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# SUVO STRATEGIC MINERALS LIMITED

(Formerly Ultracharge Limited)

ABN 97 140 316 463

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## Annual Financial Report

For the year ended

**30 June 2021**



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## Corporate directory

<b>Directors</b>	Robert Martin Aaron Banks Ian Wilson
<b>Company secretary</b>	Chris Achurch
<b>Registered office</b>	9th Floor 182 St Georges Terrace Perth WA 6000 Phone: (08) 9389 4495
<b>Principal place of business</b>	3610 Glenelg Hwy Pittong VIC 3360 Phone: (03) 5344 6688
<b>Share register</b>	Automic Registry Services Pty Ltd 2nd Floor 267 St Georges Terrace Perth WA 6000 Phone: 1300 288 664
<b>Auditors</b>	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008 Phone: (08) 6382 4600
<b>Solicitors</b>	HWL Ebsworth 20th Floor 240 St Georges Terrace Perth WA 6000 Phone: (08) 6559 6500
<b>Stock exchange listing</b>	Suvo Strategic Minerals Limited's shares are listed on the Australian Securities Exchange (ASX code: SUV)
<b>Website</b>	<a href="http://www.suvo.com.au">www.suvo.com.au</a>
<b>Corporate Governance Statement</b>	<a href="http://www.suvo.com.au/investors/corporate-governance/">www.suvo.com.au/investors/corporate-governance/</a>

## Chairman's Letter

Dear Shareholder

On behalf of the Board, I am pleased to present the 2021 Annual Report to shareholders.

The 2021 financial year heralded significant milestones for your Company subsequent to the successful commencement of trading on the ASX on 7 August 2020. An oversubscribed A\$5m capital raising as part of the relisting process allowed the Company to settle the acquisition of Mt Marshall Kaolin Pty Ltd and Watershed Enterprise Solutions Pty Ltd, owners of the White Cloud Kaolin and Nova Silica Sands projects respectively.

On 1 January 2021, the Company acquired the Australian kaolin operations of French multi-national, Imerys S.A, with the support of institutional and sophisticated investors who participated in a heavily oversubscribed A\$6m capital raising. The purchase included Mircal Australia Pty Ltd, its two wholly owned subsidiaries, Kaolin Australia Pty Ltd, the owner of the Pittong and Lal Lal Mines and the Trawalla deposit and Imerys Minerals Australia Pty Ltd the owner of the Pittong processing plant. The net cash outflow of A\$1.88m represents excellent value for our shareholders with replacement costs estimated at substantially more than A\$100M.

The purchase of Imerys' Australian operations put Suvo at the forefront of the Australian kaolin industry, positioning itself as the only operating hydrous kaolin mine in the country. During the period 1 January to 30 June 2021, Pittong produced 12,464t of refined kaolin resulting in positive EBITDA of ~A\$1.50m.

The Company is in the final stages of signing off on the planned press deck upgrade works at the Pittong plant, these works once complete will increase annual production by a further 45,000 tonnes of refined kaolin product.

In May 2021, the Company released a maiden Scoping Study for its White Cloud kaolin asset showing a 25 year LOM, an IRR (pre-tax) of 113%, revenues of A\$3.60b and EBITDA of A\$2.34b.

During the year the Company signed multiple memorandums of understanding and cooperation agreements with large well know global producers and research and development organisations. These include LIXIL AS Sanitary Manufacturing (Tianjin) Co Ltd who have an annual turnover of A\$20b and Rezel Catalysts Corporation a leading global catalysts, zeolite and molecular sieve producer. As a Company we believe this shows that Suvo's product, personnel and operations have the potential to perform well on the global stage.

The first Nova Silica Sand drilling campaign was completed during the period with a maiden JORC 2012 compliant resource due in the first half of the 2022 financial year. Initial test work shows the potential for a large-scale high value resource with multiple products and revenue streams including rare naturally occurring silica-flour. The Company is excited by the scale of the Nova project and looks forward to updating its shareholders as information comes to hand.

After successfully implementing the acquisition of Imerys' Pittong mining operations into the Suvo group, delivering outstanding results on our maiden scoping study from our White Cloud resource and the possibility of a world class asset from our Nova silica tenements, the Board believes the Company is in a tremendously strong position heading into the 2022 financial year.

I would like to thank my fellow directors, Dr Ian Wilson and Mr Aaron Banks for their hard work on the successful acquisition of Imerys' Pittong operations and their efforts in working towards commercialising our White Cloud Kaolin and Nova Silica Sands projects. I would also like to thank our management team, dedicated employees and the management and employees of recently acquired Pittong operations for their efforts over this transformational year for your Company.

In closing I thank Suvo's loyal shareholders for their continued support of our Company as we look forward to an exciting year ahead.

Yours faithfully



Robert Martin  
Executive Chairman

## Directors' Report

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

### Directors

The following persons were Directors of Suvo during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Robert Martin (appointed 30 July 2020)	Executive Chairman
Mr Aaron Banks (appointed 30 July 2020)	Executive Director
Dr Ian Wilson (appointed 1 September 2020)	Non-executive Director
Mr Leonard Troncone (appointed 30 July 2020, resigned 29 July 2021)	Non-executive Director, Executive Director
Mr Kobi Ben-Shabat (resigned 30 July 2020)	Managing Director
Mr Anthony Brown (resigned 30 July 2020)	Non-executive Director
Mr John Paitaridis (resigned 30 July 2020)	Non-executive Director

### Principal activities

On 30 July 2020 the Company acquired Watershed Enterprise Solutions Pty Ltd ('Watershed') and Mt Marshall Kaolin ('Mt Marshall'), holders of exploration licences in Western Australia. Subsequently, on 1 January 2021, the Company acquired the holding Company of the Australian Kaolin operations of Imerys S.A., Mircal Australia Pty Ltd, and its two wholly owned subsidiaries, Kaolin Australia Pty Ltd (the owner of the Pittong and Lal Lal mines and Trawalla deposit) and Imerys Minerals Australia Pty Ltd (the owner of the Pittong processing plant). This marked the Company's diversification into resources exploration, development and production.

### Review of operations

The Company changed its name to Suvo Strategic Minerals Limited (from Ultracharge Limited) on 30 July 2020 and commenced trading on the ASX on 7 August 2020 after a successful heavily oversubscribed A\$5 million capital raising. As part of the relisting process, the Company settled the acquisition of Watershed Enterprises Solutions Pty Ltd and Mt Marshall Kaolin Pty Ltd, owners of the White Cloud Kaolin and Nova Silica Sands projects respectively. Post acquisition, the Company received notification from the Department of Mines, Industry Regulation and Safety ('DMIRS') of the granting of further exploration licenses at its White Cloud Kaolin and Nova Silica Sands projects providing the Company with significant expansion of tenement area under exploration licenses.

After another successful heavily oversubscribed A\$6 million capital raising backed by high quality institutional and sophisticated investors, the Company used the proceeds from the capital raising to acquire the holding Company of the Australian Kaolin operations of Imerys S.A., Mircal Australia Pty Ltd, and its two wholly owned subsidiaries, Kaolin Australia Pty Ltd (the owner of the Pittong and Lal Lal mines and Trawalla deposit) and Imerys Minerals Australia Pty Ltd (the owner of the Pittong processing plant). The mining operations are located west of the township of Ballart, Victoria, and consists of Australia's only operating wet kaolin processing plant, two active kaolin mine deposits and one unused mine deposit. As part of the conditions to acquire the business, Imerys Minerals Australia Pty Ltd and Mircal Australia Pty Ltd were renamed to Suvo Minerals Australia Pty Ltd and Suvo Australia Pty Ltd. Kaolin Australia Pty Ltd retained its name. The acquisition was settled on 31 December 2020 and the Company became the effective owner of those assets on 1 January 2021.

During the period 1 January 2021 to 30 June 2021, the Company produced 12,464t of refined Kaolin products. With the sales pipeline looking strong well into next year, with noticeable increase in sales enquiries, the Company is in the final stages of signing off on the planned press deck upgrade works at the Pittong plant, these works once complete will increase annual production by a further 45,000 tonnes of refined kaolin product.

On 9 March 2021, Mt Marshall Kaolin Pty Ltd ('Mt Marshall') entered into a non-binding term sheet to negotiate an offtake agreement with C.M.M Toye Industrial Mineral Consultants ('C.M.M'), whereby, subject to entering into a binding offtake agreement, it is envisaged that Mt Marshall will be required to supply C.M.M a minimum of 10,000tpa of high-quality kaolin products at A\$850/t. Subsequently, Suvo Strategic Minerals Limited ('Suvo') signed a Memorandum of Understanding (MOU) with LIXL AS Sanitary Manufacturing (Tianjin) Co. Ltd., one of the world's largest producers of sanitaryware and ceramics products. The MOU contemplates joint research to develop high quality refined kaolin products specifically for LIXIL and, if successful, to enter into an offtake agreement to buy White Cloud and Pittong manufactured kaolin products.

