13th August 2021

Annual Report to 30th June 2021

Following is the King Island Scheelite Limited (ASX: KIS) ("the Company") annual report for the year ended 30th June 2021.

The 2021 Annual Report reports the Company's results for the year ended 30th June 2021, including those for its 100%-owned Dolphin Tungsten Project ("Dolphin").

The Company expects to hold its annual general meeting on or about Tuesday 28th September 2021 and, as is required by the ASX Listing Rules, will lodge the notice of meeting as a market announcement when the Notice is being distributed to the Company's shareholders.

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King Island Scheelite Limited

ABN 40 004 681 734

Annual Report

For the year ended 30 June 2021

CORPORATE DIRECTORY

ABN 40 004 681 734

DIRECTORS

JOHANN JACOBS	(EXECUTIVE CHAIRMAN)
CHRISTOPHER ELLIS	(EXECUTIVE DIRECTOR)
GREGORY HANCOCK	(NON-EXECUTIVE DIRECTOR)

GENERAL MANAGER - PROJECT DEVELOPMENT AND OPERATIONS

CHARLES (Chas) MURCOTT

COMPANY SECRETARY

IAN MORGAN

CHIEF FINANCIAL OFFICER

MEGAN MCPHERSON

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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ASX

KING ISLAND SCHEELITE SHARES ARE LISTED ON THE AUSTRALIAN SECURITIES EXCHANGE (ASX CODE: KIS)

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CHAIRMAN'S LETTER

Dear Fellow Shareholders,

Welcome to the 2021 Annual Report for King Island Scheelite Ltd (ASX: KIS).

The past year has seen a dramatic increase in the price of ammonium paratungstate, the benchmark price for tungsten concentrate, which has further propelled our progress towards the goal of advancing the Dolphin Tungsten Project re-development on King Island, Tasmania.

I take this opportunity to provide an overview of our achievements during the year.

The safety of our people and our duty to protect the environment will always be of the utmost importance. We are very pleased to say that the Dolphin Project recorded no injuries to personnel and no environmental non compliances during the year. We have also continued to adhere to Covid-19 best practices and local government restrictions as we progress the Dolphin Project.

During 2021, we made substantial progress on the redevelopment of the Dolphin Project. We entered into an offtake agreement with Kalon Resources Limited, which when combined with our offtake agreement signed earlier with Wolfram Bergbau und Hutten AG, represents approximately 70% of the annual expected production of the Project which provides us with a great deal of security for the future.

During the year we completed a Revised Feasibility Study and Updated Mineral Reserve Estimate for the Dolphin Project, resulting in an increase in the Net Present Value of 65%, and Increased Probable Ore Reserve extending the operational life from 8 years to 14 years.

Significant metallurgical test-work has also been undertaken by ALS, utilising a pilot-scale Multi Gravity Separator (MGS) to separate fine scheelite from the tailings streams of the coarse gravity circuit. Very encouraging results were achieved in the pilot scale MGS machine and as a result we entered into a rental/purchase agreement for a full scale production MGS machine. Subsequent tests on the full-scale machine confirmed metal recoveries in line with the pilot-scale and contained in the Revised Feasibility Study.

In addition, the Environmental Protection Authority granted approval of our first Mine Closure, Decommissioning and Rehabilitation Management Plan, a key milestone requirement for the commencement of mining operations.

During the year, we also made headway in both capital raising and project financing. We completed an oversubscribed $5.6 million placement which was corner-stoned by Swiss investment company D.A.CH.S. Capital AG. The proceeds of the placement were used to pay off debt incurred as a part of advancing the Dolphin Project.

We also benefited from Government's desire to secure supply chains of critical minerals resulting in receiving a $10 million loan package from the Tasmanian Government, payable over 10 years.

We were also successful in our application for an Exploration Drilling Grant Incentive from the Tasmanian Government, designed to stimulate greenfields exploration drilling. The grant is for $70,000 and will be matched by the Company in exploring its investigator 21 and 24 mineralisation targets. Drilling will occur during the Summer of 2021-2022.

This backing is a vote of confidence in our project and its strong fundamentals. We are confident that our success in capital raising and the government's financial endorsement will be of great benefit in the on-going funding negotiations.

Thank you to all our shareholders existing and new, as well as the Tasmanian Government for their ongoing support as we go through a period of development and growth. I would also like to extend my appreciation to our management and contractors for their hard work and dedication throughout 2021. We would not have such a successful year without you.

We are confident of an exciting year ahead for KIS and look forward to keeping you updated on our progress.

Kind Regards

Johann Jacobs

Executive Chairman

DIRECTORS' REPORT

The Directors present their report, together with the financial statements of the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'Group'), consisting of King Island Scheelite Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Johann Jacobs (Executive Chairman)

B.Acc, MBL

Appointed 30 November 2012

Johann has over 40 years' experience in the resources industry in Australia, South Africa and Indonesia. He was until July 2020 a Non-executive Director of ASX listed Magnis Energy Technologies Ltd, and is a Director of a number of private resource focused companies.

Christopher Ellis (Executive Director)

B.Sc Hons

Appointed 8 November 2012

Chris has over 40 years' experience in the exploration and mining industry in Australia and overseas. He was a founding member and Executive Director of coal mining company Excel Coal Limited, which became Australia's largest independent coal mining company before being acquired by Peabody Energy Inc. in October 2006. Chris commenced his career in the UK coal industry, followed by positions within Shell's exploration group in Southern Africa and CRAE in Western Australia. He has also held senior positions for BP Coal (London and USA), Agipcoal Australia and for the Stratford Joint Venture. Chris has core skills in geology, mining engineering and minerals processing, mainly in the coal industry with some experience in tungsten, gold, base metals and diamonds. He has had overall responsibility for the design and engineering of four new mines during his career with Excel. Chris is a Non-Executive Director of Ausquest Limited (ASX: AQD).

Gregory Hancock (Independent Non-Executive Director)

BA Econs, B.Ed Hons, F.Fin

Appointed 26 February 2019

Greg has over 25 years' experience in capital markets, practicing in the area of Corporate Finance. He has extensive experience in both Australia and the UK through his close links to the stockbroking and investment banking communities. His career specialised in mining and natural resources with a background in the finance and management of listed companies He is chairman of Ausquest Limited (ASX:AQD), BMG Resources Limited (ASX:BMG), Cobra Resources Plc (LON:COBR) and Non-Executive Director of Golden State Mining Limited (ASX:GSM). He resigned as Non-Executive Director of Strata-X Energy Limited (ASX:SXA) on 17 March 2021. He was also Non-executive Director of Zeta Petroleum Plc (ASX:ZTA) which delisted on 3 February 2020. Greg continues his close association with the capital markets in Australia and the UK through his private company, Hancock Corporate Investments Pty Ltd.

COMPANY SECRETARY

Ian Morgan

B Bus, M Com Law, Grad Dip App Fin, CA, AGIA, MAICD, F Fin

Ian was appointed Company Secretary on 3 August 2005. He is a member of Chartered Accountants Australia and New Zealand and the Governance Institute of Australia, with over 35 years' experience. Ian provides secretarial and advisory services to a range of companies, including holding the position of Company Secretary for other listed public companies.

DIRECTORS' REPORT CONTINUED

CHIEF FINANCIAL OFFICER

Megan McPherson

B Com, CA

Megan is a Chartered Accountant and Company Secretary who has over 18 years of commercial and public practice experience. She was part of the senior executive team which successfully listed Cuesta Coal Limited on the ASX in 2012 and has been a senior executive for companies with projects in Australia, Mongolia, Tanzania and Madagascar.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITES

The principal activity of the Group during the year was the continued detailed review and planning of the redevelopment of the Dolphin Project, on King Island, Tasmania.

There were no significant changes in the nature of the activities of the Group during the financial year.

DIVIDENDS

There were no dividends paid or declared by the Company to members during or since the end of the financial year (2020 $Nil).

REVIEW OF OPERATIONS

Substantial progress was made during the year on the Company's redevelopment plan at its 100% owned Dolphin Project.

Key milestones achieved included:

Dolphin Project

- No injuries reported
- No environmental non compliances reported
- Completed a Revised Feasibility Study ("RFS") issued in December 2020 resulting in an increase of 65% in pre-tax Net Present Value at 8%, to A$241 million
- RFS extends mine life from 8 years to 14 years
- Improvements to processing plant design changes developed in close collaboration with supplier Gekko include; Larger primary crusher, Fine Ore Stockpile reclaim system, MGS circuit, Reduced floatation circuit size
- Detailed designs on Infrastructure plans including accommodation strategy, site layout, water supply, electrical supply, tailings dam and site water circuits completed
- Environmental Protection Authority approved the Water Quality Management Plan and the first plan of the Mine Closure, Decommissioning and Rehabilitation Management Plan
- Secured a second off-take agreement with Kalon Resources, for approximately 50% of production
- Successful in an application for an exploration grant from the Tasmanian Governement

Corporate

- Continued discussions with various Federal and State agencies for support in developing the Dolphin Project
- Completed an oversubscribed $5.6 million placement which was corner-stoned by Swiss investment company D.A.CH.S. Capital AG. The proceeds of the placement were used to pay off debt incurred as part of advancing the Dolphin Project.
- Secured a $10 million loan package from the Tasmanian Government, payable over 10 years, reflecting the Australian Governments' desire to secure supply chains for critical metals.
- $3.19 million cash on hand as at 30 June 2021 (30 June 2020: $651k)

DIRECTORS' REPORT CONTINUED

CORPORATE

Financial

The Group incurred an operating loss after tax for the year to 30 June 2021 of $4,875,338 (2020: $2,746,484).

The Group retained a cash balance of $3,190,383 at 30 June 2021 (2020: $651,163).

Capital and Debt Raising

Share Placements

During the year ended 30 June 2021, capital was raised by way of two share placements to a range of institutional and sophisticated investors, including Director Chris Ellis and other large shareholders including Elphinstone Holdings Pty Ltd and new Swiss investment company D.A.CH.S Capital AG.

The first share placement raised $2,568,000 cash (before issue costs) with the Company issuing 46,690,909 ordinary fully paid shares for $0.055 each and 23,345,446 free attaching quoted options (exercise price $0.10 each expiring 1 August 2021) based on one option for every two new shares, as follows:

1. On 2 November 2020, 39,327,271 new shares at $0.055 each (Tranche 1); and

2. On 5 February 2021 a further 7,363,638 new shares at $0.055 each and 23,345,446 free attached quoted options (Tranche 2) were issued after shareholder approval was obtained at the Company's Annual General Meeting held on 8 January 2021.

The second share placement raised $5,600,000 cash (before issue costs) with the Company issuing 28,000,000 ordinary fully paid shares for $0.20 each.

Exercise of Quoted Options

During the year the year ended 30 June 2021, capital was raised by way of the exercise of 24,617,624 quoted options raising $2,461,762.

Exercise of Unquoted Options

During the year the year ended 30 June 2021, capital was raised by way of the exercise of 1,625,000 unquoted options raising $110,000.

Tasmanian Government Loan Facility

On 2 February 2021, the Company announced that it has secured an offer from the Tasmanian Government for a $10 million finance facility to support the development and construction of the Dolphin Project. The key terms of the facility are:

- Loan term 10 years
- Interest only on a monthly basis, then fixed principal plus interest payable monthly, commencing on the first day of the month following the second anniversary of the initial drawdown
- No penalties for early repayment
- Security and other terms, including conditions precedent are in line with facilities of this nature
- All other capital raising necessary to deliver the project being successful
- Formal loan and security documentation to be agreed and executed

Project Financing

In May 2021, the Company advised that its discussions with financiers were ongoing, with an aim to achieve financial close by late June or early July 2021.

The Company expects to conclude these discussions with a syndicate who will provide a combination of equity, debt and a convertible instrument. These discussions are continuing but taking longer than previously anticipated. The Company anticipates achieving financial close before 31 December 2021.

Further details of the capital raisings are set out in Note 06.

DIRECTORS' REPORT CONTINUED

Debt Funding

During the year ending 30 June 2021, the Group received a further advance of $250,000 cash from CJRE Maritime Pty Ltd, a company related to Mr Ellis, to fund working capital as permitted under the existing $2,000,000 loan facility. The purpose of the further advance was to allow the Group to complete the purchase of the Old Grassy School House in Tasmania.

Further details of the loan funding are set out in Note A11.

Debt Repayment and Conversion

On 10 February 2021, funds raised under the first share placement were utilised to repay the further advance provided to the Group by CJRE Maritime Pty Ltd (CJRE), an entity associated with Mr Christopher Ellis - a Company director and substantial shareholder.

The advance of $250,000 plus accrued interest of $6,970 was repaid in full satisfaction of the liability.

On 1 April 2021, funds raised under the second share placement were utilised to repay loans provided to the Group by CJRE Maritime Pty Ltd (CJRE), an entity associated with Mr Christopher Ellis - a Company director and substantial shareholder.

Secured loans totalling $4,700,000 plus accrued interest of $357,511 were repaid in full satisfaction of the liabilities. Mortgage charges over King Island Properties have now been released.

On 10 May 2021, following approval by the Foreign Investment Review Board ("FIRB"), 9,090,909 fully paid ordinary shares and 4,545,454 quoted options (exercise price $0.10, expiry 1 August 2021) were issued to Abex Resource Holdings Pty Ltd (Abex), an entity associated with the Company's substantial shareholders Mr Richard and Mrs Gwenda Chadwick.

The shares were issued upon conversion of the $500,000 unsecured loan provided by Abex on 6 May 2020. Accrued interest of $26,247 was paid to Abex on 17 May 2021.

Further details of the of the loan repayment and conversion is set out in Note 0.

TUNGSTEN MARKET

APT (Ammonium Paratungstate) prices are regularly quoted in industry journals and is the product pricing used as a benchmark for the sale of WO_3 concentrate. Concentrate acquired by the APT processors is conventionally a 65% WO_3 concentrate, therefore the net price back to producers is somewhat lower, generally around 80% of the reported APT price, for the same quantity of contained WO_3.

Over the last decade, the APT price has achieved a high of US$469 (A$473) per mtu in mid-2011 and again in mid-2013 and a low of US$165 (A$212) per mtu at the end of calendar 2015.

Since then and despite the negative pressure on prices resulting from the initial outbreak of COVID-19, the price has steadily increased during the financial year from a low of US$210/mtu in June 2020 to US$280/mtu at 30 June 2021.

The APT price has further increased to US$308/mtu subsequent to year end. The increase in price reflects strong demand for hard metal tools, lower levels of scrap materials, higher freight levels and delayed shipping schedules. Demand is forecast to remain strong despite the lowest average count of oil rigs, heavy users of hard metal tools, in the last 7 years.

OUTLOOK

The key objective remains to bring the high-grade Dolphin tungsten deposit on King Island into production. The next steps are:

1. Secure Project funding- the Company is in discussions with financiers to secure finance with a syndicate who will provide a combination of equity, debt and a convertible instrument.

