 December 2021 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001 and was authorised for issue in accordance with a resolution of the directors on 3 March 2022.

These half-year financial reports do not include all the notes of the type normally included in annual financial reports and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial reports.

The half-year financial reports should be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by E79 Gold Mines Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

The financial report has been prepared on a historical cost basis and is presented in Australian dollars (\$). Amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

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

E79 Gold Mines Limited is a for-profit entity for the purpose of preparing the half-year financial statements.

### (b) Statement of Compliance

These half-year financial statements comply with Australian Accounting Standards and International Financial Reporting Standards ('IFRS').

### (c) Adoption of New and Revised Standards

#### Accounting Policies

The accounting policies applied and methods of computation for the half-year ended 31 December 2021 are consistent with those of the annual financial report for the year ended 30 June 2021, except as disclosed in Note 2.

#### New and amended standards adopted by the Company

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### Significant accounting estimates and assumptions

The significant accounting judgements, estimates and assumptions adopted in the half-year financial report are consistent with those applied in the preparation of the Company's annual report for the year ended 30 June 2021, except:

##### *Share-based payment transactions*

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



## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

### *Deferred Exploration Expenditure Acquisition Costs*

The Group capitalises acquisition expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since exploration activities in such areas have not yet concluded.

### *Asset Acquisition*

The determination of whether an acquisition of business assets represents an asset acquisition or business combination requires significant judgement.

On 30 September 2021, E79 Gold Mines Limited acquired E79 Exploration Pty Ltd, with the issue of shares as consideration. Director's judgement was required to be used in classifying this transaction as an asset acquisition rather than a business combination. As the acquisition of the acquired assets is not deemed a business combination, the transactions were accounted for as a share based payment for the net assets acquired. Refer to Note 4 for further details.

## NOTE 2 – NEW ACCOUNTING POLICIES

### (a) Basis of Consolidation and Business Combinations

The consolidated financial statements comprise the financial statements of E79 Gold Mines Limited ("Company" or "Parent Entity") and its subsidiaries (the Group). Subsidiaries are all entities over which the group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The financial statements of the subsidiaries are prepared for the same period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit or losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued, or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange, adjusted for any conditions imposed on those shares. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

All identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the statement of profit or loss and other comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.



**NOTE 2 – NEW ACCOUNTING POLICIES - continued**

**(b) Deferred Exploration Acquisition Costs**

Exploration expenditure is expensed to the statement of profit or loss and other comprehensive income as and when it is incurred and included as part of cash flows from operating activities. Exploration costs are only capitalised to the statement of financial position if they result from an acquisition. Costs carried forward in respect of an area of interest which is abandoned are written off in the year in which the abandonment decision is made.

**(c) Asset Acquisition**

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

	Six months ended 31 December 2021	Six months ended 31 December 2020
	\$	\$

**NOTE 3 – EXPENSES**

**(a) Administration and Corporate Expenses**

Administration and corporate expenses include:

Depreciation – administration	1,523	-
Office premises expenses	13,385	-
Personnel costs	61,054	-
Other administration and corporate expenses	153,469	21,724
	229,431	21,724

**(b) Initial Establishment Costs Not Capitalised**

Initial establishment expenses include:

ASX initial listing fees	80,154	-
Recruitment costs	43,964	-
Other expenses	17,488	-
	141,606	-

**(c) Equity Based Payments Expensed**

Equity based payments (refer note 9)

345,788	-
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**(d) Exploration Costs Expensed**

Exploration costs expensed include:

Depreciation – exploration	7,238	-
Other exploration costs expensed	328,663	-
	335,901	-





**NOTE 4 - ACQUISITION OF SUBSIDIARY**

On 30 September 2021, the Company completed the acquisition of 100% of E79 Exploration Pty Ltd, for consideration of 15,000,000 shares (valued at \$3,000,000, based on the fair value of the asset at the date of purchase). E79 Exploration Pty Ltd held several mining tenements and holds 100% in Hottub Pty Ltd (which holds mining tenement E51/1975).

In line with relevant accounting standards, the Company has treated the acquisition of E79 Exploration Pty Ltd and its' tenements as an asset acquisition and a share-based payment transaction under AASB 2 Share Based Payments. Where an acquisition does not meet the definition of a business combination the transaction is accounted for as an asset acquisition. The consideration transferred for the acquisition of an asset comprises the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. Acquisition related costs with regards to the acquisition are capitalised. Identifiable assets acquired and liabilities assumed in the acquisition are measured at their fair value at the acquisition date. An independent valuation of the mining tenements held by the E79 Exploration Group provided a basis for the fair value of \$3,000,000. The basis of valuation of these assets is at fair value and is based on comparable market transactions for similar assets.