## Directors' Report

The White Cloud Kaolin Project Scoping Study was released on 27 May 2021. The study identified the strong project economics, which shows an initial pre-tax NPV of A\$705 million, an IRR of 113% with Life of Mine (LOM) revenue of A\$3.60 billion and LOM EBITDA of A\$2.34 billion. The study showed significant social benefits with the employment of 80-90 people full-time during operations and 250 during construction. The plant would be a hydrous (wet) processing plant with a capacity of 500,000tpa, which would produce 200,000tpa of high-quality kaolin products to be exported via the Fremantle bulk container port to high-quality paper coating, paint, pharmaceutical, catalysts and ceramics markets.

Primero Group assisted with the completion of the Study by compiling capital and operating costs for the processing plant (Class 5 level, +/- 50% accuracy). Mining was envisaged to consist of shallow open pit excavation at White Cloud in an area under a land access and compensation agreement. The Resource at White Cloud is 72.5Mt, 26.9Mt classified as Indicated and 45.6Mt Inferred. The Scoping Study only utilised around 50% of the Indicated Resource and none of the Inferred. At an ex-works selling price of A\$720/tonne (using a USD exchange rate of 0.76), total LOM revenues of A\$3.60 billion are estimated to be generated, total all in sustaining cost averages of A\$256/tonne were used. Capital expenditure has been estimated at A\$68 million. It was assumed that the project would be funded 50% via equity and 50% by project finance. Start-up working capital was estimated at A\$18 million.

The metallurgical drilling program at White Cloud commenced during the year, the metallurgical sample derived from the program was to be used for ongoing product development with LIXIL AS Sanitary Manufacturing (Tianjin) Co, Ltd. The remaining sample was designated for further customer acceptance and ongoing metallurgical test work programs.

### Significant changes in the state of affairs

As stated in the 'Review of operations' the Company restructured its Board and Management following the acquisition of Watershed and Mt Marshall. The Group now conducts multi mineral exploration and evaluation activities in Western Australia and operates a kaolin mine in Victoria.

There were no other significant changes in the state of affairs of the Group during the financial year.

### Matters subsequent to the end of the financial year

The Company strengthened its Management team with the appointments of Jeremy Whybrow and Bojan Bogunovic. Jeremy was promoted to General Manager of Mining & Exploration on 13 July 2021, whilst Bojan joined as the Group Financial Controller, effective 26 July 2021.

On 20 July 2021, the Company announced that Chris Achurch was appointed as Company Secretary effective 1 August 2021.

On 29 July 2021 Leonard Troncone resigned as a Director of the Company.

On 5 August 2021, the Company signed an MOU and Collaboration Agreement with Rezel Catalysts Corporation to define a 5 to 10 year supply agreement for up to 10,000t per annum of refined kaolin products, subject to entry into a formal long term supply agreement.

On 26 August 2021, the Company announced it achieved 99.992%(4N) from its first High Purity Alumina ('HPA') test work program conducted by the Beijing General Research Institute of Mining and Metallurgy (BGRIMM) in China on samples produced from White Cloud ore.

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

Apart from matters discussed above, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

# Directors' Report

## Likely developments and expected results of operations

The Group intends to continue its exploration, development and production activities on its existing projects and to acquire further suitable projects as opportunities arise.

## Environmental regulation

The Group is subject to and is compliant with all aspects of environmental regulation of its exploration and mining activities. The directors are not aware of any environmental law that is not being complied with.

## Information on directors

Name:	Robert Martin
Title:	Executive Chairman (appointed 30 July 2020)
Experience and expertise:	Mr Martin has over 20 years' experience across the mining services, supply chain and capital market sectors. Before joining the Company's Board of Directors, he operated a highly successful mining services company which became a leading provider of products and services to the mining industry and operated globally with offices across Australia and internationally. After 7 years of growth on growth revenue, profitability and expansion into multiple countries, Mr Martin's company was acquired by a prominent Perth business. Mr Martin now runs a family office in Western Australia with a focus on investing and supporting emerging private and public businesses.
Other current directorships:	PARKD Limited (ASX:PKD), Critical Resources Limited (ASX:CRR)
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	15,555,161
Interests in options:	10,000,000
Interests in performance rights:	8,000,000

Name:	Aaron Banks
Title:	Executive Director (appointed 30 July 2020)
Experience and expertise:	Mr Banks is a specialist business consultant with over 20 years' experience in contract negotiations and business development including senior roles in sales, marketing and construction management where he successfully negotiated contracts exceeding \$300 million in value within the housing sector. Since 2015 as Founder, and since 2016 as Managing Director of Australian Silica Pty Ltd, Mr Banks has developed extensive relationships with glass companies and manufacturers of specialty products for LCD screens and photovoltaic systems in the Asian-Pacific Region.

In 2016 Mr Banks discovered what has become one of the largest high-grade silica sand resources in the world. While on the board of Australian Silica, he successfully negotiated the sale of the Muchea Silica Sand Project to VRX Silica (ASX: VRX) in 2017, which helped re-pivot VRX from a base metals explorer to a silica sand explorer with a market capitalisation as at 20 August 2020 of approximately \$45 million.

Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	72,564,516
Interests in options:	None
Interests in performance rights:	13,333,333

## Directors' Report

Name: Ian Wilson  
 Title: Non-Executive Director (appointed 1 September 2020)  
 Experience and expertise: Dr. Wilson is an economic geologist with over 45 years' international experience in industrial minerals. He has held key technical and management positions in a major publically listed mining and construction enterprise, was a Senior Scientific Officer in what is now the British Geological Survey, and has been an independent consultant since 2001. His experience spans the range from exploration and resource estimation to project development and production, and includes global and regional marketing for a wide variety of industrial minerals, including kaolin, halloysite, calcium carbonate, talc, bentonite, barytes, magnesite, and others. He has authored many articles in peer-reviewed journals and has been a regular contributor to Industrial Minerals magazine for over 17 years.

He was formerly Secretary of the Mineralogical Society of London (Clay Minerals Group) and has been the convenor of several international conferences on clay minerals. In 2009 he was awarded the Hal William Hardinge Award by SME in recognition of his services to the industrial minerals industry.

Other current directorships: None  
 Former directorships (last 3 years): None  
 Special responsibilities: None  
 Interests in shares: None  
 Interests in options: 500,000  
 Interests in performance rights: 333,333

Name: Leonard Troncone  
 Title: Non-Executive Director, Executive Director (appointed 30 July 2020, resigned 29 July 2021)  
 Experience and expertise: Mr Troncone is a senior finance executive with over 35 years' hands-on experience in the Australian corporate environment, with experience gained in a range of industries including mining, mineral exploration, mine development and oil and gas, diversified engineering, manufacturing and construction, financial services and private investment. Mr Troncone holds a Bachelor of Business degree from Curtin University of Technology (formerly the Western Australian Institute of Technology).

Other current directorships: Not applicable as no longer a director  
 Former directorships (last 3 years): Not applicable as no longer a director  
 Special responsibilities: Not applicable as no longer a director  
 Interests in shares: Not applicable as no longer a director  
 Interests in options: Not applicable as no longer a director  
 Interests in performance rights: Not applicable as no longer a director

## Directors' Report

Name: Mr Kobi Ben-Shabat  
 Title: Managing Director (resigned 30 July 2020)  
 Experience and expertise: Mr Ben-Shabat was educated in Israel's Ruppin Academic Centre in Business and Administration and concluded his tertiary studies with an MBA in Marketing and Information Technology from the University of Manchester in 2000.

After working for various US based technology companies, Mr Ben-Shabat was seconded to Australia where he was instrumental in the growth of the region's IP Surveillance and Security industry. After noticing a market opportunity Mr Ben-Shabat established Open Platform Systems Limited (OPS). OPS swiftly became recognised as the predominant player in its technology space and became a "pain point" for the region's long established tier one providers. Australia's Business Review Weekly magazine recognised OPS in its annual BRW Fastest Growing Companies index for three consecutive years. OPS was acquired by Hills Ltd (ASX listed) in April 2014. Mr Ben-Shabat has extensive experience with sales and senior management with a particular emphasis on emerging markets and technologies.

Other current directorships: Not applicable as no longer a director  
 Former directorships (last 3 years): Not applicable as no longer a director  
 Interests in shares: Not applicable as no longer a director  
 Interests in options: Not applicable as no longer a director  
 Interests in performance rights: Not applicable as no longer a director

Name: Mr Anthony Brown  
 Title: Non-Executive Director (resigned 30 July 2020)  
 Experience and expertise: Mr Brown is an entrepreneur who has owned various businesses over his 30 year commercial career. These businesses have provided specialist technology services to government and non-government organisations. During Mr Brown's leadership, two of his organisations were successfully sold to multi-national enterprises, delivered complex large multi-faceted projects, won major awards for product sales and system integrations within Australia and the Asia-Pacific region.