2. Commence and finalise legal documentation on the Tasmanian Government Loan Facility

3. Engage a broker as Lead Manager for the equity tranche of the funding.

DIRECTORS' REPORT CONTINUED

GOING CONCERN

The financial report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the normal course of business.

During the year, the Company incurred an operating loss of $4,875,338, of this $1,429,531 was directly related to exploration and evaluation expenditure pertaining to the Dolphin Project. The latter expenditure has been expensed in line with the Company's policy of only capitalising expenditure after the Board has committed to a project.

Also included in the operating loss for the year is the fair value at 30 June 2021 of 21,000,000 performance options ($1,686,113) granted but not vested to Directors as non-cash consideration for market-based remuneration.

During the year the Company raised a total of $8,168,000 by two share placements and $2,571,762 upon the exercise of quoted and unquoted options.

On 1 April 2021, the Company repaid secured loans provided by CJRE Maritime Pty Ltd, an entity associated with the Company Director and substantial shareholder Mr Christopher Ellis, of $4,700,000 plus accrued interest of $357,511. For further details see Note A11.

On 10 May 2021, the Company issued 9,090,909 shares and 4,545,454 quoted options (exercise price $0.10, expiry 1 August 2021) upon conversion of loan funding of $500,000 provided by Abex Resource Holdings Pty Ltd (Abex), an entity associated with the Company's substantial shareholders Mr Richard and Mrs Gwenda Chadwick. Accrued interest of $26,247 was paid on 17 May 2021 For further details see Note A11.

The Company ended the year with a cash balance of $3,190,383.

Subsequent to year end, the Company raised $3,234,616 from the issue of 32,946,157 fully paid ordinary shares upon the exercise of 29,946,157 quoted options (exercise price $0.10, expiry 1 August 2021), 1,000,000 unquoted options (exercise price $0.06, expiry 31 December 2022), 1,000,000 unquoted options (exercise price $0.08, expiry 31 December 2022) and 1,000,000 unquoted options (exercise price $0.10, expiry 31 December 2022).

The Company is currently in discussion with financiers to secure project funding via a syndicate who will provide a combination of equity, debt and a convertible instrument. The Company anticipates achieving financial close by 31 December 2021.

Based on the above evidence of successful fund raisings and taking into account budgeted expenditure commitments, the Board has prepared these Financial Statements on a going concern basis.

Judgement about the future is based on information available at the date of this report. Subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made.

BUSINESS RISKS

The Group's successful development of the tungsten Dolphin Project on King Island is subject to various business risks, including:

1. Approval for an extension to the Group's existing tenements
   Tenement exploration and retention licences held by the Group require periodic renewal or extension. All existing licences are current, with the latest renewals and extensions approved. There is no guarantee that the Group's licences would continue to be granted on terms that are acceptable, or at all, for future applications.[1]
2. The Group will need to raise additional funds
   The Company will be required to raise additional equity or debt capital to fund the redevelopment of the Project. For this purpose, the Company has embarked on numerous funding initiatives resulting in ongoing discussions with several parties, including investors, suppliers, and financial institutions, in relation to providing debt financing, and various forms of equity finance.

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[1] Exploration Licence EL19/2001 at Grassy, King Island (91 sq kms) expires 23 December 2022. Mining Lease CML 2080P/M at Grassy, King Island (566 hectares), which is the combined lease of 1M/2006 and 2060P/M expires 5 June 2029.

There are, however, no guarantees that these funding negotiations will result in securing appropriate funding, or funding on terms acceptable to the Company. If the Company is not able to obtain what the Company deems an appropriate level of financing, it may be required to reduce the scope of its operations and scale back its programs. This may adversely impact revenues and profitability.

3. Commodity prices and exchange rate risk

   If the Group's activities lead to production, future revenue will be derived through the sale of minerals which exposes the Group to commodity price risk. Commodity prices are dependent upon several factors which are outside of the Group's control. Commodity prices are usually denominated in US dollars whereas expenditure of the Group is denominated in Australian dollars, which exposes the Group to fluctuations and volatility of the rate of exchange between the US dollar and the Australian dollar.

   Fluctuations in commodity prices and the Australian dollar exchange rate could have a material effect on the financial and operating performance of the Group.

4. Land access and title risk

   The Group has obligations in relation to expenditure levels, environmental matters for its tenements as well as responsibilities to various government entities and any landowners affected by its activities. A contravention of these obligations could affect the right to hold mining tenements in each area. The Group's mining tenements may be affected by land access issues for any land the Group does not own.

5. Environmental risk

   As part of the mining industry, the Group is subject to State and Federal legislation regarding environmental obligations and liabilities. The legislative and regulatory requirements impose significant environmental obligations on the Group in relation to its operations. Compliance with these obligations and any future obligations (such as any carbon tax or carbon pollution reduction scheme imposed by the government) could have a material adverse effect on the financial and operating performance of the Group.

6. Retention of key employees

   The Group is highly dependent upon qualified, scientific, technical, and managerial personnel. There is significant competition for qualified personnel in the Group's business. The Group may not be able to attract and retain the qualified personnel necessary for the development of its business. The failure to recruit additional key scientific, technical, managerial, and other personnel in a timely manner could harm the Group's business.

7. Risks associated with Operations and Revised Feasibility Study

   The Company released a Revised Feasibility Study (RFS) in December 2020. Included therein were the following risks perceived to be associated with the redevelopment of the project and mitigating factors:

   - APT price risk – There is a risk of negative movement in the APT price compared to the study assumptions. To mitigate this risk the Company has included some price protection mechanisms in its contracts.
   - Geological risk – There is a risk that the modelled ore tonnes and grade will not be realised during mining. Mitigating this risk, the geology and WO_3 distribution of the Dolphin deposits is well understood from close spaced drilling and historic underground mapping and sampling. 100% of WO_3 at Dolphin is in the Probable Reserve category. Scheelite ores fluoresce under UV light assisting in pit and stockpile grade control. Predicted WO_3 grades are consistent with historic production.
   - Geotechnical risk – There is a risk that the membrane wall and open cut design will require additional engineering and ground support beyond the expected outcomes of this study. Mitigating these risks, the pit has been modified to a more conservative design from the 2015 Reserve Estimation with no material change to the reserve.
   - Pit Wall Stability risk- There exists a risk that the final pit wall stability may be compromised by historic stope voids. Optimising the best combination of open-cut-underground mine design will mitigate this risk with further iterations of the combined mine design. Some additional stabilisation group support may be required.
   - UG Geotechnical risk- The ground condition assessment of the UG mine is based upon perceived conditions at the time of the mine closure in 1991 with minor geotechnical drill validation post 2006. It is anticipated that ground conditions may have deteriorated significantly in old stoping areas, most particularly in the Mid-Wedge which was open on numerous horizons. This risk has been mitigated by excluding some resources from the reserve estimate in this area. Significant risk minimisation is the proposed use of cemented paste fill which allows increased recovery and stability on completion. Drilling of historic stope areas is recommended to assess geotechnical risk.
   - UG development/ rehabilitation risk- There exists a risk that significant deterioration of mine workings has taken place both in normally supported development and most particularly where steel arch set development was utilised. Measures taken to mitigate this risk include mine design, which has included new decline and

access development where possible, high pre-rata allowance for support materials, 25% allowance for 40mm fibrecrete in development and avoiding rehabilitation of historic steel arch supported development.

- Water ingress- There is some risk of water ingress from the proposed OC (open-cut) through the exposure of numerous stopes and level development. To mitigate this risk, KIS propose to use a mixture of fibrecrete with an impervious lining to seal in pit stormwater sumps prior to pumping. Future OC/ UG (open-cut/ underground) optimisation will take wall stability and sump positioning into consideration in mine planning.
- UG Dewatering risk- The risk associated with dewatering includes risk associated with perched/entrapped water in declines, old stopes and behind ground failures as well as the risk of mud rush from hydraulic sandfill if not properly dewatered. To mitigate this risk, extensive probe and water cover drilling to drain perched water in known development water traps and to monitor old post pillar stope drainage is required. Formerly stope fill barricades were wither simple timber barricades or breeze block walls unlikely to sustain significant head of water. Monitoring water in old stopes is critical to reducing the risk of any water /fill inrush.
- UG loss of access- The development of a new escape way system or the refurbishment of the old system is essential for secondary egress in the vent of temporary loss of access due to ground failure.
- UG Ventilation- In the RFS report a new 135 m raise from the old – 150m level to surface is planned. Assessment of ground conditions and detailed engineering has not yet been completed resulting in possible development and cost risk. Mitigating this risk are alternative low-cost ventilation systems utilising historic workings which also require planning and cost estimation.
- Metallurgical risk – There is a risk that modelled WO_3 recovery will be lower than anticipated. Extensive metallurgical test work and modelling together with historical performance has informed the assumptions used to generate costs and estimate throughput rates. Processing performance and WO_3 recoveries are well understood with the most recent test work results comparative to historical results.
- Operating Cost risk – There is a risk that operating costs will be higher than anticipated, reducing free cash flow for debt servicing. The RFS estimates were developed from reputable contractor tender rates, supplier and minor contractor quotes and cross referenced with similar projects by experienced independent consultants.

  Funding risk – The Company will be required to raise additional equity or debt capital to fund the redevelopment of the Project. For this purpose, the Company has embarked on numerous funding initiatives resulting in ongoing discussions with several parties, including investors, suppliers and financial institutions, in relation to providing debt financing, and various forms of equity finance. There are, however, no guarantees that these funding negotiations will result in securing appropriate funding, or funding on terms acceptable to the Company. If the Company is not able to obtain what the Company deems an appropriate level of financing, it may be required to reduce the scope of its operations and scale back its programs. This may adversely impact revenues and profitability.

EVENTS SUBSEQUENT TO THE REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this Financial Report any item, transaction or event of a material and unusual nature, likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, except for the following;

1. During the period 7 July 2021 to 9 August 2021, the Company issued a total of 29,946,157 shares ($2,994,616) upon the exercise of 29,946,157 quoted options (exercise price $0.10 each expiring 1 August 2021);
2. On 14 July 2021, the Company issued 3,000,000 shares ($240,000) upon the exercise of 3,000,000 unquoted options expiring 31 December 2022 with exercise prices of $0.06 each (1,000,000), $0.08 each (1,000,000) and $0.10 each (1,000,000); and
3. On 26 July 2021, the Company announced that it had secured a $70,000 Exploration Drilling Grant Incentive ("EDGI") introduced by the Tasmanian Government to stimulate exploration drilling across Exploration Licenses located in Tasmania. The EDGI grant provides funding for 50% of direct drilling costs and is available until April 2022.

DIRECTORS' REPORT CONTINUED

ENVIRONMENTAL REGULATION

On 23 June 2021, the Company announced the approval by the Environmental Protection Authority ("EPA") of the Company's first Mine Closure, Decommissioning and Rehabilitation Management Plan ("MCDRMP"). The approval of the MCDRMP was one of the conditions of the EPA Environmental Protection Notice EPN 7442/2, issued on 9th October 2017 for the development of the Dolphin Mine. The MCDRMP requires annual updating and approval by the EPA and sets the standards to be met during the mine's operations and ultimate closure.

The Board believes that the Group has adequate systems in place for the management of its environmental requirements.

Based on results of enquiries made, the Directors are not aware of any significant breaches during the period covered by this report.

DIRECTORS' MEETINGS

The numbers of Directors' meetings (including meetings of committees of Directors) where Directors were eligible to attend and attended in person or by alternate during the financial year by each of the Directors of the Company were:

	Board Meetings		**Audit Committee Meetings**	
	Eligible	Attended	Eligible	Attended
Johann Jacobs	3	3	2	2
Christopher Ellis	3	3	2	2
Gregory Hancock	3	3	2	2

DIRECTORS' INTERESTS

The relevant beneficial interest of each Director in the securities issued by the companies within the Group and other related bodies corporate, and notified by the Directors to the ASX in accordance with section 205G(1) of the *Corporations Act 2001* (Cth) at 30 June 2021 are:

Ordinary Fully Paid Shares

Director	Number of ordinary fully paid shares at 30 June	
	2021	2020
Johann Jacobs	**5,214,764**	3,989,764
Christopher Ellis	**63,358,734**	58,813,278
Gregory Hancock	**-**	-

Subsequent to 30 June 2021, the Company issued 700,948 shares to Johann Jacobs upon the exercise of 700,948 quoted options (exercise price $0.10, expiry 1 August 2021) and 5,516,770 shares to Christopher Ellis upon the exercise of 5,516,770 quoted options (exercise price $0.10, expiry 1 August 2021).

Quoted Options

Quoted Options are listed on the Australian Securities Exchange (ASX) under the code KISO.

Terms: Grant Date 1 August 2018. Exercise Price $0.10 per option. Expiry Date 1 August 2021.

Director	Number of options granted and vested 30 June	
	2021	2020
Johann Jacobs	**700,948**	700,948
Christopher Ellis	**5,518,449**	3,245,721
Gregory Hancock	**-**	-

Subsequent to 30 June 2021, 700,948 quoted options were exercised by Johann Jacobs (exercise price $0.10, expiry 1 August 2021) and 5,516,770 quoted options were exercised by Christopher Ellis (exercise price $0.10, expiry 1 August 2021). 1,679 quoted options held by Christopher Ellis expired on 1 August 2021.

Unquoted Options

Unquoted options are not listed on the Australian Securities Exchange (ASX).

Director	Grant Date	Fair value per option	Exercise price per option	Expiry date	Number of options granted and vested at 30 June	
		$	$		**2021**	2020
Johann Jacobs	6 Dec 2013	$0.0674	$0.28	31 Dec 2020	**-**	2,000,000
	21 Dec 2017	$0.0294	$0.06	31 Dec 2022	**-**	1,000,000
	21 Dec 2017	$0.0276	$0.08	31 Dec 2022	**375,000**	1,000,000
	21 Dec 2017	$0.0266	$0.10	31 Dec 2022	**1,000,000**	1,000,000
					1,375,000	5,000,000
Christopher Ellis	21 Dec 2017	$0.0294	$0.06	31 Dec 2022	**1,000,000**	1,000,000
	21 Dec 2017	$0.0276	$0.08	31 Dec 2022	**1,000,000**	1,000,000
	21 Dec 2017	$0.0266	$0.10	31 Dec 2022	**1,000,000**	1,000,000
					3,000,000	3,000,000
Gregory Hancock	15 Oct 2019	$0.03798	$0.11	15 Oct 2024	**1,000,000**	1,000,000
	15 Oct 2019	$0.03587	$0.13	15 Oct 2024	**1,000,000**	1,000,000
	15 Oct 2019	$0.03404	$0.15	15 Oct 2024	**1,000,000**	1,000,000
					3,000,000	3,000,000
					7,375,000	**11,000,000**

Each Option provides the right for the option holder to be issued one fully paid Share upon payment of the Exercise Price of each option.