	<b>31 December 2021</b>
	\$
Net assets/(liabilities) of E79 Exploration Group at date acquired	
Cash	36,929
Other receivables	43,543
Plant and equipment	59,070
Deferred exploration acquisition costs	39,990
Trade and other payables	(122,796)
Non-interest bearing loans	(113,225)
Net assets/(liabilities) of E79 Exploration Group at date acquired	(56,489)
Less: Consideration paid	(3,000,000)
Fair Value of E79 Exploration Group capitalised as Exploration Acquisition Cost (note 7)	<u>3,056,489</u>

	<b>Six months ended 31 December 2021</b>	<b>Six months ended 31 December 2020</b>
	Cents	Cents
<b>NOTE 5 - EARNINGS PER SHARE</b>		
Basic profit/(loss) per share	(2.61)	0.14
Diluted profit/(loss) per share	N/A	0.14
	\$	\$
Loss attributable to ordinary equity holders of the Company used in calculating:		
- basic profit/(loss) per share	(1,047,680)	20,875
Weighted average number of ordinary shares outstanding during the half-year used in the calculation of basic earnings per share (December 2020: Based on number of shares after share consolidation).	40,118,846	14,999,824



**NOTE 5 - EARNINGS PER SHARE - continued**

Diluted earnings per share for the period to 31 December 2021 is not disclosed because potential ordinary shares, being options granted, are not dilutive and their conversion to ordinary shares would not demonstrate an inferior view of the earnings performance of the Company.

	31 December 2021	30 June 2021
	\$	\$

**NOTE 6 – CASH AND CASH EQUIVALENTS**

Cash at bank	8,124,396	2,673,644
	8,124,396	2,673,644

The following non-cash activities were undertaken:

Six months to 31 December 2021:

- During the six months to 31 December 2021, the Company acquired the E79 Exploration Group for 15,000,000 ordinary shares (\$3,000,000). Refer to note 4.

Six months to 31 December 2020:

- None.

**NOTE 7 - DEFERRED EXPLORATION EXPENDITURE ACQUISITION COSTS**

Deferred exploration acquisition costs brought forward	-	-
Acquisition of E79 Exploration Group (note 4)	3,056,489	-
Acquisition of E51/1975	29,990	-
Deferred exploration acquisition costs carried forward	3,096,479	-

Exploration expenditure is expensed to the statement of profit or loss and other comprehensive income as and when it is incurred and included as part of cash flows from operating activities. Exploration costs are only capitalised to the statement of financial position if they result from an acquisition. Costs carried forward in respect of an area of interest which is abandoned are written off in the year in which the abandonment decision is made.

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas.

**NOTE 8 – ISSUED CAPITAL**

**(a) Issued Capital**

65,074,824 ordinary shares fully paid		
(June 2021: 14,999,824 shares, after share consolidation)	19,370,017	10,122,974



**NOTE 8 – ISSUED CAPITAL - continued**

**(b) Movements in Ordinary Share Capital**

Summary of Movements	Six months ended 31 December 2021		Year ended 30 June 2021	
	Number of Shares	\$	Number of Shares	\$
Opening balance	64,550,000	10,122,974	64,550,000	10,122,974
Share consolidation	(49,550,176)	-	-	-
	14,999,824	10,122,974	64,550,000	10,122,974
Issued – acquisition of E79 Exploration (note 4)	15,000,000	3,000,000	-	-
Issued – final acquisition of E79 subsidiary, Hottub Pty Ltd	75,000	15,000	-	-
Issued – IPO	35,000,000	7,000,000	-	-
Costs of issues	-	(616,457)	-	-
Costs of issues – broker options (note 9)	-	(151,500)	-	-
Closing Balance	65,074,824	19,370,017	64,550,000	10,122,974

- On 12 July 2021, a share consolidation took place on the basis of one share for each 4.3033333 shares resulting in consolidated shares on issue of 14,999,824 as at 12 July 2021.
- On 30 September 2021, 15,000,000 shares were issued at a deemed issue price of 20 cents per share (\$3,000,000) to acquire 100% of subsidiary, E79 Exploration Pty Ltd. Refer to note 4.
- On 1 October 2021, 35,000,000 shares were issued at 20 cents per share pursuant to an IPO. Gross proceeds were \$7,000,000.

**(c) Options on issue at 31 December 2021**

	Number	Exercise Price	Exercise Date
Unlisted Options	2,250,000	27 cents	30/09/2023. Escrowed to 7/10/2023
Unlisted Options	2,750,000	30 cents	30/09/2025. Escrowed to 7/10/2023
Unlisted Options	120,000	32 cents	15/11/2023
	<u>5,120,000</u>		

During the half-year ended 31 December 2021:

- 5,120,000 unlisted options were granted as share-based payments (six months to 31 December 2020: nil);
- No unlisted options expired (six months to 31 December 2020: nil); and
- No unlisted options were exercised (six months to 31 December 2020: nil).