Other current directorships: Not applicable as no longer a director  
 Former directorships (last 3 years): Not applicable as no longer a director  
 Interests in shares: Not applicable as no longer a director  
 Interests in options: Not applicable as no longer a director  
 Interests in performance rights: Not applicable as no longer a director

Name: Mr John Paitaridis  
 Title: Non-Executive Director (resigned 30 July 2020)  
 Experience and expertise: As the managing director of Optus Business, Mr Paitaridis leads Optus' enterprise, business and government organisation. With 25 years' industry experience, he is accountable for all aspects of sales, marketing, products, operations and service delivery. Mr Paitaridis joined Optus Business in 2012, bringing a deep understanding of the telecommunications and ICT needs of enterprise and government customers. Previously, he was an executive at Telstra.

Other current directorships: Not applicable as no longer a director  
 Former directorships (last 3 years): Not applicable as no longer a director  
 Interests in shares: Not applicable as no longer a director  
 Interests in options: Not applicable as no longer a director  
 Interests in performance rights: Not applicable as no longer a director

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.



## Directors' Report

### Company secretary

Chris Achurch (B Com, CA) holds the role of Company Secretary (appointed 1 August 2021). Mr Achurch spent 10 years in public practice in the Audit and Assurance division with RSM Australia, based in Perth, Dallas and New York. Mr Achurch then spent over 2 years as CFO and Joint Company Secretary at Kalium Lakes Limited, before his resignation to join Perth based Investment Banking and Corporate Advisory firm, Westar Capital Limited. Mr Achurch provides company secretarial, corporate advisory and general consulting services to a number of ASX listed clients. Justyn Stedwell stepped down as Company Secretary on 1 August 2021.

### Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full board		Nomination and Remuneration Committee <sup>1</sup>		Audit and Risk Committee <sup>1</sup>	
	Attended	Held	Attended	Held	Attended	Held
Robert Martin	9	9	-	-	-	-
Aaron Banks	9	9	-	-	-	-
Ian Wilson	9	9	-	-	-	-
Leonard Troncone	9	9	-	-	-	-
Kobi Ben-Shabat	-	-	-	-	-	-
Anthony Brown	-	-	-	-	-	-
John Paitaridis	-	-	-	-	-	-

<sup>1</sup> Refer to Company's Corporate Governance statement.

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

### Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

### Principles used to determine the nature and amount of remuneration

The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Group depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

# Directors' Report

## *Non-executive directors remuneration*

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the 2016 Annual General Meeting where the shareholders approved a maximum annual aggregate remuneration of \$350,000.

## *Executive remuneration*

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved.

The long-term incentives ('LTI') include share-based payments. Shares are awarded to executives over a period greater than one year based on long-term incentive measures.

## *Use of remuneration consultants*

During the financial year ended 30 June 2021, the Group did not engage a remuneration consultant.

## *Voting and comments made at the company's 2020 Annual General Meeting ('AGM')*

At the 2020 AGM, 99.9% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

# Directors' Report

## Details of remuneration

### Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following persons:

- Robert Martin - Executive Chairman (appointed 30 July 2020)
- Aaron Banks - Executive Director (appointed 30 July 2020)
- Ian Wilson - Non-Executive Director (appointed 1 September 2020)
- Leonard Troncone - Non-Executive Director, Executive Director (appointed 30 July 2020, resigned 29 July 2021)
- Kobi Ben-Shabat - Managing Director (resigned 30 July 2020)
- Anthony Brown - Non-Executive Director (resigned 30 July 2020)
- John Paitaridis - Non-Executive Director (resigned 30 July 2020)

Changes since the end of the reporting period:

Leonard Troncone resigned as a Non-Executive Director on 29 July 2021.

2021	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Ian Wilson <sup>1</sup>	37,194	-	-	-	-	-	66,280	103,474
Leonard Troncone <sup>3</sup>	3,500	-	-	350	-	-	13,375	17,225
Anthony Brown	-	-	-	-	-	-	-	-
John Paitaridis	-	-	-	-	-	-	-	-
<i>Executive Directors:</i>								
Robert Martin <sup>2</sup>	188,467	-	-	-	-	61,103	107,000	356,570
Aaron Banks <sup>2</sup>	220,000	-	-	22,000	-	87,290	-	329,290
Leonard Troncone <sup>3,4</sup>	299,633	-	-	28,667	-	-	-	328,300
Kobi Ben-Shabat <sup>5</sup>	37,740	-	-	-	-	-	-	37,740
	786,534	-	-	51,017	-	148,393	186,655	1,172,599

<sup>1</sup> Salary represents the period 1 September 2020 to 30 June 2021.

<sup>2</sup> Salary represents the period 30 July 2020 to 30 June 2021.

<sup>3</sup> Leonard Troncone was appointed as a Non-Executive Director on 30 July 2020. On 1 September 2020, Leonard was appointed as an Executive Director.

<sup>4</sup> The employment of Leonard Troncone as an Executive Director ceased effective 22 June 2021. Leonard Troncone's remuneration includes a \$133,967 termination payment. Leonard Troncone remained a Non-Executive Director until 29 July 2021.

<sup>5</sup> Salary represents the period 1 July 2020 to 30 July 2020.

## Directors' Report

2020	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total \$
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled shares \$	Equity-settled options \$	
<i>Non-Executive Directors:</i>								
Ian Wilson	-	-	-	-	-	-	-	-
Leonard Troncone	-	-	-	-	-	-	-	-
Anthony Brown	31,983	-	-	-	-	-	-	31,983
John Paitaridis	41,559	-	-	-	-	-	-	41,559
<i>Executive Directors:</i>								
Robert Martin	-	-	-	-	-	-	-	-
Aaron Banks	-	-	-	-	-	-	-	-
Leonard Troncone	-	-	-	-	-	-	-	-
Kobi Ben-Shabat	285,547	-	-	-	-	-	-	285,547
	359,089	-	-	-	-	-	-	359,089

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2021	2020	2021	2020	2021	2020
<i>Non-Executive Directors:</i>						
Ian Wilson	36%	-	-	-	64%	-
Leonard Troncone	22%	-	-	-	78%	-
Anthony Brown	-	100%	-	-	-	-
John Paitaridis	-	100%	-	-	-	-
<i>Executive Directors:</i>						
Robert Martin	53%	-	-	-	47%	-
Aaron Banks	73%	-	-	-	27%	-
Leonard Troncone	100%	-	-	-	-	-
Kobi Ben-Shabat	100%	100%	-	-	-	-

No cash bonuses were paid in the current or previous financial year.

## Directors' Report

### Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Robert Martin  
 Title: Executive Chairman (appointed 30 July 2020)  
 Agreement commenced: 30 July 2020  
 Term of agreement: Open  
 Details: Consultancy fee of \$18,333 plus superannuation and GST per month. The fee will be reviewed annually in accordance with the Company's policies and procedures. 4 month termination notice by either party, the Company may at any time pay a cash bonus, non-solicitation and non-compete clauses.

Name: Aaron Banks  
 Title: Executive Director (appointed 30 July 2020)  
 Agreement commenced: 30 July 2020  
 Term of agreement: Open  
 Details: Base salary of \$240,000 plus superannuation guarantee. The salary will be reviewed annually by the Company in accordance with the policy of the Company for the annual review of salaries. 3 month termination notice by either party, the Company may at any time pay a cash bonus, non-solicitation and non-compete clauses.

<sup>1</sup> Mr Kobi Ben-Shabat resigned as Managing Director and his service agreement ceased on 30 July 2020.

<sup>2</sup> The employment of Mr Leonard Troncone as an Executive Director ceased effective 22 June 2021.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

### Share-based compensation

#### Issue of shares

Details of shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2021 are set out below:

Name	Date	Shares	Issue price	\$
Robert Martin	30-Jul-2020	3,055,161 <sup>1</sup>	\$0.02	61,103
Aaron Banks	30-Jul-2020	4,364,516 <sup>1</sup>	\$0.02	87,290

<sup>1</sup> Payment in shares for accrued salaries in consideration for services performed until settlement of acquisition of Watershed Enterprise Solutions Pty Ltd and Mt Marshall Kaolin Pty Ltd.

#### Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Robert Martin	10,000,000	30-Jul-2020	At any time	30-Jul-2023	\$0.03	\$0.02
Ian Wilson	500,000	24-Nov-2020	At any time	30-Jul-2023	\$0.03	\$0.13
Leonard Troncone	1,250,000	30-Jul-2020	At any time	30-Jul-2023	\$0.03	\$0.02

Options granted carry no dividend or voting rights and vest immediately.