Performance Options

Director	Number of performance options granted during 2020-21	Grant Date	Vesting condition	Fair value at grant date	Expiry date
Johann Jacobs	3,000,000	05 Feb 2021	Development decision	$0.23	30 Sept 2026
	4,000,000	05 Feb 2021	First shipment of scheelite	$0.23	30 Sept 2028
	7,000,000				
Christopher Ellis	3,000,000	05 Feb 2021	Development decision	$0.23	30 Sept 2026
	4,000,000	05 Feb 2021	First shipment of scheelite	$0.23	30 Sept 2028
	7,000,000				
Gregory Hancock	3,000,000	05 Feb 2021	Development decision	$0.23	30 Sept 2026
	4,000,000	05 Feb 2021	First shipment of scheelite	$0.23	30 Sept 2028
	7,000,000				
	21,000,000				

Each Performance Option provides the right for the performance option holder to be issued one fully paid Share upon satisfaction of the vesting condition of each performance option. The vesting conditions are outlined on page 21.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for key management personnel of the Group. Remuneration is referred to as compensation throughout this report.

Directors and key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group.

Compensation levels for key management personnel of the Group will be competitively set to attract and retain appropriately qualified and experienced Directors, executives and future executives. Current remuneration levels are driven largely by the requirement to conserve cash within the Company. There were no remuneration consultants used to set the remuneration of key management personnel.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the Group's performance; and
- the Group's performance including:
  - the Group's earnings;
  - the growth in share price and delivering constant returns on shareholder wealth; and
  - the amount of incentives within each key management person's compensation.

Compensation packages will include a mix of fixed and variable compensation, and short-term and long-term performance-based incentives.

DIRECTORS' REPORT CONTINUED

In addition to their salaries, the Group also provides non-cash benefits to its key management personnel and, where applicable, contributes to the individual's elected post-employment superannuation plan on their behalf.

Contract Terms and Conditions

The determination of Directors' remuneration is made by the Board having regard to the current position of the Company, in that it is as yet not in production and continues to preserve cash as much as possible.

The Board may award additional remuneration to Directors called upon to perform extra services or make special exertions on behalf of the Company.

The Board reviews remuneration, so as to reflect current industry norms, and determines remuneration policies and practices generally, reviews and makes specific decisions on the remuneration packages and other terms of employment of its Directors and senior executives.

No unquoted options were granted during the year (2020: 3,000,000) for related party remuneration. For more details, refer to A6 in the financial statements.

21,000,000 performance options were granted during the year (2020: nil) for related party remuneration. For more details, refer to A6 in the attached financial statements.

No bonuses were paid in respect of the current or previous financial years.

No Director remuneration package includes terms for redundancy, retirement or termination benefits. No such amounts were accrued or paid to any Director during the current financial year.

Terms of Employment

Each Key Management Personnel's terms of employment are set out as follows.

Johann Jacobs (Executive Chairman)

During the financial year ended 30 June 2021, an entity controlled by Mr Jacobs was paid at the rate of $30,987 p.a. plus 9.5% statutory superannuation (2020: $30,987 p.a. plus 9.5% statutory superannuation) for Mr Jacobs to be an Executive Director and Chairman. $16,965 of the Chairman's fees was accrued at 30 June 2021. Consultancy fees incurred totalled $233,269 during the financial year ended 30 June 2021 (2020: $141,103), of which $151,034 was accrued at 30 June 2021. No annual or long service leave accrues to Mr Jacobs or his related entity.

Christopher Ellis (Executive Director)

During the financial year ended 30 June 2021, Mr Ellis was paid at the rate of $26,400 p.a. plus 9.5% statutory superannuation (2020: $26,400 p.a. plus 9.5% statutory superannuation) to be an Executive Director. No annual or long service leave accrues to Mr Ellis or his controlled entity.

Gregory Hancock (Non-Executive Director)

During the financial year ended 30 June 2021, an entity controlled by Mr Hancock was paid at the rate of $26,400 p.a. plus 9.5% statutory superannuation for Mr Hancock to be a Non-Executive Director (2020: $26,400). $2,409 of the Director's fees was unpaid at 30 June 2021. Consultancy services totalled $13,600 in the financial year ended 30 June 2021 (2020: $2,400). No annual or long service leave accrues to Mr Hancock or his controlled entity.

Consulting Services

The entities controlled by each Director are appointed to provide consulting work to the Company on the following terms and conditions.

Performance	Any consulting services are to be performed in a competent and professional manner with the standard of diligence and care normally employed by a properly qualified person in the performance of comparable duties and in accordance with generally accepted practices appropriate to the activities undertaken.
Exclusivity	Nothing prevents the entity each Director controls from providing or agreeing to provide to any other person, firm or company services the same as or similar to the consulting services, provided that the provision of such services does not in any way impair or hinder the performance of duties to the Company.

Consultancy Fee Rates	Consultancy services to the Company are also agreed to be payable by the Company to a Director for services provided as required, subject to approval by an independent Director. These fees are agreed to be charged at the rate of $1,600 per day plus GST.
Consultancy Fee Review	The Consultancy Fee shall be reviewed no later than one month after the end of each financial year or after such other period (being less than one year) agreed between the parties. In determining the amount of any increase in the Consultancy Fee, the Board (or any committee appointed by the Board to undertake the review) shall take into account performance in the period under review, the level of remuneration of executives in an equivalent position and any other factors which it considers relevant.
Independent Contractor	The entity each Director controls is an independent contractor and is not and shall not hold itself out as an employee or partner of the Company.
Employment Status	Each Director shall at all times be an employee of the entity which the Director controls and shall not hold himself out as an employee of the Company.
Employment Costs and Entitlements	The entity controlled by each Director agrees that it shall be solely responsible for the payment of salaries and wages, holiday pay, sick pay, long service leave, any worker's compensation premiums or entitlements and all other employee benefits and entitlements (including, without limitation, superannuation contributions) to or on each Director's behalf, and for the making of all tax instalment deductions in respect of his remuneration, together with the payment of any other tax or levy which may arise out of the performance of consulting services.

Unquoted Options Issued to Directors or Executives

Options were previously granted to Directors, or their nominees, in lieu of market related cash remuneration. Details relating to these options are on page 14. The options were granted at no cost to the recipient.

There are no entitlements for the Company's option holders to participate in new issues of capital, which may be offered to the Company's existing ordinary shareholders.

During the period commencing 1 July 2020 to 30 June 2021, 1,625,000 fully paid ordinary shares were issued upon the exercise of 1,625,000 unquoted options by Johann Jacobs to raise $110,000 (2020: nil).

No unquoted options were exercised by other Directors, Christopher Ellis and Greg Hancock, during the period commencing 1 July 2020 to the date of this report (2020: nil).

The Group prohibits those that are granted unvested or restricted share-based payments, as part of their remuneration, from entering into other arrangements that limit their exposure to losses that would result from share price decreases. Entering into such arrangement has been prohibited by law since 1 July 2011.

If at any time prior to the expiry date of any Options, a Director ceases to be a Director of the Company for any reason other than retirement, permanent disability, redundancy or death, all Options held by such Director or his permitted nominee (as the case may be), will, to the extent that they have not been exercised beforehand, automatically lapse on the first to occur of:

(a) The expiry of the period of three (3) calendar months from the date of such occurrence, and
(b) The Expiry Date.

Details of vesting profiles of the options granted as remuneration to each key management person of the Group and each of the named key management persons are detailed below:

DIRECTORS' REPORT CONTINUED

Unquoted Options

Year ended 30 June 2021

Director	Grant Date	Financial Year (FY) in which the options vested	Expiry Date	Number of unquoted options	Vested during the year		Exercised during the year		Forfeited during the year	
					%	Number	%	**Number**	%	Number
Johann Jacobs	6 Dec 2013	FY 2014	31 Dec 2020	2,000,000	-	-	-	-	100.0	(2,000,000)
	21 Dec 2017	FY 2018	31 Dec 2022	3,000,000	-	-	54.2	(1,625,000)	-	-
				5,000,000	-	-	32.5	(1,625,000)	23.08	(2,000,000)
Christopher Ellis	21 Dec 2017	FY 2018	31 Dec 2022	3,000,000	-	-	-	-	-	-
Gregory Hancock	15 Oct 2019	FY 2020	15 Oct 2024	3,000,000	-	-	-	-	-	-
				11,000,000	**-**	**-**	**14.8**	**(1,625,000)**	**18.2**	**(2,000,000)**

DIRECTORS' REPORT CONTINUED

Unquoted Options

Year ended 30 June 2020

Director	Grant Date	Financial Year (FY) in which the options vested	Expiry Date	Number of unquoted options	Vested during the year		Exercised during the year		Forfeited during the year	
					%	Number	%	**Number**	%	Number
Johann Jacobs	6 Dec 2013	FY 2014	31 Dec 2019	1,500,000	-	-	-	-	100.00	(1,500,000)
	6 Dec 2013	FY 2014	31 Dec 2020	2,000,000	-	-	-	-	-	-
	21 Dec 2017	FY 2018	31 Dec 2022	3,000,000	-	-	-	-	-	-
				6,500,000	-	-	-	-	23.08	(1,500,000)
Christopher Ellis	21 Dec 2017	FY 2018	31 Dec 2022	3,000,000	-	-	-	-	-	-
Gregory Hancock	15 Oct 2019	FY 2020	15 Oct 2024	3,000,000	**100.00**	3,000,000	-	-	-	-
				12,500,000	**24.0**	**3,000,000**	-	-	**12.0**	**(1,500,000)**

DIRECTORS' REPORT CONTINUED

Performance Options Issued to Directors or Executives

During the year, 21,000,000 performance options were issued to Directors, or their nominees, in lieu of market related cash remuneration. Details relating to these options are on page 14. The options were granted at no cost to the recipient.

There are no entitlements for the Company's option holders to participate in new issues of capital, which may be offered to the Company's existing ordinary shareholders.

The vesting of the Performance Options is subject to certain performance milestones:

(i) A Category A Performance Option can only be exercised by the holder upon the Company (or an entity controlled by the Company) approving the redevelopment of the Dolphin Project by 30 September 2021 (option Vesting Condition A) and;

(ii) A Category B Performance Option can only be exercised by the holder upon the Company (or an entity controlled by the Company) first shipping scheelite (WO_3) concentrate from the Dolphin Project by 30 September 2023 (option Vesting Condition B).

No Performance Options vested during the financial year.

The Group prohibits those that are granted unvested or restricted share-based payments, as part of their remuneration, from entering into other arrangements that limit their exposure to losses that would result from share price decreases. Entering into such arrangement has been prohibited by law since 1 July 2011.

Details of vesting profiles of the options granted as remuneration to each key management person of the Group and each of the named key management persons are detailed below:

Performance Options

Year ended 30 June 2021

Director	Grant Date	Expiry Date	Number	Exercise price per option	Fair value per option at grant date	Non-expired options vested at the end of the reporting period		Lapsed[2] during the reporting period	
						2021	2020	**2021**	2020
				$	**$**	**%**	%	**%**	%
Johann Jacobs									
	8 Feb 2021	30 Sept 2026	3,000,000	**0.00**	**0.23**	**-**	-	**-**	-
	8 Feb 2021	30 Sept 2028	4,000,000	**0.00**	**0.23**	**-**	-	**-**	-
			7,000,000	**0.00**	**0.23**	**-**	-	**-**	-
Christopher Ellis									
	8 Feb 2021	30 Sept 2026	3,000,000	**0.00**	**0.23**	**-**	-	**-**	-
	8 Feb 2021	30 Sept 2028	4,000,000	**0.00**	**0.23**	**-**	-	**-**	-
			7,000,000	**0.00**	**0.23**	**-**	-	**-**	-
Gregory Hancock									
	8 Feb 2021	30 Sept 2026	3,000,000	**0.00**	**0.23**	**-**	-	**-**	-
	8 Feb 2021	30 Sept 2028	4,000,000	**0.00**	**0.23**	**-**	-	**-**	-
			7,000,000	**0.00**	**0.23**	**-**	-	**-**	-
			21,000,000	**0.00**	**0.23**	**-**	-	**-**	-

[2] The % lapsed in the year represents the reduction from the maximum number of options available to vest due to the options not being exercised and lapsing.

DIRECTORS' REPORT CONTINUED

SHARES UNDER OPTION

Each option provides the right for the option holder to be issued one fully paid share by the Company, upon payment of the exercise price of each option.

During the financial year there were 26,242,624 shares (2020: Nil) were issued on the exercise of options. 39,762,900 quoted options (2020: Nil) were granted during the year ended 30 June 2021. No unquoted options were granted during the year ended 30 June 2021 (2020: 3,000,000) for related party remuneration. 21,000,000 performance options were granted but not vested during the year ended 30 June 2021 (2020: Nil) for related party remuneration.