Six months ended	Six months ended
31 December	31 December
2021	2020
\$	\$

**NOTE 9 – EQUITY-BASED PAYMENTS**

**(a) Value of equity based payments in the financial statements**

*Expensed in the profit and loss:*

Equity-based payments- options	345,788	-
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*Expensed as cost of share issues:*

Equity-based payments- options to brokers	151,500	-
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Total Equity-based payments	497,288	-
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**(b) Summary of equity-based payments - options - granted during the half-year:**

On 30 September 2021, the following unlisted options were granted:

Name	Options exercisable at \$0.27 each on or before 30/09/2023	Options exercisable at \$0.30 each on or before 30/09/2025
<b>Directors</b>		
Christopher Cairns	250,000	250,000
Peter Ironside	250,000	250,000
Deborah Lord	250,000	250,000
<b>Company Secretary</b>		
Amanda Sparks	250,000	250,000
<b>CEO</b>		
Edward Summerhayes	500,000	500,000
<b>Others</b>		
Consultant	250,000	250,000
Lead Manager for the IPO	500,000	1,000,000
<b>Total Options</b>	<b>2,250,000</b>	<b>2,750,000</b>

In November and December 2021, the following unlisted options were granted pursuant to the Company's Employee Incentive Plan. All options have an exercise price of 32 cents and expiry date of 15 November 2023:

- 60,000 unlisted options granted on 17 November 2021 to an employee; and
- 60,000 unlisted options granted on 1 December 2021 to an employee.



**NOTE 9 – EQUITY-BASED PAYMENTS - continued**

**(b) Summary of equity-based payments - options - granted during the half-year - continued:**

The assessed fair values of the options were determined using a Black-Scholes option pricing model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option. The inputs to the model used were:

Grant date	30/09/2021	30/09/2021	17/11/2021	1/12/2021
Option exercise price (\$)	0.27	0.30	0.32	0.32
Expected life of options (years)	2	4	1.99	1.96
Dividend yield (%)	-	-	-	-
Expected volatility (%)	90	90	90	90
Risk-free interest rate (%)	0.075	0.785	0.63	0.61
Underlying share price (\$)	0.20	0.20	0.245	0.235
Value of Option (\$)	0.079	0.112	0.10	0.0923
Vesting Date	30/09/2021	30/09/2021	17/11/2021	1/12/2021

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

Since the last annual reporting date, there has not been a material change to commitments or contingencies, other than exploration commitments as detailed below.

The Group has certain minimum exploration commitments to maintain its right of tenure to exploration permits. These commitments require estimates of the cost to perform exploration work required under these permits.

	<b>31 December 2021</b>	<b>30 June 2021</b>
	\$	\$
<b>Tenement Expenditure Commitments:</b>		
The Group is required to maintain current rights of tenure to tenements, which require outlays of expenditure in 2022/2023. Under certain circumstances these commitments are subject to the possibility of adjustment to the amount and/or timing of such obligations, however, they are expected to be fulfilled in the normal course of operations.	604,000	-



**NOTE 11 – SEGMENT INFORMATION**

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

**NOTE 12 – RELATED PARTY TRANSACTIONS**

There have been no new related party transactions entered into since 30 June 2021 other than:

- a) Equity based payments as disclosed in note 9(b).
- b) Effective 2 August 2021, the Company employed Edward (Ned) Summerhayes as Chief Executive Officer. Remuneration is \$220,000 plus statutory superannuation. The termination benefit under the contract is three months.
- c) On 30 September 2021, the Company acquired 100% of E79 Exploration Pty Ltd (refer to note 4) for consideration of 15,000,000 shares in the Company. Director Peter Ironside was one of the vendors of E79 Exploration Pty Ltd and received 3,173,428 shares as consideration for his shares in E79 Exploration Pty Ltd.
- d) Effective 30 September 2021, Director remuneration is as follows:

Director Name	Position	Term of agreement	Base annual salary exclusive of statutory superannuation	Termination benefit
Christopher Cairns	Non-Executive Chairman	Ongoing, subject to re-elections	\$50,000	None
Peter Ironside	Non-Executive Director	Ongoing, subject to re-elections	\$40,000	None
Deborah Lord	Non-Executive Director	Ongoing, subject to re-elections	\$40,000	None

- e) On 19 October 2021, \$75,000 of loans in E79 Exploration Pty Ltd owed to DJ Ironside, Peter Ironside's spouse, were repaid.

**NOTE 13 – SUBSEQUENT EVENTS**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Federal and State Governments, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There are no other matters or circumstances that have arisen since 31 December 2021 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial periods.



1. In the opinion of the directors:
  - a) The financial statements and notes are in accordance with the Corporations Act 2001, including:
    - i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
    - ii) complying with Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001; and
  - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the half-year ended 31 December 2021.

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

A handwritten signature in black ink, appearing to read "Ch. Cairns".

Christopher Cairns  
Non-executive Chairman

Perth, Western Australia

3 March 2022



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of E79 Gold Mines Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of E79 Gold Mines Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in black ink, appearing to read 'Dean Just', is written over a faint, light blue BDO logo watermark.

**Dean Just**

**Director**

Perth, 3 March 2022