## Directors' Report

Values of options over ordinary shares granted, exercised and lapsed for Directors and other key management personnel as part of compensation during the year ended 30 June 2021 are set out below:

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year %
Robert Martin	107,000	-	-	30%
Ian Wilson	66,280	-	-	64%
Leonard Troncone	13,375	-	-	77%

### Performance rights

During the period 40,500,000 performance rights were issued to Directors. The performance rights convert into fully paid ordinary shares in the capital of the Company upon achievement of the following milestones:

- One third of the performance rights will convert into ordinary shares on a one-for-one basis upon the satisfaction of the following milestones within 12 months following the date of listing:
  - the definition of an Inferred JORC Resource at the Eneabba Sands Project of 80Mt @ 97.5% SiO<sub>2</sub>; and
  - the definition of an Inferred JORC Resource at the Mt Marshall Kaolin Project of 20Mt @ cut-off grade of 25% Al<sub>2</sub>O<sub>3</sub>;
- One third of the performance rights will convert into ordinary shares on a one-for-one basis upon the satisfaction of the following milestones within 24 months following the date of listing:
  - the definition of a Measured JORC Resource at the Eneabba Sands Project of 40Mt @ 97.5% SiO<sub>2</sub>; and
  - the definition of a Measured JORC Resource at the Mt Marshall Kaolin Project of 20Mt @ cut-off grade of 25% Al<sub>2</sub>O<sub>3</sub>;
- One third of performance rights will convert into ordinary shares on a one-for-one basis upon completion of preliminary feasibility studies on both the Eneabba Sands Project and Mt Marshall Kaolin Project demonstrating an ability to operate both projects as commercially viable enterprises within 36 months following the date of listing.

No value was attributable to the performance rights as they were deemed as being less likely to vest than to vest. For remuneration purposes the value is the number of performance rights granted, multiplied by the share price at date of grant. As at 30 June 2021, these performance rights have not converted to ordinary shares. As at 30 June 2021, no expense has been recognised in respect of the performance rights as a 0% probability was assigned at grant date to meeting any of the non-market milestones. On 7 August 2021, 13,500,000 performance rights lapsed.

### Additional information

The earnings of the Group for the two years to 30 June 2021 are summarised below:

	2021 \$	2020 \$
Sales revenue	5,892,146	-
EBITDA	(1,671,660)	(1,546,584)
EBIT	(2,238,073)	(1,546,584)
Loss after income tax	(2,220,638)	(1,546,584)

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

	2021	2020
Share price at financial year end (\$)	0.15	0.02
Total dividends declared (cents per share)	-	-
Basic loss per share (cents per share)	(0.43)	(0.19)

## Directors' Report

### Additional disclosures relating to key management personnel

#### Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Additions <sup>1</sup>	Disposals/ other	Balance at the end of the year
<b>Ordinary shares</b>					
Robert Martin	-	3,055,161	12,500,000	-	15,555,161
Aaron Banks	-	4,364,516	68,200,000	-	72,564,516
Ian Wilson	-	-	-	-	-
Leonard Troncone	-	-	250,000	-	250,000
Kobi Ben-Shabat <sup>2</sup>	-	-	-	-	-
Anthony Brown <sup>2</sup>	-	-	-	-	-
John Paitaridis <sup>2</sup>	-	-	-	-	-
	-	7,419,677	80,950,000	-	88,369,677

<sup>1</sup> Shares issued under the Public Offer.

<sup>2</sup> Not applicable as not a Director as at 30 June 2021.

#### Option holding

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

	Balance at the start of the year	Granted as remuneration	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<b>Options over ordinary shares</b>					
Robert Martin	-	10,000,000	-	-	10,000,000
Aaron Banks	-	-	-	-	-
Ian Wilson	-	500,000	-	-	500,000
Leonard Troncone	-	1,250,000	-	-	1,250,000
Kobi Ben-Shabat <sup>1</sup>	-	-	-	-	-
Anthony Brown <sup>1</sup>	-	-	-	-	-
John Paitaridis <sup>1</sup>	-	-	-	-	-
	-	11,750,000	-	-	11,750,000

<sup>1</sup> Not applicable as not a Director as at 30 June 2021.

#### Performance rights

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

	Balance at the start of the year	Granted as remuneration	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<b>Performance rights</b>					
Robert Martin	-	12,000,000	-	-	12,000,000 <sup>2</sup>
Aaron Banks	-	20,000,000	-	-	20,000,000 <sup>2</sup>
Ian Wilson	-	500,000	-	-	500,000 <sup>2</sup>
Leonard Troncone	-	8,000,000	-	-	8,000,000 <sup>2</sup>
Kobi Ben-Shabat <sup>1</sup>	-	-	-	-	-
Anthony Brown <sup>1</sup>	-	-	-	-	-
John Paitaridis <sup>1</sup>	-	-	-	-	-
	-	40,500,000	-	-	40,500,000

<sup>1</sup> Not applicable as not a Director as at 30 June 2021.

<sup>2</sup> Subsequent to the reporting period 13,500,000 performance rights lapsed.

## Directors' Report

### *Other transactions with key management personnel and their related parties*

During the financial year, payments for consultancy services from Ian Wilson Consultancy Ltd (Director-related entity of Ian Wilson) of \$19,461 were made, of this \$10,070 related to work which was performed in the previous financial year. Ian Wilson Consultancy Ltd provided services related to JORC reporting. Payments were also made to Martin Family Trust (Director-related entity of Robert Martin) of \$16,037 for office rent and reimbursement of business-related expenses. The current trade payable balance as at 30 June 2021 was \$10,070. All transactions were made on normal commercial terms and conditions and at market rates.

***This concludes the remuneration report, which has been audited.***

### Shares under option

Unissued ordinary shares of Suvo Strategic Minerals Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
10-May-2019	4-Sep-2022	\$0.08	5,166,670
24-Nov-2020	30-Jul-2023	\$0.03	500,000
30-Jul-2020	30-Jul-2023	\$0.03	90,616,903
30-Jul-2020	30-Jul-2023	\$0.03	11,250,000
23-Dec-2020	31-Dec-2023	\$0.15	12,000,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

### Shares issued on the exercise of options

No shares were issued on the exercise of options during the year ended 30 June 2021.

### Indemnity and insurance of officers

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

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

### Indemnity and insurance of auditor

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

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

### Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.



# Directors' Report

## Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 28 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 28 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

## Officers of the company who are former partners of BDO Audit (WA) Pty Ltd

There are no officers of the Company who are former partners of BDO Audit (WA) Pty Ltd.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

## Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors



Robert Martin  
Executive Chairman

23 September 2021  
Perth

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF SUVO STRATEGIC MINERALS LIMITED

As lead auditor of Suvo Strategic Minerals Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Suvo Strategic Minerals Limited and the entities it controlled during the period.



Dean Just  
Director

BDO Audit (WA) Pty Ltd  
Perth, 23 September 2021

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## General information

The financial statements cover Suvo Strategic Minerals Limited as a consolidated entity consisting of Suvo Strategic Minerals Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Suvo Strategic Mineral Limited's functional and presentation currency.

Suvo Strategic Minerals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

### Registered office

9th Floor  
182 St Georges Terrace  
Perth WA 6000

### Principal place of business

3610 Glenelg Hwy  
Pittong VIC 3360

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 23 September 2021. The Directors have the power to amend and reissue the financial statements.

## Consolidated statement of profit or loss and other comprehensive income

	Note	Consolidated	
		2021	2020
		\$	\$
<b>Profit or loss from continuing operations</b>			
Revenue	6	5,892,146	-
Cost of sales		(4,028,260)	-
<b>Gross profit before depreciation and amortisation</b>		<b>1,863,886</b>	-
Depreciation and amortisation relating to kaolin production		(494,054)	-
<b>Gross profit from operations</b>		<b>1,369,832</b>	-
Other income		39,246	4,869
Administration and other corporate expenses	7	(2,714,106)	(1,595,323)
Foreign exchange (loss)/profit		(26,703)	43,870
Other depreciation and amortisation expenses		(72,359)	-
Share based payments expense	8	(816,548)	-
<b>Loss before income tax expense from continuing operations</b>		<b>(2,220,638)</b>	<b>(1,546,584)</b>
Income tax expense	9	-	-
<b>Loss after income tax expense from continuing operations</b>		<b>(2,220,638)</b>	<b>(1,546,584)</b>
Profit after income tax expense from discontinued operations		-	310,406
<b>Loss after income tax expense for the year</b>		<b>(2,220,638)</b>	<b>(1,236,178)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified through profit or loss</i>			
Exchange differences on translating discontinued foreign operations		-	(319,525)
<b>Total other comprehensive loss for the year, net of tax</b>		<b>-</b>	<b>(319,525)</b>
<b>Total comprehensive loss for the year</b>		<b>(2,220,638)</b>	<b>(1,555,703)</b>
Loss for the year is attributable to:			
Owners of Suvo Strategic Minerals Limited		(2,220,638)	(1,546,584)
Total comprehensive loss for the year is attributable to:			
Continuing operations		(2,220,638)	(1,546,584)
Discontinued operations		-	(9,119)
Owners of Suvo Strategic Minerals Limited		(2,220,638)	(1,555,703)
<b>Loss per share for loss attributable to owners of Suvo Strategic Minerals Limited</b>			
Basic and diluted loss per share (in cents)	10	(0.43)	(0.19)