Details of options over ordinary shares in the Company that were granted, vested and expired during the financial year are as follows:

Year ended 30 June 2021

Exercise Price	Grant Date	Expiry Date	Balance 1 July 2020 Number	Granted and Vested Number	Granted but not Vested Number	Exercised Number	Average Exercised Price $	Expired Number	**Balance 30 June 2021 Number**
Quoted									
$0.10	1 Aug 2018	1 Aug 2021	13,580,737	-	-	-	-	-	**13,580,737**
$0.10	21 Nov 2018	1 Aug 2021	2,000,000	-	-	-	-	-	**2,000,000**
$0.10	5 Feb 2021	1 Aug 2021	-	31,345,446	-	-	-	-	**31,345,446**
$0.10	9 Feb 2021	1 Aug 2021	-	3,872,000	-	-	-	-	**3,872,000**
$0.10	10 May 2021	1 Aug 2021	-	4,545,454	-	-	-	-	**4,545,454**
	Exercised during the financial year		-	-	-	(24,617,624)	$0.10	-	**(24,617,624)**
			15,580,737	39,762,900	-	(24,617,624)	$0.10	-	**30,726,013**
Unquoted									
$0.28	1 Jan 2016	31 Dec 2020	4,000,000	-	-	-	-	(4,000,000)	**-**
$0.06	31 Dec 2017	31 Dec 2022	3,000,000	-	-	(1,000,000)	$0.06	-	**2,000,000**
$0.08	31 Dec 2017	31 Dec 2022	3,000,000	-	-	(625,000)	$0.08	-	**2,375,000**
$0.10	31 Dec 2017	31 Dec 2022	3,000,000	-	-	-	-	-	**3,000,000**
$0.11	15 Oct 2019	15 Oct 2024	1,000,000	-	-	-	-	-	**1,000,000**
$0.13	15 Oct 2019	15 Oct 2024	1,000,000	-	-	-	-	-	**1,000,000**
$0.15	15 Oct 2019	15 Oct 2024	1,000,000	-	-	-	-	-	**1,000,000**
			16,000,000	-	-	(1,625,000)	$0.68	(4,000,000)	**10,375,000**

Exercise Price	Grant Date	Expiry Date	Balance 1 July 2020 Number	Granted and Vested Number	Granted but not Vested Number	Exercised Number	Average Exercise Price $	Expired Number	**Balance 30 June 2021 Number**
Performance Options									
$0.00	5 Feb 2021	30 Sept 2026	-	-	9,000,000	-	-	-	**9,000,000**
$0.00	5 Feb 2021	30 Sept 2028	-	-	12,000,000	-	-	-	**12,000,000**
			-	-	21,000,000	-	-	-	**21,000,000**
		Total options at 30 June 2021	**31,580,737**	**39,762,900**	**21,000,000**	**(26,242,624)**	**$0.098**	**(4,000,000)**	**62,101,013**

Year ended 30 June 2020

Exercise Price	Grant Date	Expiry Date	Balance 1 July 2019 Number	Granted and Vested Number	Granted but Not Vested Number	Exercised Number	Average Exercise Price $	Expired Number	Balance 30 June 2020 Number
Quoted									
$0.10	1 Aug 2018	1 Aug 2021	13,580,737	-	-	-	-	-	13,580,737
$0.10	21 Nov 2018	1 Aug 2021	2,000,000	-	-	-	-	-	2,000,000
			15,580,737	-	-	-	-	-	15,580,737
Unquoted									
$0.22	1 Jan 2015	31 Dec 2019	3,000,000	-	-	-	-	(3,000,000)	-
$0.28	1 Jan 2016	31 Dec 2020	4,000,000	-	-	-	-	-	4,000,000
$0.06	31 Dec 2017	31 Dec 2022	3,000,000	-	-	-	-	-	3,000,000
$0.08	31 Dec 2017	31 Dec 2022	3,000,000	-	-	-	-	-	3,000,000
$0.10	31 Dec 2017	31 Dec 2022	3,000,000	-	-	-	-	-	3,000,000
$0.11	15 Oct 2019	15 Oct 2024	-	1,000,000	-	-	-	-	1,000,000
$0.13	15 Oct 2019	15 Oct 2024	-	1,000,000	-	-	-	-	1,000,000
$0.15	15 Oct 2019	15 Oct 2024	-	1,000,000	-	-	-	-	1,000,000
			16,000,000	3,000,000	-	-	-	(3,000,000)	16,000,000
		Total options at 30 June 2020	31,580,737	3,000,000	-	-	-	(3,000,000)	31,580,737

DIRECTORS' REPORT CONTINUED

Options expenses for the year ended 30 June 2021 totalled $2,982,977 of which $1,686,113 related to employee expenses (2020: $107,890) and $1,296,864 for costs related to capital raising (2020: nil).

MOVEMENTS IN SECURITIES HELD BY DIRECTORS

The movement during the financial year in the number of securities of King Island Scheelite Limited held, directly, indirectly or beneficially, by each specified Director and executive, including their personally related entities, is as follows:

Shares

Key Management Person	Balance of shares at 1 July or date of appointment, as applicable	Share Placement	Issued upon exercise of options	On market sale	**Balance of shares at 30 June or date of ceasing, as applicable**
	Number	Number	Number	Number	**Number**
Year ended 30 June 2021					
Johann Jacobs	3,989,764	-	1,625,000	(400,000)	**5,214,764**
Christopher Ellis	58,813,278	4,545,456	-	-	**63,358,734**
Gregory Hancock	-	-	-	-	**-**
Year ended 30 June 2020					
Johann Jacobs	3,989,764	-	-	-	3,989,764
Christopher Ellis	58,813,278	-	-	-	58,813,278
Gregory Hancock	-	-	-	-	**-**

DIRECTORS' REPORT CONTINUED

Quoted Options

Key Management Person	Balance of options at 1 July or date of appointment, as applicable	Granted under share placement	**Exercised**	**Balance of options at 30 June or date of ceasing, as applicable**
	Number	Number	Number	**Number**
Year ended 30 June 2021				
Johann Jacobs	700,948	-	-	**700,948**
Christopher Ellis	3,245,721	2,272,728	-	**5,518,449**
Gregory Hancock	-	-	-	**-**
Year ended 30 June 2020				
Johann Jacobs	700,948	-	-	700,948
Christopher Ellis	3,245,721	-	-	3,245,721
Gregory Hancock	-	-	-	-

Unquoted Options

Key Management Person	Balance of options at 1 July or date of appointment, as applicable	Granted and vested as remuneration	Exercised	Expired	**Balance of options at 30 June or date of ceasing, as applicable**
	Number	Number	Number	Number	**Number**
Year ended 30 June 2021					
Johann Jacobs	5,000,000	-	(1,625,000)	(2,000,000)	**1,375,000**
Chris Ellis	3,000,000	-	-	-	**3,000,000**
Gregory Hancock	3,000,000	-	-	-	**3,000,000**
	11,000,000	-	(1,625,000)	(2,000,000)	**7,375,000**
Year ended 30 June 2020					
Johann Jacobs	6,500,000	-	-	(1,500,000)	5,000,000
Christopher Ellis	3,000,000	-	-	-	3,000,000
Gregory Hancock	-	3,000,000	-	-	3,000,000
	9,500,000	3,000,000	-	(1,500,000)	11,000,000

DIRECTORS' REPORT CONTINUED

Performance Options

Key Management Person	Balance of options at 1 July or date of appointment, as applicable	Granted but not vested as remuneration	Expired	**Balance of options at 30 June or date of ceasing, as applicable**
	Number	Number	Number	**Number**
Year ended 30 June 2021				
Johann Jacobs	-	7,000,000	-	**7,000,000**
Chris Ellis	-	7,000,000	-	**7,000,000**
Gregory Hancock	-	7,000,000	-	**7,000,000**
	-	21,000,000	-	**21,000,000**
Year ended 30 June 2020				
Johann Jacobs	-	-	-	-
Christopher Ellis	-	-	-	-
Gregory Hancock	-	-	-	-
	-	-	-	-

The terms and conditions of the options granted are outlined in Note A6 to the accounts.

DIRECTORS' REPORT CONTINUED

DIRECTORS' REMUNERATION FOR THE YEAR ENDED 30 JUNE 2021

Details of the nature and amount of each major element of remuneration of each Director of the Company and other key management personnel of the Group and Company are:

		Short-term					Post-employment	Other long term	Termination benefits	Share-based payments	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
		Salary & fees	Consulting fees	Cash bonus	Non-monetary benefits	Total	Superannuation benefits			Options			
		$	$	$	$	$	$	$	$	$	$		%
Directors													
J Jacobs	**2021**	**30,987**	**250,234[3]**	**-**	**-**	**281,221**	**2,944**	**-**	**-**	**562,037**	**846,202**	**-**	**66.65**
	2020	30,987	141,103	-	-	172,090	2,944	-	-	-	175,034	-	-
C Ellis	**2021**	**26,400**	**-**	**-**	**-**	**26,400**	**2,508**	**-**	**-**	**562,038**	**590,946**	**-**	**95.51**
	2020	26,400	-	-	-	26,400	2,508	-	-	-	28,908	-	-
G Hancock	**2021**	**26,400**	**15,200**	**-**	**-**	**41,600**	**2,508**	**-**	**-**	**562,038**	**606,146**	**-**	**93.11**
	2020	26,400	2,400	-	-	28,800	2,508	-	-	107,890	139,198	-	77.5
Total compensation	**2021**	**83,787[4]**	**265,434**	**-**	**-**	**349,221**	**7,960**	**-**	**-**	**1,686,113**	**2,043,294**	**-**	**82.84**
	2020	83,787	143,503	-	-	227,290	7,960	-	-	107.890	343,140	-	31.4

[3] Of which $151,034 remains accrued and unpaid as at 30 June 2021.
[4] Of which $19,375 remains accrued and unpaid as at 30 June 2021.

DIRECTORS' REPORT CONTINUED

Consequences of Performance on Shareholders' Wealth

	2021	**2020**	2019	2018	2017
Loss for the financial year attributable to owners of the Company	**$4,875,338**	**$2,746,484**	$2,874,363	$1,345,445	$854,338
Working capital at 30 June	**$2,817,217**	**$484,164**	$252,741	$347,258	$1,235,396
Net assets at 30 June	**$6,650,621**	**($1,104,589)**	$1,336,476	$1,491,342	$2,398,816
Number of Shares on issue at 30 June	**376,006,725**	**264,381,303**	261,942,279	217,289,975	209,608,702
Share price at 30 June (per Share)	**23.5**	**6.1**	7.5	6.4	3.8
Market capitalisation at 30 June	**$88,361,580**	**$16,127,259**	$19,645,671	$13,906,558	$7,965,131
Loss on capital employed for the financial year	**73%**	**(249%)**	215%	90%	36%
Options benefits of key management persons	**$1,686,113**	**$107,890**	-	$250,800	-
Other compensation of key management persons	**$357,181**	**$235,250**	$341,981	$184,347	$151,747
Total compensation of key management persons (Group and Company) for the financial year	**$2,043,294**	**$343,140**	$341,981	$184,347	$151,747

END OF REMUNERATION REPORT (AUDITED)

During the last several years, the Company focused on the redevelopment of the tungsten Dolphin Project on King Island.

The Company has implemented corporate cost cutting measures, conducted various test work with the goal to reduce required capital and operating costs of the Dolphin Project, published a Revised Feasibility Study, dewatered the pit, undertaken further drilling work, and continued optimising its redevelopment plan. Further details are included in the Review of Operations on page 7.

Cash funds were raised during the year ended 30 June 2021:

1. Loan funding of $250,000;
2. Share placements totalling $8,168,000 (before costs);
3. The exercise of 26,242,624 options to raise $2,571,762.

For further details see Note 0.

Over the past three years, the Group's loss from ordinary activity after income tax has varied mainly depending upon the level of exploration and evaluation work being done during the financial year.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITOR

Indemnification and Insurance

The Company indemnifies current and former Directors and Officers for any loss arising from any claim by reason of any specified act committed by them in their capacity as a Director or Officer (subject to certain exclusions as required by law).

The Company has paid insurance premiums in respect of directors' and officers' liability. Insurance cover relates to liabilities that may arise from their position (subject to certain exclusions as required by law).

Details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability insurance are not disclosed. Such disclosure is prohibited under the terms of the policy.

DIRECTORS' REPORT CONTINUED

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such by an officer or auditor.

AUDIT SERVICES

During the year ending 30 June 2021, the Group expensed an amount of $49,370 (2020: $46,350) to its auditor, KPMG and its related practices, for audit services provided.

NON-AUDIT SERVICES

The Group's auditor, KPMG, did not provide any other services in addition to their statutory audit duties during the year ended 30 June 2021.

ROUNDING OFF

The Company is not of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and as such, amounts in the Condensed Consolidated Financial Report and Directors' Report have been reported to the nearest dollar, unless otherwise stated.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration made under Section 307C of the *Corporations Act 2001* (Cth) is set out on page 62 and forms part of this Directors' Report.

COMPLIANCE STATEMENT

This report contains no new exploration results. The work referred to here can be found in numerous announcements available at www.kingislandscheelite.com.au:

The Company confirms that it is not aware of any new information that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Signed in accordance with a resolution of the Board of Directors.

Johann Jacobs
Chairman
Sydney
13 August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2021

	Note	**2021** **$**	2020 $
Other income	A17	**223,111**	203,148
Key management personal expenses	C1	**(357,357)**	(235,409)
Non-cash key management personal expense from granting of options to Directors	C1	**(1,686,113)**	(107,890)
Administrative expenses		**(1,104,366)**	(876,812)
Depreciation expense	A15, A16	**(232,004)**	(172,488)
Exploration & evaluation expenses		**(1,429,531)**	(1,216,509)
Results from operating activities		**(4,586,260)**	(2,405,960)
Financial income – interest		**575**	3,298
Financial expense – interest		**(289,653)**	(343,822)
Net finance expense		**(289,078)**	(340,524)
Net loss attributable to members of the parent		**(4,875,338)**	(2,746,484)
Other comprehensive income for the financial year, net of income tax		**-**	-
Total comprehensive loss for the financial year		**(4,875,338)**	(2,746,484)
Losses per share			
Basic losses per share attributable to ordinary equity holders	D2	**(1.6)**	(1.0)
Diluted losses per share attributable to ordinary equity holders	D2	**(1.6)**	(1.0)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	**2021**	2020
		$	$
Assets			
Cash and cash equivalents	A13	**3,190,383**	651,163
Prepayments and other receivables	A9	**290,425**	171,538
Deposit	A14	**-**	50,000
Total current assets		**3,480,808**	872,701
Deposits	A14	**24,600**	24,600
Property, plant and equipment	A15	**3,689,790**	3,586,647
Right-of-use assets	A16	**135,801**	-
Total non-current assets		**3,850,191**	3,611,247
Total assets		**7,330,999**	4,483,948
Liabilities			
Trade and other payables	A10	**580,670**	282,127
Lease liabilities	A16	**82,921**	-
Loan interest payable	0	**-**	106,410
Total current liabilities		**663,591**	388,537
Lease liabilities	A16	**16,787**	-
Loans	0	**-**	5,200,000
Total non-current liabilities		**16,787**	5,200,000
Total liabilities		**680,378**	5,588,537
Net assets (deficiency) / surplus		**6,650,621**	(1,104,589)
Equity			
Issued capital	A6	**69,849,763**	60,202,192
Reserves	A6	**4,342,968**	1,359,991
Accumulated losses		**(67,542,110)**	(62,666,772)
Total equity		**6,650,621**	(1,104,589)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2021

	Note	Issued Capital	Accumulated Losses	Share Option Reserve	**Total Equity**
		$	$	$	**$**
Balance at 1 July 2019		**60,004,663**	**(59,920,288)**	**1,252,101**	**1,336,476**
Loss for the year		-	(2,746,484)	-	**(2,746,484)**
Other comprehensive income for the year		-	-	-	**-**
Total comprehensive loss for the year		-	(2,746,484)	-	**(2,746,484)**
Transactions with owners in their capacity as owners:					
Equity settled share-based payments	A6	-	-	107,890	**107,890**
Capital raisings	A6	200,000	-	-	**200,000**
Capital raising costs	A6	(2,471)	-	-	**(2,471)**
		197,529	-	107,890	**305,419**
Balance at 30 June 2020		**60,202,192**	**(62,666,772)**	**1,359,991**	**(1,104,589)**
Balance at 1 July 2020		**60,202,192**	**(62,666,772)**	**1,359,991**	**(1,104,589)**
Loss for the year		-	(4,875,338)	-	**(4,875,338)**
Other comprehensive income for the year		-	-	-	**-**
Total comprehensive loss for the year		-	(4,875,338)	-	**(4,875,338)**
Transactions with owners in their capacity as owners:					
Equity settled share-based payments	A6	71,405	-	2,982,977	**3,054,382**
Capital raisings	A6	11,239,764	-	-	**11,239,764**
Capital raising costs	A6	(1,663,598)	-	-	**(1,663,598)**
		9,647,571	-	2,982,977	**12,630,548**
Balance at 30 June 2021		**69,849,763**	**(67,542,110)**	**4,342,968**	**6,650,621**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2021

	Note	**2021**	2020
		$	$
Cash flows used in operating activities			
Other income received	A17	**221,111**	203,148
Cash paid to suppliers and directors		**(2,638,193)**	(2,411,989)
Cash used in operations		**(2,417,082)**	(2,208,841)
Interest paid	A16	**(2,172)**	-
Interest received		**575**	3,298
Net cash used in operating activities	A8	**(2,418,679)**	(2,205,543)
Cash flows used in investing activities			
Payment made for property, plant & equipment	A15	**(236,647)**	-
Other deposits paid	A14	**-**	(50,000)
Net cash used in investing activities		**(236,647)**	(50,000)
Cash flows from financing activities			
Proceeds from issuing share capital	A6	**10,739,756**	200,000
Cost of issuing share capital		**(366,726)**	(2,471)
Payment of lease liabilities	A16	**(84,593)**	-
Proceeds from borrowings	0	**250,000**	2,500,000
Repayment of borrowings	A11	**(4,950,000)**	-
Interest paid on borrowings		**(393,891)**	(244,868)
Net cash generated from financing activities		**5,194,546**	2,452,661
Net increase in cash and cash equivalents		**2,539,220**	197,118
Cash and cash equivalents at 1 July		**651,163**	454,045
Cash and cash equivalents at 30 June	A13	**3,190,383**	651,163

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2021

GENERAL INFORMATION

The financial statements cover King Island Scheelite Limited as a consolidated entity consisting of King Island Scheelite Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is King Island Scheelite Limited's functional and presentation currency.

King Island Scheelite Limited is a listed public company, limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 13 August 2021.

The Notes to the consolidated financial statement are set out in the following main sections:

SECTION A – KEY FINANCIAL INFORMATION AND PREPARATION BASIS

SECTION B – RISK AND JUDGEMENT

SECTION C – KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

SECTION D – OTHER DISCLOSURES

SECTION A – KEY FINANCIAL INFORMATION AND PREPARATION BASIS

This section sets out the basis upon which the Group's financial statements have been prepared as a whole and explains the results and performance of the Group that the Directors consider most relevant in the context of the operations of the entity.

A1 STATEMENT OF COMPLIANCE

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001* (Cth). The consolidated financial statements comply with International Financial Reporting Standards (**IFRSs**) adopted by the International Accounting Standards Board (**IASB**).

A2 BASIS OF PREPARATION

The financial report is prepared on the historical cost basis other than share-based transactions that are assessed at fair value.

The Company is not of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and as such, amounts in the Financial Report and Directors' Report have been reported to the nearest dollar, unless otherwise stated.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Group and are detailed in Section B of the report.

The area involving a higher degree of judgment or complexity, or areas of assumptions and estimates are:

- Leases

  Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following, future lease payments arising from a change in index, or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalty.

  As outlined in note A16, judgement has been exercised in determining the term of the lease based on information available at the time of the report.

Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

A3 EXPLORATION & EVALUATION EXPENDITURE

Exploration and evaluation expenditure are expensed directly to profit and loss when incurred until such time that the Board approves the development of a project.

A4 BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investments in subsidiaries are carried in the Parent Entity's financial statements at the lower of cost and recoverable amount.

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity, with adjustments made to the "Investment in associates" and "Share of associates' net profit" accounts.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gains and losses are recognised as the relevant assets are consumed or sold by the associate or jointly controlled entities or, if not consumed or sold by the associate or jointly controlled entity, when the Group's interest in such entities is disposed of.

A5 GOING CONCERN

The financial report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the normal course of business.

During the year, the Company incurred an operating loss of $4,875,338, of this $1,429,531 was directly related to exploration and evaluation expenditure pertaining to the Dolphin Project. The latter expenditure has been expensed in line with the Company's policy of only capitalising expenditure after the Board has committed to a project.

Also included in the operating loss for the year is the fair value at 30 June 2021 of 21,000,000 performance options ($1,686,113) granted but not vested to Directors as non-cash consideration for market-based remuneration.

During the year the Company raised $8,168,000 in two share placement and $2,571,762 upon the exercise of quoted and unquoted options.

On 1 April 2021, the Company repaid secured loans provided by CJRE Maritime Pty Ltd, an entity associated with the Company Director and substantial shareholder Mr Christopher Ellis, totalling $4,700,000 plus accrued interest of $357,511. For further details see Note A11.

On 10 May 2021, the Company issued 9,090,909 shares and 4,545,454 quoted options (exercise price $0.10, expiry 1 August 2021) upon conversion of loan funding of $500,000 provided by Abex Resource Holdings Pty Ltd (Abex), an entity associated with the Company's substantial shareholders Mr Richard and Mrs Gwenda Chadwick. Accrued interest of $26,247 was paid on 17 May 2021. For further details see Note A11.

The Company ended the year with a cash balance of $3,190,383.

Subsequent to year end, the Company raised $3,234,616 from the issue of 32,946,157 fully paid ordinary shares upon the exercise of 29,946,157 quoted options (exercise price $0.10, expiry 1 August 2021), 1,000,000 unquoted options (exercise price $0.06, expiry 31 December 2022), 1,000,000 unquoted options (exercise price $0.08, expiry 31 December 2022) and 1,000,000 unquoted options (exercise price $0.10, expiry 31 December 2022).

The Company is currently in discussion with financiers to secure project funding via a syndicate who will provide a combination of equity, debt and a convertible instrument. The Company anticipates achieving financial close by 31 December 2021.

Based on the above evidence of successful fund raisings and taking into account budgeted expenditure commitments, the Board has prepared these Financial Statements on a going concern basis.

Judgement about the future is based on information available at the date of this report. Subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made.

A6 CAPITAL AND RESERVES

Share capital

Ordinary shares issued and fully paid	Date	Number of shares	Issue Price per share cents	$
Balance	1 July 2019	261,942,279		60,004,663
Share Placement	29 July 2019	2,439,024	8.2	200,000
Less costs relating to the share placement				(2,471)
		2,439,204		197,529
Balance	**30 June 2020**	**264,381,303**		**60,202,192**
Equity settled share based payment	15 Oct 2020	328,100	5.0	16,405
Shares placement	2 Nov 2020	39,327,271	5.5	2,163,000
Shares placement	5 Feb 2021	7,363,638	5.5	405,000
Equity settled share based payment	9 Feb 2021	1,272,880	4.32	55,000
Exercise of unquoted options	10 Feb 2021	1,000,000	6.0	60,000
Exercise of unquoted options	10 Feb 2021	625,000	8.0	50,000
Exercise of quoted options	16 Feb 2021	4,296,925	10.0	429,693
Exercise of quoted options	17 Feb 2021	1,700,017	10.0	170,002
Exercise of quoted options	19 Feb 2021	843,000	10.0	84,300
Exercise of quoted options	23 Feb 2021	446,455	10.0	44,646
Exercise of quoted options	24 Feb 2021	768,475	10.0	76,848
Exercise of quoted options	1 Mar 2021	470,734	10.0	47,073
Exercise of quoted options	2 Mar 2021	2,807,699	10.0	280,770
Exercise of quoted options	10 Mar 2021	1,867,179	10.0	186,718
Exercise of quoted options	17 Mar 2021	1,369,959	10.0	136,996
Shares placement	22 Mar 2021	28,000,000	20.0	5,600,000
Exercise of quoted options	24 Mar 2021	2,350,810	10.0	235,081
Exercise of quoted options	29 Mar 2021	1,070,010	10.0	107,001
Exercise of quoted options	31 Mar 2021	298,006	10.0	29,801
Exercise of quoted options	14 April 2021	448,370	10.0	44,837
Exercise of quoted options	5 May 2021	473,052	10.0	47,305
Conversion of related party loan	10 May 2021	9,090,909	5.5	500,000
Exercise of quoted options	26 May 2021	76,364	10.0	7,636
Exercise of quoted options	2 Jun 2021	408,214	10.0	40,821
Exercise of quoted options	9 Jun 2021	1,406,261	10.0	140,626

Exercise of quoted options	23 Jun 2021	556,738	10.0	55,674
Exercise of quoted options	30 Jun 2021	2,959,356	10.0	295,936
Less costs relating to the share placement		-		(1,663,598)
		111,625,422		9,647,571
Balance	**30 June 2021**	**376,006,725**		**69,849,763**

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Ordinary shares have no par value.

No dividends have been declared or paid by the Company during or since the end of the financial year.

Subject to ASX listing rules, the Company's Board may resolve that the whole or any portion of profits, reserve or other account which is available for distribution, be distributed to shareholder in the same proportions in which they would be entitled to receive it if distributed by way of dividend, or in accordance with relevant terms of issue of any shares or securities.

If the Company is wound up, whether voluntarily or otherwise, the liquidator may divide among all or any of the contributories, as the liquidator thinks fit, in specie or in kind, any part of the assets of the Company, and may vest any part of the assets of the Company in trustees for the benefit of all or any of the contributories as the liquidator thinks fit.

In the event of winding up of the Company, ordinary shareholders rank after creditors and are entitled to any proceeds of liquidation.

Options

Each option provides the right for the option holder to be issued one fully paid share by the Company, upon payment of the exercise price of each option.

During the financial year 26,242,624 shares (2020: Nil) were issued on the exercise of options. 39,762,900 quoted options (2020: Nil) were granted during the year ended 30 June 2021. No unquoted options were granted during the year ended 30 June 2021 (2020: 3,000,000) for related party remuneration. 21,000,000 performance options were granted during the year ended 30 June 2021 (2020: Nil) for related party remuneration.

Details of options over ordinary shares in the Company that were granted, vested and expired during the financial year are as follows:

Year ended 30 June 2021

Exercise Price	Vesting Date	Expiry Date	Balance 1 July 2020 Number	Granted and Vested Number	Exercised Number	Average exercise price $	Expired Number	**Balance 30 June 2021 Number**
Quoted								
$0.10	1 Aug 2018	1 Aug 2021	13,580,737	-	-	-	-	**13,580,737**
$0.10	21 Nov 2018	1 Aug 2021	2,000,000	-	-	-	-	**2,000,000**
$0.10	5 Feb 2021	1 Aug 2021	-	31,345,446	-	-	-	**31,345,446**
$0.10	9 Feb 2021	1 Aug 2021	-	3,872,000	-	-	-	**3,872,000**
$0.10	10 May 2021	1 Aug 2021	-	4,545,454	-	-	-	**4,545,454**
Options exercised during the year			-	-	(24,617,624)	0.10	-	**(24,617,624)**
			15,580,737	39,762,900	(24,617,624)	0.10	-	**30,726,013**

Exercise Price	Vesting Date	Expiry Date	Balance 1 July 2020 Number	Granted and Vested Number	Exercised Number	Average exercise price $	Expired Number	**Balance 30 June 2021 Number**
Unquoted Options								
$0.06	31 Dec 2017	31 Dec 2022	3,000,000	-	(1,000,000)	0.06	-	**2,000,000**
$0.08	31 Dec 2017	31 Dec 2022	3,000,000	-	(625,000)	0.08	-	**2,375,000**
$0.10	31 Dec 2017	31 Dec 2022	3,000,000	-	-	-	-	**3,000,000**
$0.11	15 Oct 2019	15 Oct 2024	1,000,000	-	-	-	-	**1,000,000**
$0.13	15 Oct 2019	15 Oct 2024	1,000,000	-	-	-	-	**1,000,000**
$0.15	15 Oct 2019	15 Oct 2024	1,000,000	-	-	-	-	**1,000,000**
			16,000,000	-	(1,625,000)	0.068	(4,000,000)	10,375,000
Performance Options								
$0.00	30 Sept 2021	30 Sept 2026	-	9,000,000	-	-	-	**9,000,000**
$0.00	30 Sept 2023	30 Sept 2028	-	12,000,000	-	-	-	**12,000,000**
			-	21,000,000	-	-	-	**21,000,000**
			31,580,737	**60,762,900**	**(26,242,624)**	**0.098**	**(4,000,000)**	**62,101,013**

Year ended 30 June 2020

Exercise Price	Vesting Date	Expiry Date	Balance 1 July 2019 Number	Granted and Vested Number	Exercised Number	Average exercise price $	Expired Number	Balance 30 June 2020 Number
Quoted								
$0.10	1 Aug 2018	1 Aug 2021	13,580,737	-	-	-	-	13,580,737
$0.10	21 Nov 2018	1 Aug 2021	2,000,000	-	-	-	-	2,000,000
			15,580,737	-	-	-	-	15,580,737
Unquoted								
$0.22	1 Jan 2015	31 Dec 2019	3,000,000	-	-	-	(3,000,000)	-
$0.28	1 Jan 2016	31 Dec 2020	4,000,000	-	-	-	-	4,000,000
$0.06	31 Dec 2017	31 Dec 2022	3,000,000	-	-	-	-	3,000,000
$0.08	31 Dec 2017	31 Dec 2022	3,000,000	-	-	-	-	3,000,000
$0.10	31 Dec 2017	31 Dec 2022	3,000,000	-	-	-	-	3,000,000
$0.11	15 Oct 2019	15 Oct 2024	-	1,000,000	-	-	-	1,000,000
$0.13	15 Oct 2019	15 Oct 2024	-	1,000,000	-	-	-	1,000,000
$0.15	15 Oct 2019	15 Oct 2024	-	1,000,000	-	-	-	1,000,000
			16,000,000	3,000,000	-	-	(3,000,000)	16,000,000
			31,580,737	3,000,000	-	-	(3,000,000)	31,580,737

Share Option Reserve

	2021	2020
	$	$
Balance at 1 July	**1,359,991**	1,252,101
Employee expense	**1,686,113**	107,890
Capital raising fee	**1,296,864**	-
Balance at 30 June	**4,342,968**	1,359,991

The Group measures the cost of share options granted to directors and consultants by reference to the fair value of the equity instrument at the date at which they are granted.

During the year, performance options were granted to Directors of the Company for related party remuneration. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity.

The total amount to be expensed is determined by reference to the fair value of the options granted including:

- The impact of the non-market performance vesting conditions.

The total expense is recogised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The performance options have no exercise price therefore the fair value of the performance options is determined to be the share price at grant date.

During the year, quoted options were granted to the lead manager for capital raising services. The fair value of options granted is recognised as a capital raising fee in equity. As the options are quoted the fair value is determined to be the share price at grant date.

A7 CAPITAL RAISINGS

Share Placements

During the year ended 30 June 2021, capital was raised by way of two share placements to a range of institutional and sophisticated investors, including Director Chris Ellis and other large shareholders including Elphinstone Holdings Pty Ltd and new Swiss investment company D.A.CH.S Capital AG.