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

	Note	Consolidated	
		2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	5,876,550	349,033
Trade and other receivables	12	2,561,676	91,695
Inventories	13	1,305,634	-
Other		206,832	26,098
Income tax		153,769	-
<b>Total current assets</b>		<b>10,104,461</b>	<b>466,826</b>
<b>Non-current assets</b>			
Property, plant and equipment	14	1,429,803	-
Mine properties	15	2,776,941	-
Mineral interest acquisition and exploration expenditure	16	4,436,938	-
Right-of-use assets	17	264,134	-
<b>Total non-current assets</b>		<b>8,907,816</b>	<b>-</b>
<b>Total assets</b>		<b>19,012,277</b>	<b>466,826</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	18	1,825,682	152,024
Provisions	19	738,201	-
Lease liabilities	20	141,546	-
<b>Total current liabilities</b>		<b>2,705,429</b>	<b>152,024</b>
<b>Non-current liabilities</b>			
Provisions	21	3,801,809	-
Lease liabilities	22	145,227	-
<b>Total non-current liabilities</b>		<b>3,947,036</b>	<b>-</b>
<b>Total liabilities</b>		<b>6,652,465</b>	<b>152,024</b>
<b>Net assets</b>		<b>12,359,812</b>	<b>314,802</b>
<b>Equity</b>			
Issued capital	23	31,191,948	18,978,136
Reserves	24	5,641,496	3,589,660
Accumulated losses	25	(24,473,632)	(22,252,994)
<b>Total equity</b>		<b>12,359,812</b>	<b>314,802</b>

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

## Consolidated statement of changes in equity

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	18,831,305	3,476,658	(20,584,289)	1,723,674
Loss after income tax expense for the year	-	-	(1,236,178)	(1,236,178)
Other comprehensive loss for the year, net of tax	-	(319,525)	-	(319,525)
Total comprehensive loss for the year	-	(319,525)	(1,236,178)	(1,555,703)
<i>Transactions with owners in their capacity as owners:</i>				
Transfers	-	432,527	(432,527)	-
Shares issued	146,831	-	-	146,831
Balance at 30 June 2020	<u>18,978,136</u>	<u>3,589,660</u>	<u>(22,252,994)</u>	<u>314,802</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	18,978,136	3,589,660	(22,252,994)	314,802
Loss after income tax expense for the year	-	-	(2,220,638)	(2,220,638)
Other comprehensive loss for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(2,220,638)	(2,220,638)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued	14,323,494	-	-	14,323,494
Share issue costs	(2,109,682)	-	-	(2,109,682)
Share based payments	-	2,051,836	-	2,051,836
Balance at 30 June 2021	<u>31,191,948</u>	<u>5,641,496</u>	<u>(24,473,632)</u>	<u>12,359,812</u>

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

## Consolidated statement of cash flows

	Note	Consolidated	
		2021	2020
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts in the course of operations		5,769,156	-
Payments to suppliers and employees		(6,812,751)	(1,878,640)
Income taxes paid		(153,769)	-
Interest received		1,200	48
Net cash used in operating activities	26	(1,196,164)	(1,878,592)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(400,614)	-
Payments for exploration and evaluation		(1,226,499)	-
Payments to acquire entities	4	(3,083,602)	-
Cash received from acquisitions of entities	4	1,194,647	-
Cash received from acquisition of assets	3	64,670	-
Net cash used in investing activities		(3,451,398)	-
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		11,000,000	50,134
Share issue transaction costs		(726,000)	-
Repayment of lease liabilities		(98,921)	-
Net cash received from financing activities		10,175,079	50,134
Net increase/(decrease) in cash and cash equivalents		5,527,517	(1,828,458)
Cash and cash equivalents at the beginning of the financial year		349,033	2,014,870
Effects of exchange rate changes on cash and cash equivalents		-	162,621
Cash and cash equivalents at the end of the financial year	11	5,876,550	349,033

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

# Notes to the financial statements

## Note 1. Significant accounting policies

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

### **New or amended Accounting Standards and Interpretations adopted**

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

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

The following Accounting Standards and Interpretations are most relevant to the Group:

#### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The Group has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Group's financial statements.

### **Basis of preparation**

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

#### *Historical cost convention*

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

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

#### *Presentation currency*

The Directors have elected to change the Group's functional and presentation currency from United States dollars to Australian dollars effective from 1 July 2020 due to the Company changing its operations to Australian mineral exploration activity. The change in presentation currency is a voluntary change which is accounted for retrospectively. These annual financial statements have been restated to Australia dollars using the procedures outlined below:

- a. The consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows have been translated into Australian dollars using average foreign currency rates prevailing to the relevant period, and
- b. Assets and liabilities in the consolidated statement of financial position have been translated into Australian dollars at the closing foreign currency rates on the relevant balance sheet dates, and
- c. The equity section of the consolidated statement of financial position, including issued capital, reserves and accumulated losses have been translated into Australian dollars using historical rates.
- d. Earnings per share have also been restated to Australian dollars to reflect the change in presentation currency.



## Notes to the financial statements

### Acquisitions

On 30 July 2020 the Company acquired Watershed Enterprises Solutions Pty Ltd ('Watershed') and Mt Marshall Kaolin ('Mt Marshall'), holders of exploration licences. Subsequently, on 1 January 2021, the Company acquired the holding Company of the Australian Kaolin operations of Imerys S.A., Mircal Australia Pty Ltd, and its two wholly owned subsidiaries, Kaolin Australia Pty Ltd (the owner of the Pittong and Lal Lal mines and Trawalla deposit) and Imerys Minerals Australia Pty Ltd (the owner of the Pittong processing plant).

The implications of the above acquisitions on the annual financial statements are as follows:

- a. Consolidated statement of profit or loss and other comprehensive income comprise the following:
  - The consolidated statement of profit or loss and other comprehensive income comprises the total profit or loss and other comprehensive income for the financial year 1 July 2020 to 30 June 2021 for the parent Company, Suvo Strategic Minerals Limited.
  - The consolidated statement of profit or loss and other comprehensive income comprises the total profit or loss and other comprehensive income from 30 July 2020 to 30 June 2021 (11 months) for Watershed and Mt Marshall.
  - The consolidated statement of profit or loss and other comprehensive income comprises the total profit or loss and other comprehensive income from 1 January 2021 to 30 June 2021 (6 months) for Mircal Australia Pty Ltd (now Suvo Australia Pty Ltd) and its two wholly owned subsidiaries.
  - The consolidated statement of profit or loss and other comprehensive income comprises the total profit or loss and other comprehensive income from 1 July 2019 to 30 June 2020 for Suvo Strategic Minerals Limited (previously Ultracharge) and its wholly owned subsidiaries.
- b. Consolidated statement of financial position and consolidated statement of changes in equity comprise the following:
  - The consolidated statement of financial position and the consolidated statement of changes in equity as at and for the year ended 30 June 2021 represents the combination of the Group, including Suvo Strategic Minerals Limited as the parent and its wholly owned subsidiaries acquired throughout the reporting period.
  - The consolidated statement of financial position and the consolidated statement of changes in equity as at and for the year ended 30 June 2020 represents the combination Suvo Strategic Minerals Limited (previously Ultracharge) and its wholly owned subsidiaries.
- c. Consolidated statement of cashflows comprise the following:
  - The consolidated statement of cashflows comprises the total cashflows for the financial year 1 July 2020 to 30 June 2021 for the parent Company, Suvo Strategic Minerals Limited.
  - The consolidated statement of cashflows comprises the total cashflows from 30 July 2020 to 30 June 2021 (11 months) for Watershed and Mt Marshall.
  - The consolidated statement of cashflows comprises the cashflows from 1 January 2021 to 30 June 2021 (6 months) for Mircal Australia Pty Ltd (now Suvo Australia Pty Ltd) and its two wholly owned subsidiaries.
  - The consolidated statement of cashflows comprises the cashflows from 1 July 2019 to 30 June 2020 for Suvo Strategic Minerals Limited (previously Ultracharge) and its wholly owned subsidiaries.

### Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 31.

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Suvo Strategic Minerals Limited ('Company' or 'Parent') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Suvo Strategic Minerals Limited and its subsidiaries together are referred to in these annual financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## Notes to the financial statements

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

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

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

### Operating segments

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

### Foreign currency translation

As stated in the 'Basis of preparation', the financial statements are presented in Australian dollars, which is Suvo Strategic Mineral Limited's functional and presentation currency.

#### *Foreign currency transactions*

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

#### *Foreign operations*

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

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

### Revenue recognition

The Group recognises revenue as follows:

#### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

## Notes to the financial statements

### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### *Other revenue*

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

### **Government grants**

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

### **Income tax**

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

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

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

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

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

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

Suvo Strategic Minerals Limited (the 'Parent') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The Parent and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

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

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

# Notes to the financial statements

## Discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

## Current and non-current classification

Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

## Cash and cash equivalents

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

## Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 60 to 90 days.

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

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

## Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

## Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

## Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Group that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

## Notes to the financial statements

### Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Cost is determined on the following basis:

- a. Work in progress and finished goods on hand is valued on an average total production cost method
- b. Ore stockpiles are valued at the average cost of mining and stockpiling the ore, including haulage
- c. Raw materials are valued at average cost

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### Property, plant and equipment

Land is measured at fair value, based on periodic valuations by external independent valuers. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Buildings are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	10-40 years
Plant and equipment	3-5 years

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

## Notes to the financial statements

### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### Exploration and evaluation assets

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

### Mining assets

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation phase once production commences in the area of interest.