The first share placement raised $2,568,000 cash (before issue costs) with the Company issuing 46,690,909 ordinary fully paid shares for $0.055 each and 23,345,446 free attaching quoted options (exercise price $0.10 each expiring 1 August 2021) based on one option for every two new shares, as follows:

1. On 2 November 2020, 39,327,271 new shares at $0.055 each (Tranche 1); and

2. On 4 February 2021 a further 7,363,638 new shares at $0.055 each and 23,345,446 free attached quoted options (Tranche 2) were issued after shareholder approval was obtained at the Company's Annual General Meeting was held on 8 January 2021.

A second share placement raised $5,600,000 cash (before issue costs) with the Company issuing 28,000,000 ordinary fully paid shares for $0.20 each.

Exercise of Quoted Options

During the year the year ended 30 June 2021, capital was raised by way of the exercise of 24,617,624 quoted options raising $2,461,762.

Exercise of Unquoted Options

During the year the year ended 30 June 2021, capital was raised by way of the exercise of 1,625,000 unquoted options raising $110,000.

A8 CASH FLOW RECONCILIATION

	2021	2020
Cash flows from operating activities	**$**	$
Net loss attributable to members of the parent	**(4,875,338)**	(2,746,484)
Adjustments for:		
Depreciation and impairment (non-cash)	**232,004**	172,488
Options expense (non-cash)	**1,686,113**	107,890
Interest expense (financing cash outflow)	**287,481**	244,868
Employee expense (non-cash)	**24,279**	
Corporate advisory fee (non-cash)	**61,405**	-
Operating loss before changes in working capital and provisions	**(2,694,056)**	(2,221,238)
Increase in prepayments and other receivables	**(118,887)**	(31,929)
Decrease in trade and other payables	**284,264**	47,624
Net cash used in operating activities	**(2,418,679)**	(2,205,543)

A9 PREPAYMENTS AND OTHER RECEIVABLES

Other receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are stated at amortised cost less impairment losses (see Note B3).

Prepayments are recognised at cost.

	2021	2020
	$	$
Prepayments	**264,058**	157,277
Other receivables	**26,367**	14,261
	290,425	171,538

A10 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, these transactions are measured at amortised cost.

	Note	2021	2020
		$	$
Trade payables		**149,050**	117,565
Accruals and other payables		**431,620**	164,562
		580,670	282,127

A11 LOAN LIABILITIES

Loan by CJRE Maritime Pty Ltd (CJRE)			
Current Liability – Interest payable		-	102,109
Non-Current Liability – Loan principal		-	4,700,000
		-	4,802,109
Loan by Abex Resource Holdings Pty Ltd (Abex),			
Current Liability – Interest payable		-	3,913
Non-Current Liability – Loan principal		-	500,000
		-	503,913
Danaquil Pty Ltd			
Current Liability – Interest payable		-	388
Total Current Liability – Interest payable			
Related Parties	C3	-	106,022
Third party		-	388
		-	106,410
Total Non-Current Liability – Loan principal (Related Parties)	C3	-	5,200,000
		-	5,306,410

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income and expenses.

Borrowings are classified as non-current liabilities whilst the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Loan by CJRE Maritime Pty Ltd

During the year ending 30 June 2021, the Group received a further advance of $250,000 cash from CJRE Maritime Pty Ltd (CJRE), a company related to Mr Ellis, to fund working capital as permitted under the existing $2,000,000 loan facility. The purpose of the further advance was to allow the Group to complete the purchase of the Old Grassy School House in Tasmania.

Key terms of the pre-existing loan agreements, were:

Key Term	$2,000,000 Loan Facility	$2,700,000 Loan Facility
Financial Close	6 August 2019	28 November 2018
Facility	Interest only, cash advance facility of $2,000,000.	Interest only, cash advance facility of $2,700,000.
Term	Two years.	Five years.
Termination Date	5 August 2021.	29 November 2023.
Repayment	On Termination Date. Early repayment of the facility is permitted at any time.	On Termination Date. Early repayment of the facility is permitted at any time.
Interest rate	Interest is calculated monthly in arrears for the period from financial close of the loan transaction until termination date, Bank Bill Swap Rate (BBSW) plus 8% per annum.	Interest is calculated monthly in arrears: • For the period from financial close of the loan transaction until the date two years after commencement of production at the Group's Dolphin Project, Bank Bill Swap Rate (BBSW) plus 6% per annum; and

Key Term	$2,000,000 Loan Facility	$2,700,000 Loan Facility
		• BBSW plus 11% per annum thereafter.
Security	• Mortgage over the King Island property owned by Australian Tungsten Pty Limited (the Company's wholly owned subsidiary) being: Lot 1 on Plan 163390 located at Grassy Harbour Road, King Island, Tasmania; and • Guarantee and indemnity given by the Company.	First registered mortgage over two King Island properties owned by Australian Tungsten Pty Limited (the Company's wholly owned subsidiary) being: • Portside Links; and • 20 Waratah Street, Grassy.
Purpose	The proceeds of the loan are being used to fund the Company's working capital.	The proceeds of the loan were used to fund the Group's acquisition of Portside Links.

On 10 February 2021, funds raised under the first share placement were utilised to repay the further advance provided to the Group by CJRE Maritime Pty Ltd (CJRE), an entity associated with Mr Christopher Ellis - a Company director and substantial shareholder. The advance of $250,000 plus accrued interest of $6,970 was repaid in full satisfaction of the liability.

On 1 April 2021, funds raised under the second share placement were utilised to repay loans provided to the Group by CJRE Maritime Pty Ltd (CJRE), an entity associated with Mr Christopher Ellis - a Company director and substantial shareholder. Secured loans totalling $4,700,000 plus accrued interest of $357,511 were repaid in full satisfaction of the liabilities. Mortgages charges over King Island Properties have now been released.

Further details regarding the loan from CJRE Maritime Pty Ltd can be found at Note C3.

Loan by Abex Resource Holdings Pty Ltd

During the year ending 30 June 2020, unsecured loan funding of $500,000 cash was provided to the Group by Abex Resource Holdings Pty Ltd (Abex), an entity associated with the Company's substantial shareholders, Mr Richard and Mrs Gwenda Chadwick. The purpose of the loan was to provide the Group with working capital funds.

The term of the loan was for two years, with termination on 6 May 2022. Interest accrued monthly in arrears at Bank Bill Swap Rate (BBSW) plus 5% per annum and was capitalised.

On 10 May 2021, following approval by the Foreign Investment Review Board ("FIRB"), 9,090,909 fully paid ordinary shares and 4,545,454 quoted options (exercise price $0.10, expiry 1 August 2021) were issued to Abex Resource Holdings Pty Ltd (Abex), an entity associated with the Company's substantial shareholders Mr Richard and Mrs Gwenda Chadwick.

The shares were issued upon conversion of the $500,000 unsecured loan provided by Abex on 6 May 2020. Accrued interest of $26,247 was paid to Abex on 17 May 2021.

A12 PROVISIONS

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

No provisions exist for the Group as at 30 June 2021.

Site Restoration Provision

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of disturbed land is recognised when such land is disturbed. At this time, a best estimate of the total area of disturbance and present value restoration cost over the estimated mine is made. From this, an annual charge is derived which is reflected as an expense over the life of the mine and as an increase in the provision.

The balance of the provision is the accumulation of the annual charges, less any remedial work done, which is charged directly against the provision. The unwinding of the effect of discounting on the provision is recognised as a finance cost.

As the Company is not yet in the mining or construction phase and there has been no disruption to the land, it has no current requirement for site restoration and accordingly no provision currently exists.

A13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

	2021	2020
	$	$
Bank balances	32,204	12,740
Call deposits	3,158,179	638,423
Cash and cash equivalents in the statements of cash flows	3,190,383	651,163

A14 DEPOSITS

Old Grassy School House, King Island

On 17 February 2020, the Group agreed to purchase the Old Grassy School House, King Island from an unrelated party for $250,000. Deposits totalling $50,000 was paid by the Group during the year ended 30 June 2020. The Group completed the purchase of the Old Grassy School House on 9 October 2020. Further details are reported in Note 018.

Security deposits

The Group has paid security deposits totalling $24,600 to Mineral Resources Tasmania in relation to its mining lease and exploration licences.

A15 PROPERTY, PLANT AND EQUIPMENT

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note B3).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense as incurred.

Depreciation

Depreciation is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment and buildings. Land is not depreciated. The estimated useful lives in the current financial year are as follows:

	2020	2019
▪ Plant and equipment	**5 to 40 years**	5 to 40 years
▪ Buildings	**8 years**	8 years

	Land $	Buildings $	Plant and equipment $	**Total $**
Cost				
Balance at 1 July 2019	2,387,973	1,300,000	293,856	**3,981,829**
Additions	-	-	-	**-**
Balance at 30 June 2020	2,387,973	1,300,000	293,856	**3,981,829**
Balance at 1 July 2020	2,387,973	1,300,000	293,856	**3,981,829**
Additions	109,147	100,000	27,500	**236,647**
Transferred from deposit	50,000	-	-	**50,000**
Balance at 30 June 2021	2,547,120	1,400,000	321,356	**4,268,476**
Depreciation				
Balance at 1 July 2019	-	(99,725)	(122,969)	**(222,694)**
Depreciation change for the year	-	(162,500)	(9,988)	**(172,488)**
Balance at 30 June 2020	-	(262,225)	(132,957)	**(395,182)**
Balance at 1 July 2020	-	(262,225)	(132,957)	**(395,182)**
Depreciation change for the year	-	(171,661)	(11,843)	**(183,504)**
Balance at 30 June 2021	-	(433,886)	(144,800)	**(578,686)**
Carrying amounts				
At 30 June 2020	2,387,973	1,037,775	160,899	**3,586,647**
At 30 June 2021	2,547,120	966,114	176,556	**3,689,790**

A16 LEASES

The Group assesses at contract inception whether a contract is, or contains a lease. That is, if the contract contains the right to control the use of an identifiable asset for a period of time in exchange for consideration.

During the year, the Group entered into a lease agreement for the rent of a full scale multi gravity separator (MGS) to undertake metallurgical test-work. The lease agreement has no fixed term but has a minimum rental amount and an option to purchase the MGS. The MGS was transported from the United Kingdom to Burnie, Tasmania where significant test-work has been undertaken by ALS.

Information about the lease for which the Group is a lessee is presented below;

i. Right-of-use-asset

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

2021	**Plant & equipment**	Total
	$	$
Balance at 1 July	**-**	-
Additions to right-of-use assets	**184,301**	-
Depreciation charge for the year	**(48,500)**	-
Derecognition of right-of-use assets	**-**	-
Balance at 30 June	**135,801**	-

ii. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payment includes fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of the lease payments, the Group uses the incremental borrowing rate of 6.3% at the lease commencement date as the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Maturity analysis- contractual cash flows	**2021**	2020
	$	$
Within one year	**88,134**	-
One year or later and not later than five years	**17,656**	-
Later than five years	**-**	-
Total lease liabilities	**105,790**	-

Lease liabilities included in the statement of financial position	**2021**	2020
	$	$
Current	**82,921**	-
Non-current	**16,787**	-
	99,708	-

iii. Amounts recognised in profit or loss	**2021**	2020
	$	$
Depreciation on right of use asset	**48,500**	
Interest on lease liabilities	**2,172**	-
	50,672	

iv. Amounts recognised in the statement of cash flows	**2021**	2020
	$	$
Interest payments	**2,172**	
Lease payments	**84,593**	
Total cash outflow for leases	**86,765**	-

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

A17 OTHER INCOME

	2021	2020
	$	$
R&D refund received	**155,195**	158,250
ATO Cash Boost stimulus received	**55,102**	44,898
Rental income	**10,900**	-
Expense recovery- transport of drill core	**1,914**	-
	223,111	203,148

Grants and other benefits received from the government are recognised in the statement of financial performance at the fair value of the cash received. Government grants are primarily research and development tax incentives. This represents a refundable tax offset that is available on eligible research and development expenditure incurred by the Group.

A18 COMMITMENTS

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the Tasmanian Government. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report and are payable as follows.

Exploration expenditure commitments	**2021**	2020
	$	$
Within one year	**-**	200,000
One year or later and not later than five years	**200,000**	-
Later than five years	**-**	-
	200,000	200,000

On 17 February 2020, the Group agreed to purchase the Old Grassy School House, King Island from an unrelated party. It is planned that the premises will be reconfigured into mine accommodation.

The purchase price is $250,000. An initial 10% deposit of $25,000 was paid on 2 March 2020.

A deed of variation to the contract was agreed on 9 April 2020. A further $25,000 deposit was paid on 16 April 2020.

Interest is payable by the Group at 5% per annum on $200,000 committed.

The purchase of the Old Grassy School House was completed on 9 October 2020 and all outstanding interest payable pursuant to the deed of variation was paid on 8 October 2020.

Further details are reported in Note A14.

Purchase of Old Grassy School House

	2021	2020
	$	$
Within one year	**-**	200,388
One year or later and not later than five years	**-**	-
Later than five years	**-**	-
	-	200,388

A19 SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities whose operating results are reviewed regularly by the Group's Board and for which discrete financial information is available.

The Group is involved solely in development of the Dolphin scheelite deposit and thus has a single operating segment.

Business and geographical segments

The results and financial position of the Company's single operating segment are prepared on a basis consistent with Australian Accounting Standards and thus no additional disclosures in relation to the revenues, profit or loss, assets and liabilities and other material items have been made. Entity-wide disclosures in relation to the Group's product and services and geographical areas are detailed below.

Products and services

The Group is in the process of developing the Dolphin scheelite deposit and, as such, currently provides no products for sale.

Geographical areas

The Company's exploration activities are located solely in Australia.

A20 CONTINGENCIES

Details of contingent liabilities where the probability of future payments/receipts is not considered remote are set out below:

Purchase price and royalty

The Group's Dolphin Project has a liability to a third party in respect of the acquisition of the tenements. If the decision to mine is taken and there is receipt of sufficient finance (at least $1,000,000), the amount payable to the third party is $250,000 plus an additional royalty of 1.5% on tungsten sale amounts received, after selling costs, transport costs for delivery to the buyer, and any taxes (other than income tax).

Adjoining Land

On 12 July 2005 the Company entered into an agreement with a third-party vendor to acquire a 5-hectare block of land immediately on the northern boundary of the mine lease to ensure that an appropriate buffer zone is in place between the planned mine and Grassy township. The terms of this purchase were an initial payment of $700,000 plus an additional $100,000 payable upon the Company obtaining a permit for planning and development approval to carry on an extractive industry, both of which have been paid in full. There is a further $100,000 payable to the third-party vendor contingent upon the commencement of operations.

Hunan Nonferrous Metals Corporation Ltd

Under the agreed terms relating to termination of the Dolphin Joint Venture effective 17 December 2010, the Company's wholly owned subsidiary Australian Tungsten Pty Ltd has a liability to Hunan Nonferrous Metals Corporation Ltd which is contingent on the successful extraction of tungsten ore or concentrate from the Dolphin Project on King Island. The amount payable is a 2% royalty on gross revenue and the maximum royalty amount payable is $3,900,000.

King Island Council

On 1 July 2011, the Company entered into two agreements with King Island Council that have since been registered under Part 5 of the Land Use Planning Approvals Act 1993 (TAS). These agreements provide that the Company pay, in each financial year, the amounts of $50,000 inclusive of GST to the King Island Council for upgrading and improvement of Grassy infrastructure; and $50,000 inclusive of GST to a Trust Fund, mainly for the purpose of upgrading and developing the community facilities in Grassy and surrounding areas.

The Company paid the first instalments of these in advance, a total of $100,000 inclusive of GST, on 1 July 2011. These advances are to be deducted from future payments over five years at the rate of $20,000 per annum inclusive of GST. Future payments will be made over the operational life of the mine.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

A21 SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this Financial Report any item, transaction or event of a material and unusual nature, likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, except for the following;

1. During the period 7 July 2021 to 9 August 2021, the Company issued a total of 29,946,157 shares ($2,9994,616) upon the exercise of 29,946,157 quoted options (exercise price $0.10 each expiring 1 August 2021);
2. On 14 July 2021, the Company issued 3,000,000 shares ($240,000) upon the exercise of 3,000,000 unquoted options expiring 31 December 2022 with exercise prices of $0.06 each (1,000,000), $0.08 each (1,000,000) and $0.10 each (1,000,000); and
3. On 26 July 2021, the Company announced that it had secured a $70,000 Exploration Drilling Grant Incentive ("EDGI") introduced by the Tasmanian Government to stimulate exploration drilling across Exploration Licenses located in Tasmania. The EDGI grant provides funding for 50% of direct drilling costs and is available until April 2022.

SECTION B – RISK AND JUDGEMENT

This section outlines the key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. This section also outlines the significant financial risk the Group is exposed, to which the Directors would like to draw the attention of the readers.

B1 FINANCIAL RISK MANAGEMENT

Overview

This Note presents information about the Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Presently, the Group is in a preproduction phase, therefore does not earn revenue from sales and therefore has no accounts receivables. At the reporting date, there were no significant credit risks in relation to trade receivables.

For the Company, credit risk arises from receivables due from subsidiaries.

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	Carrying Amount 2021 $	2020 $
Current			
Cash and cash equivalents	A13	**3,190,383**	651,163
Prepayments	A9	**264,058**	157,277
Other receivables	A9	**26,367**	14,261
Deposit	A14	**-**	50,000
		290,425	221,538
		3,480,808	872,701
Non-current			
Deposit	A14	**24,600**	24,600

Impairment losses

None of the Group's other receivables are past due (2020: Nil).

Liquidity risk

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

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows.

The decision on how the Company will raise future capital will depend on market conditions existing at that time.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Note	**Carrying amount** $	**Contractual cash flows** $	**6 months or less** $
30 June 2021				
Trade and other payables	A10	580,670	580,670	580,670
Lease Liabilities	06	99,708	105,790	34,734
30 June 2020				
Trade and other payables	A10	282,127	282,127	282,127
Loan interest payable	0	106,410	106,410	106,410
Loans	0	5,200,000	5,200,000	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is not exposed to currency risk and at the reporting date the Group holds no financial assets or liabilities which are exposed to foreign currency risk.

Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash, cash equivalents and loans), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short terms deposit at interest rates maturing over 30 day rolling periods.

Profile

At the reporting date the interest rate profile of the Group's and the Company's interest-bearing financial instruments was:

	Carrying amount	
	2021	2020
	$	$
Fixed rate instruments		
Financial assets	**-**	-
Financial liabilities	**(99,708)**	(504,301)
	(99,708)	(504,301)
Variable rate instruments		
Financial assets	**3,190,383**	651,163
Financial liabilities	**-**	(4,802,109)
	3,190,383	(4,150,946)

Fair value sensitivity analysis for fixed rate instruments

The Group does not have, and therefore does not account for, any financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the end of the financial year would have increased or decreased profit and loss by $23,689 (2020: $8,490). This analysis assumes that all other variables remain constant.

Commodity Price Risk

The Group operates primarily in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are subject to minimal commodity price risk.

Capital and Reserves Management

The Group's objectives when managing capital and reserves are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital and reserve structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity and debt to fund exploration and evaluation activities.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

B2 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the Notes specific to that asset or liability.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress but including any service concession receivables, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when acquired in a business combination.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Share-based payment transactions

The fair value of the share options is measured using the binomial model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

B3 IMPAIRMENT

The carrying amounts of the Group's assets other than deferred tax assets (see Note D1), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

For intangible assets that are not yet available for use, the recoverable amount is estimated annually, or when facts and circumstances suggest the carrying amount may exceed its recoverable amount.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income unless the asset has been re-valued previously in which case the impairment loss is recognised as a reversal to the extent of the previous revaluation with any excess recognised through the statement of profit or loss and other comprehensive income.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

Calculation of recoverable amount

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

B4 FINANCIAL INSTRUMENTS

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the reporting date and the periods in which they reprice.

	Effective interest rate %	**Total $**	6 months or less $	6-12 months $	1-2 years $	2-5 years $	More than 5 years $
2021							
Cash and cash equivalents	0.09	**3,190,383**	3,190,383	-	-	-	-
Lease liability	6.3	**99,708**	32,128	50,793	16,787	-	-
2020							
Cash and cash equivalents	0.09	**651,163**	651,163	-	-	-	-
Loan	7.35	**5,200,000**	-	-	2,500,000	2,700,000	-

Fair values

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

	Note	**Carrying amount 2021 $**	**Fair value 2021 $**	Carrying amount 2020 $	Fair value 2020 $
Cash and cash equivalents	A13	**3,190,383**	**3,190,383**	651,163	651,163
Prepayments and other receivables	A9	**290,425**	**290,425**	196,138	196,138
Trade and other payables	A10	**(580,670)**	**(580,670)**	(282,127)	(282,127)
Lease liability	A16	**(99,780)**	**(99,780)**		
Interest payable	0	**-**	**-**	(106,410)	(106,410)
Loans	0	**-**	**-**	(5,200,000)	(5,200,000)
		2,800,358	**2,800,358**	(4,741,236)	(4,741,236)

SECTION C – KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

This section includes information about key management personnel's remunerations, related parties' information and any transactions key management personnel or related parties may have had with the Group during the year.

C1 KEY MANAGEMENT PERSONNEL EXPENSES

Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Wages, salaries, and annual leave

Liabilities for benefits such as wages and salaries represent present obligations resulting from services provided to the reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at the reporting date.

	2021	2020
	$	$
Salaries and fees	**83,787**	83,787
Consulting charges	**265,435**	143,503
Superannuation	**7,960**	7,960
On-costs	**175**	159
	357,357	235,409
Non-cash key management personal expense from granting of options to Directors	**1,686,113**	107,890
Key management personnel expenses	**2,043,470**	343,299

C2 KEY MANAGEMENT PERSONNEL DISCLOSURES

Individual Directors and executive compensation disclosures

Information regarding individual Directors' and executives' compensation and some equity instruments disclosures are required by Corporation Regulation 2M.3.03 and provided in the remuneration report section of the Directors' Report.

Apart from the details disclosed in this Note, no Director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

Directors' transactions with the Company or its controlled entities

Aggregate amounts payable to Directors and their Director related entities for unpaid Directors' fees, statutory superannuation owed to each Director's superannuation fund, and consulting fees at the reporting date were as follows:

	Transaction Value for 12 months ended		Balance Outstanding		Terms
	30 Jun 2021	30 Jun 2020	**30 Jun 2021**	30 Jun 2020	
	$	$	**$**	$	
Johann Jacobs	**284,166**	175,034	**168,000**	43,200	Payable at call
Christopher Ellis	**28,908**	28,908	**-**	3,614	Payable at call
Gregory Hancock	**44,108**	31,308	**2,409**	4,818	Payable at call
	357,182	235,250	**170,409**	51,632	

The terms and conditions of the transactions with Directors or their Director related entities, outlined above, were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director-related entities on an arm's length basis.

C3 RELATED PARTY DISCLOSURES

Identity of related parties

The Group has a related party relationship with its subsidiaries (see Note C4) and with its Directors and executive officers (see Note 0).

Other related party transactions

The classes of non-Director related parties are:

- wholly owned subsidiaries;
- partly owned subsidiaries;
- commonly controlled subsidiaries;
- joint ventures;
- associates; and
- Directors of related parties and their personally related entities.

Provision of loan funding

During the year ending 30 June 2021, the Group received a further advance of $250,000 cash from CJRE Maritime Pty Ltd, a company related to Mr Ellis, to fund working capital as permitted under the existing $2,000,000 loan facility. The purpose of the further advance was to allow the Group to complete the purchase of the Old Grassy School House in Tasmania.

On 10 February 2021, funds raised under the first share placement were utilised to repay the further advance provided to the Group by CJRE Maritime Pty Ltd (CJRE), an entity associated with Mr Christopher Ellis - a Company director and substantial shareholder. The advance of $250,000 plus accrued interest of $6,970 was repaid in full satisfaction of the liability.

On 1 April 2021, funds raised under the second share placement were utilised to repay loans provided to the Group by CJRE Maritime Pty Ltd (CJRE), an entity associated with Mr Christopher Ellis - a Company director and substantial shareholder. Secured loans of $4,700,000 plus accrued interest of $357,511 was repaid in full satisfaction of the liabilities. Mortgages charges over King Island Properties have now been released.

Terms of the agreement are detailed in Note 0.

Conversion of loan

During the year ending 30 June 2020, unsecured loan funding of $500,000 cash was provided to the Group by Abex Resource Holdings Pty Ltd (Abex), an entity associated with the Company's substantial shareholder, Mr Richard and Mrs Gwenda Chadwick. The purpose of the loan was to provide the Group with working capital funds.

On 10 May 2021, following approval by the Foreign Investment Review Board ("FIRB"), 9,090,909 fully paid ordinary shares and 4,545,454 quoted options (exercise price $0.10, expiry 1 August 2021) were issued to Abex Resource Holdings Pty Ltd (Abex), an entity associated with the Company's substantial shareholders Mr Richard and Mrs Gwenda Chadwick. The shares were issued upon conversion of the $500,000 unsecured loan provided by Abex on 6 May 2020. Accrued interest of $26,247 was paid to Abex on 17 May 2021.

The transaction was determined on an arm's length basis. Terms of the agreement are detailed in Note 0.

Related party transactions

The following related party transaction charges for Directors' fees, consulting fees, underwriting fee and loan advanced to the Group were made with the Group on normal terms and conditions and in the ordinary course of business:

	Transaction Value for 12 months ended		Balance Outstanding		Terms
	30 Jun 2021	30 Jun 2020	**30 Jun 2021**	30 Jun 2020	
	$	$	**$**	$	
Directors' Fees	**91,747**	91,747	**19,375**	16,914	Payable at call
Consulting Fees	**265,435**	143,503	**151,034**	34,717	Payable at call
Underwriting Fees	**-**	-	**-**	10,674	Payable at call
	357,182	235,250	**170,409**	62,305	
Non-cash Remuneration					
Options remuneration	**1,686,113**	107,890	**-**	-	
	1,686,113	107,890	**-**	-	
Loan funding					
Loan principal received / borrowed	**-**	2,500,000	**-**	5,200,000	Refer Note 0
Interest paid/payable	**-**	341,767	**-**	106,022	Refer Note 0
	-	2,841,767	**-**	5,306,022	

C4 CONSOLIDATED ENTITIES

	Country of incorporation	Ownership interest	
		2021	2020
		%	%
Parent entity			
King Island Scheelite Limited	Australia		
Subsidiaries			
Scheelite Management Pty Ltd	Australia	**100**	100
GTN Tanzania Pty Ltd	Tanzania	**100**	100
GTN Operations Pty Ltd	Tanzania	**65**	65
Australian Tungsten Pty Ltd	Australia	**100**	100

In the financial statements of the Company, investments in controlled entities and associates are measured at cost and included with other financial assets.

There are no amounts attributable to non-controlling interests in GTN Operations Pty Ltd.

SECTION D – OTHER DISCLOSURES

This section includes information that the Directors do not consider to be significant in understanding the financial performance and position of the Group but must be disclosed to comply with the Accounting Standards, the *Corporations Act 2001* (Cth) or the Corporations Regulations.

D1 INCOME TAX

Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets recorded at each reporting date are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company and its wholly owned Australian resident entities have formed a tax-consolidated group.

Tax consolidation

All members of the tax-consolidated group are taxed as a single entity from 1 July 2004. The head entity within the tax-consolidated group is King Island Scheelite Limited.

Current tax expense/ income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "stand alone taxpayer" approach for each entity, as if it continued to be a taxable entity in its own right.

Any current liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax consolidated group and are recognised by the Company as amounts payable / (receivable) to / (from) other entities in the tax-consolidated group. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

As the tax-consolidated group has no income tax payable, the head entity has not entered into a tax funding arrangement in conjunction with other members of the tax-consolidated group which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts.

Numerical reconciliation between tax benefit and pre-tax net loss

	2021	2020
	$	$
Loss before tax	**4,875,338**	2,746,484
Prima facie Income tax benefit at a tax rate of 30%	**1,462,601**	823,945
Decrease in income tax benefit due to:		
Income tax losses not recognised	**(1,462,601)**	(823,945)
Income tax benefit on pre-tax net loss	**-**	-

Unrecognised deferred tax assets

Revenue tax losses	**14,658,334**	13,574,853
Capital tax losses	**1,431,355**	1,431,355

The tax losses do not expire under current legislation though these losses are subject to testing under loss recoupment rules in order for them to be utilised. Deferred tax assets have not been recognised in respect of this item because, at this time, it is not probable that future taxable profit will be available against which the benefits can be offset.

D2 LOSSES PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit or loss attributable to members of the parent entity for the financial year, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue. Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after-tax effect of financial costs associated with dilutive ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary and dilutive potential ordinary shares adjusted for any bonus issue.