Amortisation of mining development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

### Impairment of non-financial assets

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

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

### Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

# Notes to the financial statements

## Refund liabilities

Refund liabilities are recognised where the Group receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Group does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

## Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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 an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

## Provisions

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

## Employee benefits

### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

## Notes to the financial statements

### *Share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

### **Fair value measurement**

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

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



## Notes to the financial statements

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

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

### Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### Business combinations

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

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

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

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

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

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

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

# Notes to the financial statements

## Earnings per share

### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Suvo Strategic Minerals Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

### *Diluted earnings per share*

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

## **Goods and Services Tax ('GST') and other similar taxes**

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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

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

## **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## **Note 2. Critical accounting judgements, estimates and assumptions**

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

### *Coronavirus (COVID-19) pandemic*

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

### *Share-based payment transactions*

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

## Notes to the financial statements

### *Provision for impairment of inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing prices, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the contained tonnes based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys. The Group reviews the carrying value of stockpile inventories regularly to ensure that their cost does not exceed net realisable value.

### *Recovery of deferred tax assets*

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

### *Rehabilitation provision*

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

### *Exploration and evaluation costs*

Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

### *Amortisation*

The Group uses the concept of life of mine to determine the amortisation of mine properties. In determining life of mine, the Group prepares ore reserve estimation in accordance with JORC 2012, guidelines prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. The estimate of these proved and probable ore reserves, by their very nature, require judgements, estimates and assumptions. Where the proved and probable reserve estimates need to be modified, the amortisation expense is accounted for prospectively from the date of assessment until the end of the revised mine life (for both current and future years).

### *Business combinations*

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

### *Asset acquisition*

As disclosed in Note 3, on 30 July 2020 the Company acquired Watershed Enterprise Solutions Pty Ltd and Mt Marshall Kaolin Pty Ltd by way of issuing shares in the Company. For accounting purposes, the Company was deemed to be the accounting acquirer and accounted for these entities as subsidiaries from acquisition date. Based on the relative voting rights and value of the net assets of the entities, at the time of the acquisition, it was deemed that the Company was the accounting acquirer.

## Notes to the financial statements

### Note 3. Acquisition of Watershed Enterprise Solutions Pty Ltd and Mt Marshall Kaolin Pty Ltd

On 30 July 2020, Suvo Strategic Minerals Limited acquired 100% of the issued share capital in Watershed Enterprise Solutions Pty Ltd ('Watershed') and Mt Marshall Kaolin Pty Ltd ('Mt Marshall'). The two separate Companies own exploration licenses for industrial minerals in Western Australia.

Management has determined that this acquisition does not meet the definition of a business within AASB 3 Business Combinations. This transaction has therefore been accounted for as an asset acquisition.

#### Acquisition agreement

##### Watershed Enterprises Pty Ltd

The total consideration included payment of A\$50,000 for the option to purchase the share capital and a further payment of A\$100,000 to exercise that option. At 30 June 2020, the Company had paid both the option fee and exercise fee. Completion took place on the transfer of 75 million fully paid ordinary shares in the Company to the shareholders of Watershed Enterprise Solutions Pty Ltd on 30 July 2020.

##### Mt Marshall Kaolin Pty Ltd

The total consideration included payment of A\$50,000 for the option to purchase the share capital and a further payment of A\$100,000 to exercise that option. At 30 June 2020, the Company had paid both the option fee and exercise fee. Completion took place on the transfer of 75 million fully paid ordinary shares in the Company to the shareholders of Mt Marshall Kaolin Pty Ltd on 30 July 2020.

#### Details of the purchase consideration and the net assets acquired

	Watershed 30 July 2020 \$	Mt Marshall 30 July 2020 \$
Purchase consideration paid by Suvo Strategic Minerals Limited to acquire Watershed and Mt Marshall		
Shares issued on completion - 75,000,000 ordinary shares at A\$0.02	1,500,000	1,500,000
Shares issued on conversion of convertible note - 8,750,000 ordinary shares at A\$0.02	-	175,000
	<u>1,500,000</u>	<u>1,675,000</u>
	Watershed 30 July 2020 \$	Mt Marshall 30 July 2020 \$
The fair value of assets and liabilities recognised as a result of the acquisition are outlined below:		
Cash and cash equivalents	660	64,010
Other current assets	4,792	31,057
Mineral interest acquisition and exploration expenditure	1,582,126	1,628,313
Other non-current assets	5,582	3,156
	<u>1,593,160</u>	<u>1,726,536</u>
Trade and other payables	93,160	51,536
	<u>93,160</u>	<u>51,536</u>
Net assets	<u>1,500,000</u>	<u>1,675,000</u>

## Notes to the financial statements

### Note 4. Acquisition of Mircal Australia Pty Ltd

On 1 January 2021, Suvo Strategic Minerals Limited acquired the holding Company of the Australian Kaolin operations of Imerys S.A., Mircal Australia Pty Ltd, and its two wholly owned subsidiaries, Kaolin Australia Pty Ltd (the owner of the Pittong and Lal Lal mines and Trawalla deposit) and Imerys Minerals Australia Pty Ltd (the owner of the Pittong processing plant). The mining operations are located west of the township of Ballarat, Victoria, and consist of Australia's only operating wet kaolin processing plant, two active kaolin mine deposits and one unused mine deposit.

As part of the conditions to acquire the business, Suvo Strategic Minerals Limited changed the names of the two group entities. Imerys Minerals Australia Pty Ltd was renamed Suvo Minerals Australia Pty Ltd and Mircal Australia Pty Ltd was renamed Suvo Australia Pty Ltd. The third group entity, Kaolin Australia Pty Ltd retained its name.

Management has determined that this acquisition meets the definition of a business within AASB 3 Business Combinations. This transaction has therefore been accounted for as a business combination.

#### Acquisition agreement

Per the Share Purchase Agreement, the consideration payable was A\$2.00 million subject to completion Balance Sheet adjustments. A\$2.00 million was paid on 31 December 2020. The final payment occurred on 21 June 2021 upon completion of all Balance Sheet adjustments bringing the total consideration paid to A\$3.08 million.

#### Details of the purchase consideration and the net assets acquired

	1 January 2021 \$
Purchase consideration paid by Suvo Strategic Minerals Limited to acquire Mircal Australia Pty Ltd and its wholly owned subsidiaries:	
Cash consideration paid on acquisition date	2,000,000
Deferred cash consideration paid during the period subject to all Balance Sheet adjustments	1,083,602
	<u>3,083,602</u>
	1 January 2021 \$
The fair value of assets and liabilities recognised as a result of the acquisition are outlined below:	
Cash and cash equivalents	1,194,647
Trade and other receivables	2,308,947
Inventories	1,054,611
Other assets	116,998
Property, plant and equipment	1,499,407
Mine properties	3,297,797
Total assets	<u>9,472,407</u>
Trade and other payables	1,901,310
Other current liabilities	599,261
Other non-current liabilities	3,888,234
Total liabilities	<u>6,388,805</u>
Net assets	<u>3,083,602</u>

The acquisition has been accounted for on a provisional basis, if new information obtained on year from the date of acquisition about facts or circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

The acquired business contributed revenues of \$5,892,146 and net profit after tax of \$960,452 for the period 1 January 2021 to 30 June 2021. If the acquisition had occurred on 1 July 2020, consolidated revenue and consolidated profit after tax for the year ended 30 June 2021 would have been \$11,784,292 and \$1,920,904 respectively.

## Notes to the financial statements

### Note 5. Operating segments

#### Identification of reportable operating segments

The Group is organised into one operating segment, being mining and exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

#### Types of products and services

The principal products and services of this operating segment are the mining and exploration operations predominately in Australia.

#### Major customers

During the year ended 30 June 2021 approximately \$2,764,542 of the Group's external revenue was derived from sales to two major Australian paper producers.

#### Geographical information

	Sales to external customers		Geographical non-current assets	
	2021 \$	2020 \$	2021 \$	2020 \$
Australia	4,476,955	-	9,141,848	-
Rest of world	2,229,744	-	-	-
	<b>6,706,699</b>	-	<b>9,141,848</b>	-

### Note 6. Revenue

	Consolidated	
	2021 \$	2020 \$
Sale of Kaolin	6,706,699	-
Sale of other minerals	25,329	-
Sale returns and rebates	(221,058)	-
Distribution, freight and commissions	(618,824)	-
	<b>5,892,146</b>	-

### Note 7. Administration and other corporate expenses

	Consolidated	
	2021 \$	2020 \$
Employee expenses	1,067,484	332,443
Legal fees	242,864	339,162
Accounting fees	257,049	123,661
Compliance fees	112,853	161,432
Other administration costs	1,033,856	638,625
	<b>2,714,106</b>	<b>1,595,323</b>

## Notes to the financial statements

### Note 8. Share based payments expense

	Consolidated	
	2021	2020
	\$	\$
Shares issued to key management personnel <sup>1</sup>	148,393	-
Options issued to key management personnel <sup>1</sup>	186,655	-
Options issued to advisors <sup>1</sup>	481,500	-
	<b>816,548</b>	-
Options issued to lead and co-lead managers <sup>2</sup>	1,383,681	-
	<b>2,200,229</b>	-

<sup>1</sup> Share based payments expensed to the consolidated statement of profit or loss and other comprehensive income

<sup>2</sup> Share based payments capitalised to the consolidated statement of financial position as cost of raising capital

On 30 July 2020, 7,419,677 shares were issued to Robert Martin and Aaron Banks at an issue price of \$0.02 per share and a total transactional value of \$148,393. The shares were issued as remuneration for director services rendered.

A share option plan has been established by the Group, whereby the Group may grant options over ordinary shares in the Company to certain key management personnel and advisors of the Group. The options are issued for nil consideration.

Set out below are summaries of options granted during the financial year:

2021							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30-Jul-2020	30-Jul-2023	\$0.03	-	10,000,000	-	-	10,000,000
30-Jul-2020	30-Jul-2023	\$0.03	-	1,250,000	-	-	1,250,000
30-Jul-2020	30-Jul-2023	\$0.03	-	45,000,000	-	-	45,000,000
30-Jul-2020	30-Jul-2023	\$0.03	-	45,616,903	-	-	45,616,903
24-Nov-2020	30-Jul-2023	\$0.03	-	500,000	-	-	500,000
23-Dec-2020	31-Dec-2023	\$0.15	-	12,000,000	-	-	12,000,000
			-	114,366,903	-	-	114,366,903
Weighted average exercise price			\$0.00	\$0.04	\$0.00	\$0.00	\$0.04

No options were granted during the previous financial year. All options have vested.

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2021 Number	2020 Number
10-May-2019	4-Sep-2022	5,166,670	5,166,670
30-Jul-2020	30-Jul-2023	90,616,903	-
30-Jul-2020	30-Jul-2023	11,250,000	-
24-Nov-2020	30-Jul-2023	500,000	-
23-Dec-2020	31-Dec-2023	12,000,000	-
		<b>119,533,573</b>	5,166,670

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.13 years.

## Notes to the financial statements

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
30-Jul-2020	30-Jul-2023	\$0.02	\$0.03	100%	0%	0.68%	\$0.02
24-Nov-2020	30-Jul-2023	\$0.15	\$0.03	100%	0%	0.14%	\$0.13
23-Dec-2020	31-Dec-2023	\$0.13	\$0.15	100%	0%	0.10%	\$0.07

### Performance rights

The Company completed the acquisition of Watershed Enterprise Solutions Pty Ltd and Mt Marshall Kaolin Pty Ltd on 30 July 2020 and the ASX re-listing on 7 August 2020. At completion of the acquisition, the incoming Directors were granted 40 million performance rights which were split equally into three tranches and subject to conversion into fully paid ordinary shares in the capital of the Company upon achievement of the following milestones:

- One third of the performance rights will convert into ordinary shares on a one-for-one basis upon the satisfaction of the following milestones within 12 months following the date of listing:
  - a. the definition of an Inferred JORC Resource at the Eneabba Sands Project of 80Mt @ 97.5% SiO<sub>2</sub>; and
  - b. the definition of an Inferred JORC Resource at the Mt Marshall Kaolin Project of 20Mt @ cut-off grade of 25% Al<sub>2</sub>O<sub>3</sub>;
- One third of the performance rights will convert into ordinary shares on a one-for-one basis upon the satisfaction of the following milestones within 24 months following the date of listing:
  - a. the definition of a Measured JORC Resource at the Eneabba Sands Project of 40Mt @ 97.5% SiO<sub>2</sub>; and
  - b. the definition of a Measured JORC Resource at the Mt Marshall Kaolin Project of 20Mt @ cut-off grade of 25% Al<sub>2</sub>O<sub>3</sub>;
- One third of performance rights will convert into ordinary shares on a one-for-one basis upon completion of preliminary feasibility studies on both the Eneabba Sands Project and Mt Marshall Kaolin Project demonstrating an ability to operate both projects as commercially viable enterprises within 36 months following the date of listing.

The Company issued a further 500,000 performance rights to Ian Wilson (Non-Executive Director) which were approved at the Annual General Meeting of shareholders held on 24 November 2021. The performance rights were issued on the same terms as the existing performance rights and were issued as part of remuneration in his capacity as Director.

No value was attributable to the performance rights as they were deemed as being less likely to vest than to vest. For remuneration purposes the value is the number of performance rights granted, multiplied by the share price at date of grant. As at 30 June 2021, these performance rights have not converted to ordinary shares. As at 30 June 2021, no expense has been recognised in respect of the performance rights as a 0% probability was assigned at grant date to meeting any of the non-market milestones. On 7 August 2021, 13,500,000 performance rights lapsed.

### Note 9. Income tax expense

	Consolidated	
	2021	2020
	\$	\$
Loss from continuing operations	(2,220,638)	(1,546,584)
<i>Prima facie tax benefit on loss before income tax is reconciled to the income tax as follows:</i>		
Prima facie benefit on operating loss at 26 % (2020:27.5%)	(577,366)	(425,310)
Tax losses and temporary differences not recognised	577,366	425,310
	-	-

A potential deferred tax asset, attributable to tax loss incurred in the current period, amounts to approximately \$1,128,487 and has not been brought to account at reporting date because the Directors believe it is inappropriate to regard realisation of the deferred tax asset as probable at this point in time. This benefit will only be obtained if:



## Notes to the financial statements

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss incurred;
- the Group continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely effects the Group in realising the benefit from the deductions for the loss incurred.

### Note 10. Loss per share

	Consolidated	
	2021	2020
	\$	\$
<i>Loss used in calculating loss per share</i>		
Loss after income tax attributable to owners of Suvo strategic Minerals Limited	(2,220,638)	(1,546,584)
	<u>(2,220,638)</u>	<u>(1,546,584)</u>
	Cents	Cents
Basic and diluted loss per share	(0.43)	(0.19)
	Number	Number
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	520,994,915	825,808,455
	<u>520,994,915</u>	<u>825,808,455</u>

### Note 11. Current assets - cash and cash equivalents

	Consolidated	
	2021	2020
	\$	\$
Cash on hand	400	-
Cash at bank	4,985,150	349,033
Cash in term deposit - restricted <sup>1</sup>	891,000	-
	<u>5,876,550</u>	<u>349,033</u>

<sup>1</sup> Restricted cash includes \$710,000 rehabilitation bond, \$150,000 payroll service guarantee and \$31,000 rental guarantee.

### Note 12. Current assets - trade and other receivables

	Consolidated	
	2021	2020
	\$	\$
Trade receivables	2,561,676	-
	<u>2,561,676</u>	<u>-</u>
Other receivables	-	91,695
	<u>2,561,676</u>	<u>91,695</u>

#### *Allowance for expected credit losses*

The Group has recognised a loss of \$Nil in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

## Notes to the financial statements

### Note 13. Current assets - inventories

	Consolidated	
	2021	2020
	\$	\$
Raw materials	765,457	-
Packaging	208,972	-
Work in progress	72,587	-
Finished goods	258,618	-
	<b>1,305,634</b>	<b>-</b>

The Group has assessed the impact of COVID-19 on the net realisable value of inventories. The majority of the Group's inventories have no specific risk of obsolescence and as a result no specific write down was recognised.

### Note 14. Non-current assets - property, plant and equipment

	Consolidated	
	2021	2020
	\$	\$
Land and buildings - at fair value (land) and at cost (buildings)	2,335,534	-
Less: Accumulated depreciation on buildings	(1,630,005)	-
	<b>705,529</b>	<b>-</b>
Leasehold improvements - at cost	606,281	-
Less: Accumulated depreciation	(394,318)	-
	<b>211,963</b>	<b>-</b>
Plant and equipment - at cost	16,084,966	-
Less: Accumulated depreciation	(15,572,655)	-
	<b>512,311</b>	<b>-</b>
	<b>1,429,803</b>	<b>-</b>

#### Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings	Leasehold Improvements	Plant and equipment	Total
	\$	\$	\$	\$
Balance at 1 July 2019	-	-	-	-
Balance at 30 June 2020	-	-	-	-
Assets acquired (note 3, note 4)	569,774	222,926	715,445	1,508,145
Additions	229,160	-	171,454	400,614
Depreciation expense <sup>1</sup>	(93,405)	(10,963)	(374,588)	(478,956)
Balance at 30 June 2021	<b>705,529</b>	<b>211,963</b>	<b>512,311</b>	<b>1,429,803</b>

<sup>1</sup> Depreciation expense will not match the depreciation and amortisation relating to kaolin production expense in the consolidated statement of profit or loss and other comprehensive income as the above depreciation expense relates to all classes of property, plant and equipment, whilst the depreciation and amortisation related to kaolin production expense includes amortisation of mining reserves but excludes certain equipment, such as office equipment.