The calculation of basic and diluted losses per share for the year ended 30 June 2021 was based on the net loss attributable to ordinary shareholders of $4,875,338 (2020: loss $2,746,484) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2021 of 310,001,629 (2020: 264,188,047), calculated as follows:

	2021	2020
	$	$
Loss for the financial year attributable to ordinary shareholders	**4,875,338**	2,746,484
Weighted average number of ordinary shares		
Undiluted Number of Shares	**Number**	Number
Issued ordinary shares at 1 July	**264,381,303**	261,942,279
Effect of shares issued 29 July 2019	**-**	2,245,768
Effect of shares issued 15 October 2020	**232,816**	-
Effect of shares issued 2 November 2020	**25,966,773**	-
Effect of shares issued 5 February 2021	**2,945,455**	-
Effect of shares issued 9 February 2021	**495,203**	-
Effect of shares issued 10 February 2021	**627,740**	-
Effect of shares issued 16 February 2021	**1,589,274**	-
Effect of shares issued 17 February 2021	**624,116**	-
Effect of shares issued 19 February 2021	**304,866**	-
Effect of shares issued 23 February 2021	**156,565**	-
Effect of shares issued 24 February 2021	**267,387**	-
Effect of shares issued 1 March 2021	**157,341**	-
Effect of shares issued 2 March 2021	**930,771**	-
Effect of shares issued 10 March 2021	**578,058**	-
Effect of shares issued 17 March 2021	**397,851**	-
Effect of shares issued 22 March 2021	**7,747,945**	-
Effect of shares issued 24 March 2021	**637,617**	-
Effect of shares issued 29 March 2021	**275,564**	-
Effect of shares issued 31 March 2021	**75,114**	-
Effect of shares issued 14 April 2021	**95,816**	-
Effect of shares issued 5 May 2021	**73,874**	-
Effect of shares issued 10 May 2021	**1,295,143**	-
Effect of shares issued 26 May 2021	**7,532**	-
Effect of shares issued 2 June 2021	**32,433**	-
Effect of shares issued 9 June 2021	**84,761**	-
Effect of shares issued 23 June 2021	**12,202**	-
Effect of shares issued 30 June 2021	**8,108**	-
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	**310,001,628**	264,188,047

No potential shares (2020: 346,978) were excluded from the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2021 as the Company is in a loss position.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

D3 AUDITOR'S REMUNERATION

	2021	2020
Auditors of the Company *KPMG Australia*	**$**	$
Audit and review of financial reports	**49,370**	46,350
Other assurance services	**-**	-
	49,370	46,350

The auditors of the Company, KPMG Australia, did not perform other non-audit assurance services for the Group during the year (2020: Nil).

D4 PARENT ENTITY DISCLOSURES

The Group has applied amendments to the *Corporations Act 2001* (Cth*)* that remove the requirements for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the following specific parent entity disclosure.

As at, and throughout, the financial year ending 30 June 2021 the parent company of the Group was King Island Scheelite Limited.

	2021 $	2020 $
Results of the parent entity		
Loss for the year	**(3,157,653)**	(1,250,336)
Other comprehensive income	**-**	-
Total comprehensive income for the financial year	**(3,157,653)**	(1,250,336)
Financial position of parent entity at year end		
Current assets	**3,236,968**	688,491
Non-current assets	**10,627,822**	3,513,952
Total assets	**13,864,790**	4,202,443
Current liabilities	**2,461,516**	2,272,064
Total liabilities	**2,461,516**	2,272,064
Net Assets	**11,403,274**	1,930,379
Total equity of the parent entity comprising of:		
Share capital	**69,849,764**	60,202,192
Share Option Reserve	**4,342,967**	1,359,991
Accumulated Losses	**(62,789,457)**	(59,631,804)
Total Equity	**11,403,274**	1,930,379

Parent entity capital commitments for acquisition of property, plant & equipment

There are no parent entity capital commitments for acquisition of property, plant and equipment as at 30 June 2021 (2020: Nil).

Contingencies

Refer to Note A20 for contingencies related to the parent entity.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

D5 FINANCING INCOME AND EXPENSES

Interest income is recognised as it accrues taking into account the effective yield on the financial asset.

Finance expenses comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

D6 DERIVATIVES

The financial entity does not hold any derivative financial instruments.

D7 GST

Revenue, expenses, and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. 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 included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

D8 NEW ACCOUNTING STANDARDS

A number of new standards and amendments to standards are effective for annual periods beginning 1 January 2020. These new standards and amendments have been applied in preparing these financial statements and none of them have had a significant effect on the financial statements of the Group.

AASB 2019-1 Amendments to Australian Accounting Standards- References to the Conceptual Framework

AASB 2018-6 Amendments to Australian Accounting Standards- Definition of a Business

AASB 2018-7 Amendments to Australian Accounting Standards- Definition of Material

AASB 2019-2 Amendments to Australian Accounting Standards- Implementation of AASB 1059

AASB 2019-3 Amendments to Australian Accounting Standards- Interest Rate Benchmark Reform

AASB 2019-5 Amendments to Australian Accounting Standards- Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of King Island Scheelite Limited ("the Company"):

   (a) the consolidated financial statements and notes that are set out on pages 31 to 60 and the Remuneration Report on pages 6 to 30 in the Directors' Report, are in accordance with the *Corporations Act 2001* (Cth), including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

      (ii) complying with *Australian Accounting Standards* 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. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* (Cth) from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2021.

3. The Directors draw attention to Note A1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.

Johann Jacobs
Chairman
Sydney
13 August 2021

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of King Island Scheelite Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of King Island Scheelite Limited for the financial year ended 30 June 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Shane O'Connor
Partner

Sydney
13 August 2021

Independent Auditor's Report

To the shareholders of King Island Scheelite Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of King Island Scheelite Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2021;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

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.

Going concern basis of accounting

Refer to Note A5 to the Financial Report

The key audit matter	How the matter was addressed in our audit

The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgement required by us in evaluating the Group's assessment of going concern and the events or conditions that may cast significant doubt on their ability to continue as a going concern. These are outlined in Note A5.
 	
The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and significant judgements, and the Directors have concluded that the range of possible outcomes considered in arriving at this judgement does not give rise to a material uncertainty casting significant doubt on the Group's ability to continue as a going concern.
 	
We critically assessed the levels of uncertainty, as it related to the Group's ability to continue as a going concern, within these assumptions and judgements, focusing on the following:
 	
• The Group's planned levels of operational and capital expenditure, and the ability of the group to manage cash outflows within available funding; and
 	
• The Group's ability to raise additional funds from shareholders or other parties and the projected timing thereof. This included source of funds, availability of fund type, feasibility and status/progress of securing those funds.
	Our procedures included:
	
	• We analysed the cash flow projections by:
	
	    • Evaluating the underlying data used to generate the projections. We assessed the accuracy of the cash flow forecasts by comparing historical cash flow forecasts to actual expenditure in those periods. We compared the forecast levels of committed expenditure to discretionary operating expenditures;
	
	    • Analysing the impact of reasonably possible changes in projected cash flows and their timing, to the projected periodic cash positions. Assessing the resultant impact to the ability of the Group to pay debts as and when they fall due and continue as a going concern. The specific areas we focused on were the interdependencies of Group cash flow projections and sensitivity analysis on key cash flow projection assumptions;
	
	    • Assessing the planned levels of operating and capital expenditures for consistency of relationships and trends to the Group's historical results, results since year end, and our understanding of the business, industry and economic conditions of the Group;
	
	• We read Directors minutes to understand and assess the Group's ability to raise additional shareholder funds; and

In assessing this key audit matter, we involved senior audit team members who understand the Group's business, industry and the economic environment it operates in.	• We evaluated the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements.

Other information

Other Information is financial and non-financial information in King Island Scheelite Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the 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/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of King Island Scheelite Limited for the year ended 30 June 2021, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' 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 responsibilities

We have audited the Remuneration Report included in pages 16 to 30 of the Directors' report for the year ended 30 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Shane O'Connor

Partner

Sydney

13 August 2021

ADDITIONAL SHAREHOLDER INFORMATION

Shares

At a general meeting on a show of hands, each shareholder present in person or by proxy has one vote and on a poll each shareholder present in person or by proxy has:

(i) one vote for each fully paid share held; and
(ii) for each share which is not fully paid a fraction of a vote equivalent to the proportion which the amount paid up, but not credited as paid up, on that share bears to the total of the amounts paid and payable (excluding amounts credited) on that share.

At 4 August 2021, issued capital was 408,919,368 ordinary fully paid shares held by 4,173 holders.

20 Largest Holders by Name of Ordinary Shares and their Share Holdings at 4 August 2021:

Rank	Name	Number of Shares	% of Issued
1	ABEX RESOURCE HOLDINGS PTY LTD	75,456,132	18.45%
2	CHRYSALIS INVESTMENTS PTY LTD	68,875,504	16.84%
3	BNP PARIBAS NOMINEES PTY LTD <LGT BANK AG DRP>	25,616,633	6.26%
4	MRS CATHERINE JEANNE MORRITT	11,802,299	2.89%
5	MR ANTHONY JAMES HAGGARTY	8,476,604	2.07%
6	MR GIUSEPPE CORONICA & MRS YVONNE PRICE	8,181,145	2.00%
7	INVIA CUSTODIAN PTY LIMITED <AJ & LM DAVIES FAMILY A/C>	7,208,011	1.76%
8	HFTT PTY LTD	6,522,168	1.59%
9	FINMIN SOLUTIONS PTY LTD	5,915,712	1.45%
10	CITICORP NOMINEES PTY LIMITED	5,854,142	1.43%
11	ELPHINSTONE HOLDINGS PTY LTD	5,852,273	1.43%
12	RANAMOK PTY LTD	5,170,590	1.26%
13	HUNAN NONFERROUS METALS CORPORATION LIMITED	4,450,000	1.09%
14	MRS WEN LIN	3,812,385	0.93%
15	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,759,652	0.92%
16	MR DEAN ANDREW KENT	2,550,000	0.62%
17	GEKKO SYSTEMS PTY LTD	2,439,024	0.60%
18	MR BRYANT JAMES MCLARTY	2,326,251	0.57%
19	MR SCOTT GILCHRIST	2,268,755	0.55%
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,121,629	0.52%
Top 20 holders of ORDINARY SHARES (TOTAL)		**258,658,90**	**63.23%**

Distribution of Share Holders and Share Holdings at 4 August 2021

Range	Total holders	Number of Shares	% of Issued Capital
1 - 1,000	58	6,166	0.00
1,001 - 5,000	1,563	4,886,663	1.20
5,001 - 10,000	773	6,341,539	1.55
10,001 - 100,000	1,471	53,146,064	13.00
100,001 Over	308	344,538,936	84.26
Rounding			-0.01
Total	**4,173**	**408,919,368**	**100.00**

Unmarketable Parcels at 4 August 2021

	Minimum Parcel Size	Holders	Number of Shares
Minimum $ 500.00 parcel at $ 0.20 per share	2,500	655	1,207,045

ADDITIONAL SHAREHOLDER INFORMATION CONTINUED

20 Largest Holders by Beneficial Interest of Ordinary Shares and their Share Holdings at 4 August 2021:

Rank	Name	Number of Shares	% of Issued Capital
1	MR RICHARD CHADWICK AND MRS GWENDA CHADWICK	75,456,132	18.45%
2	MR CHRISTOPHER ELLIS (DIRECTOR)	68,875,504	16.84%
3	D.A.CH.S. CAPITAL AG	24,214,718	5.92%
4	MR ANTHONY JAMES HAGGARTY	14,995,772	3.67%
5	MRS CATHERINE MORRITT	11,802,299	2.89%
6	MR GIUSEPPE CORONICA & MRS YVONNE PRICE	8,270,000	2.02%
7	MR AJ & MRS LM DAVIES	7,208,011	1.76%
8	MR JOHANN JACOBS (DIRECTOR)	5,915,712	1.45%
9	CITICORP NOMINEES PTY LIMITED	5,854,142	1.43%
10	ELPHINSTONE HOLDINGS PTY LTD	5,852,273	1.43%
11	MR ANDREW PLUMMER	5,170,590	1.26%
12	HUNAN NONFERROUS METALS CORPORATION LIMITED	4,450,000	1.09%
13	MRS WEN LIN	3,812,385	0.93%
14	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,759,652	0.92%
15	MR DEAN ANDREW KENT	2,550,000	0.62%
16	GEKKO SYSTEMS PTY LTD	2,439,024	0.60%
17	MR BRYANT JAMES MCLARTY	2,326,251	0.57%
18	MR SCOTT GILCHRIST	2,268,755	0.55%
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,121,629	0.52%
20	SERLETT PTY LTD	1,936,241	0.47%
Top 20 holders of ORDINARY SHARES (TOTAL)		**259,279,090**	**63.39%**

Substantial Shareholders at 4 August 2021

	Number of Shares	% of Issued Capital
MR RICHARD CHADWICK AND MRS GWENDA CHADWICK	75,456,132	18.45%
CHRYSALIS INVESTMENTS PTY LTD	68,875,504	16.84%
D.A.CH.S. CAPITAL AG	24,214,718	5.92%

ADDITIONAL SHAREHOLDER INFORMATION CONTINUED

Unquoted Options

At 4 August 2021 there were 7,375,000 unquoted options with various exercise prices and expiry dates, held by three holders.

Exercise Price	Vesting Date	Expiry Date	Holder			Total
			Finmin Solutions Pty Ltd	Chrysalis Investments Pty Ltd	Hancock Corporate Investments Pty Ltd	
			Number	Number	Number	**Number**
$0.06	31 Dec 2017	31 Dec 2022	-	1,000,000	-	**1,000,000**
$0.08	31 Dec 2017	31 Dec 2022	375,000	1,000,000	-	**1,375,000**
$0.10	31 Dec 2017	31 Dec 2022	1,000,000	1,000,000	-	**2,000,000**
$0.11	15 Oct 2019	15 Oct 2024	-	-	1,000,000	**1,000,000**
$0.13	15 Oct 2019	15 Oct 2024	-	-	1,000,000	**1,000,000**
$0.15	15 Oct 2019	15 Oct 2024	-	-	1,000,000	**1,000,000**
Total			**1,375,000**	**3,000,000**	**3,000,000**	**7,375,000**

Each option provides the right for the option holder to be issued one fully paid share by the Company, upon payment of the exercise price of each option.

Performance Options

At 4 August 2021 there were 21,000,000 performance options with various vesting and expiry dates, held by three holders.

Exercise Price	Vesting Date	Expiry Date	Holder			Total
			Finmin Solutions Pty Ltd	Chrysalis Investments Pty Ltd	Hancock Corporate Investments Pty Ltd	
			Number	Number	Number	**Number**
$0.00	30 Sept 2021	30 Sept 2026	3,000,000	3,000,000	3,000,000	**9,000,000**
$0.00	30 Sept 2023	30 Sept 2028	4,000,000	4,000,000	4,000,000	**12,000,000**
Total			**7,000,000**	**7,000,000**	**7,000,000**	**21,000,000**

Each performance option provides the right for the option holder to be issued one fully paid share by the Company, upon satisfaction of the vesting conditions and election by the holder to exercise the option.

ADDITIONAL SHAREHOLDER INFORMATION CONTINUED

Mining Exploration Tenements

The Company holds the following licence and lease.	Interest
Exploration Licence EL19/2001 at Grassy, King Island (91 sq kms) (expires 23 December 2022)	100%
Mining Lease CML 2080P/M at Grassy, King Island (566 hectares) (expires 5 June 2029)	100%

Securities Exchange Listing

The Company's ordinary shares are listed on the Australian Securities Exchange.

The Company's ASX codes for ordinary shares is KIS.

On-Market Buy Back

There is no on-market buy-back.

Corporate Governance Statement

The Company's Corporate Governance statement for the financial year ended 30 June 2021 is available for members to download and access from http://kingislandscheelite.com.au/corporate-governance