## Notes to the financial statements

### Note 15. Non-current assets - mine properties

	Consolidated	
	2021	2020
	\$	\$
Mining properties - at cost	2,776,941	-

#### Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Mining Reserves \$	Rehabilitation Asset \$	Total \$
Balance at 1 July 2019	-	-	-
Balance at 30 June 2020	-	-	-
Assets acquired (note 4)	624,110	2,711,943	3,336,053
Change in present value of rehabilitation provision	-	(424,112)	(424,112)
Amortisation expense	(27,000)	(108,000)	(135,000)
Balance at 30 June 2021	597,110	2,179,831	2,776,941

### Note 16. Non-current assets - mineral interest acquisition and exploration expenditure

	Consolidated	
	2021	2020
	\$	\$
Mineral interest acquisition and exploration expenditure - at cost	4,436,938	-

#### Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration and evaluation \$	Total \$
Balance at 1 July 2019	-	-
Balance at 30 June 2020	-	-
Assets acquired (note 3)	2,896,179	2,896,179
Additions	1,540,759	1,540,759
Balance at 30 June 2021	4,436,938	4,436,938

The Company holds 5 exploration licences through Mt Marshall Kaolin Pty Ltd (White Cloud Kaolin project) and 4 exploration licences through Watershed Enterprise Solutions Pty Ltd (Nova Silica Sands project).

No impairment has been recognised for the year ended 30 June 2021.

## Notes to the financial statements

### Note 17. Non-current assets - right-of-use assets

	Consolidated	
	2021	2020
	\$	\$
Office space - right-of-use	194,560	-
Less: Accumulated depreciation	(37,828)	-
	156,732	-
Equipment - right-of-use	39,308	-
Less: Accumulated depreciation	(24,183)	-
	15,125	-
Motor vehicles - right-of-use	119,594	-
Less: Accumulated depreciation	(27,317)	-
	92,277	-
	264,134	-

The Group leases its office space and has motor vehicles under lease agreements of three years. On renewal, the terms of the leases are renegotiated. The Group also leases plant and equipment under agreements of between two to seven years.

### Note 18. Current liabilities - trade and other payables

	Consolidated	
	2021	2020
	\$	\$
Trade payables	1,431,779	88,482
Accruals	117,420	63,542
Other payables	276,483	-
	1,825,682	152,024

### Note 19. Current liabilities - provisions

	Consolidated	
	2021	2020
	\$	\$
Annual leave	319,390	-
Other provisions	230,395	-
Sales rebate	188,416	-
	738,201	-

## Notes to the financial statements

### Note 20. Current liabilities - lease liabilities

	Consolidated	
	2021	2020
	\$	\$
Lease liability	141,546	-
	<b>141,546</b>	<b>-</b>

The Group leases its office space and has motor vehicles under lease agreements of three years. On renewal, the terms of the leases are renegotiated. The Group also leases plant and equipment under agreements of between two to seven years.

### Note 21. Non-current liabilities - provisions

	Consolidated	
	2021	2020
	\$	\$
Long service leave	343,294	-
Rehabilitation	3,458,515	-
	<b>3,801,809</b>	<b>-</b>

#### Rehabilitation

The provision represents the present value of estimated costs for future rehabilitation of land explored or mined by the Group at the end of the exploration or mining activity.

#### Movements in rehabilitation provision

Movements in the rehabilitation provision during the current financial year, is set out below:

Consolidated	Rehabilitation	Total
	\$	\$
Carrying amount at the start of the year	-	-
Provision acquired ( <i>note 4</i> )	3,848,323	3,848,323
Additional provisions recognised	(424,112)	(424,112)
Unwinding of discount	34,304	34,304
Carrying amount at the end of the year	<b>3,458,515</b>	<b>3,458,515</b>

As disclosed in note 4, on 1 January 2021, the Company acquired the holding Company of the Australian Kaolin operations of Imerys S.A., Mircal Australia Pty Ltd, and its two wholly owned subsidiaries, Kaolin Australia Pty Ltd (the owner of the Pittong and Lal Lal mines and Trawalla deposit) and Imerys Minerals Australia Pty Ltd (the owner of the Pittong processing plant). From this transaction, the Company acquired a provision of \$3,848,323 for the site rehabilitation at the Pittong and Lal Lal mines and Trawalla deposit. In accordance with accounting standards, the provision has been present valued.

## Notes to the financial statements

### Note 22. Non-current liabilities - lease liabilities

	Consolidated	
	2021	2020
	\$	\$
Lease liability	145,227	-
	145,227	-

### Note 23. Equity - issued capital

	Consolidated			
	2021	2020	2021	2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	585,508,922	112,338,245	31,191,948	18,978,136

#### Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 Jul 2019	1,073,380,619	-	18,831,305
Shares issued	4 Sep 2019	50,000,000	0.003	146,831
Share consolidation	20 Feb 2020	(1,011,042,374)	-	-
Balance	30 Jun 2020	112,338,245	-	18,978,136
Shares issued - Directors	30 Jul 2020	7,419,677	0.020	148,393
Share cancellation	30 Jul 2020	(3,000,000)	-	-
Shares issued - Acquisition	30 Jul 2020	158,750,000	0.020	3,175,000
Shares issued - Public offer	30 Jul 2020	250,000,000	0.020	5,000,000
Shares issued - Placement	31 Dec 2020	60,001,000	0.100	6,000,100
Share issue costs		-	-	(2,109,681)
Balance	30 Jun 2021	585,508,922		31,191,948

#### Ordinary shares

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

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

#### Share buy-back

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

#### Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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

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

## Notes to the financial statements

### Note 24. Equity - reserves

	Consolidated	
	2021 \$	2020 \$
Share based payments reserve	5,641,496	3,589,660
Foreign currency reserve	-	-
	<b>5,641,496</b>	<b>3,589,660</b>

#### *Share based payments reserve*

The reserve is used to recognise increments and decrements in the fair value of share based payments.

#### *Foreign currency reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

#### *Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share based payments \$	Foreign currency \$	Total \$
Balance at 1 July 2019	3,589,660	(113,002)	3,476,658
Foreign currency translation	-	(319,525)	(319,525)
Transfers to accumulated losses	-	432,527	432,527
Balance at 30 June 2020	<b>3,589,660</b>	-	<b>3,589,660</b>
Share based payments ( <i>note 8</i> )	<b>2,051,836</b>	-	<b>2,051,836</b>
Balance at 30 June 2021	<b>5,641,496</b>	-	<b>5,641,496</b>

### Note 25. Equity - accumulated losses

	Consolidated	
	2021 \$	2020 \$
Accumulated losses at the beginning of the financial year	(22,252,994)	(20,584,289)
Loss after income tax expense for the year	(2,220,638)	(1,236,178)
Transfers to accumulated losses	-	(432,527)
Accumulated losses at the end of the financial year	<b>(24,473,632)</b>	<b>(22,252,994)</b>

## Notes to the financial statements

### Note 26. Reconciliation of loss after income tax to net cash from operating activities

	Consolidated	
	2021	2020
	\$	\$
Loss after income tax expense for the year	(2,220,638)	(1,236,178)
Adjustments for:		
Depreciation and amortisation	566,413	-
Share-based payments	816,548	-
Foreign exchange differences	-	(702,982)
Unwinding of the discount on provisions	34,304	-
Change in operating assets and liabilities:		
Change in trade and other receivables	(161,035)	38,379
Change in inventories	(251,023)	-
Change in other assets	(75,836)	(4,866)
Change in trade and other payables	377,149	27,055
Change in provision for income tax	(153,769)	-
Change in other provisions	(128,277)	-
Net cash outflows from operating activities	<u>(1,196,164)</u>	<u>(1,878,592)</u>

#### Non-cash investing and financing activities

	Consolidated	
	2021	2020
	\$	\$
Settlement of asset acquisition through the issue of shares	3,175,000	-
Share based payments	1,383,681	-
	<u>4,558,681</u>	<u>-</u>

### Note 27. Key management personnel disclosures

#### Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2021	2020
	\$	\$
Short-term employee benefits	786,534	359,089
Post-employment benefits	51,017	-
Share-based payments	335,048	-
	<u>1,172,599</u>	<u>359,089</u>



## Notes to the financial statements

### Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, the auditor of the Company, its network firms and unrelated firms:

	Consolidated	
	2021	2020
	\$	\$
<i>BDO Audit (WA) Pty Ltd, BDO Israel</i>		
Audit or review of the financial statements	102,800	52,026
Eligible project expenditure report	5,000	-
	<b>107,800</b>	52,026
<i>BDO Corporate Finance (WA) Pty Ltd</i>		
Review of options valuations for notice of meeting	2,000	-
Investigating Accountants Report	-	23,333
	<b>109,800</b>	75,359

### Note 29. Related party transactions

#### *Parent entity*

Suvo Strategic Minerals Limited is the parent entity.

#### *Subsidiaries*

Interests in subsidiaries are set out in note 30.

#### *Key management personnel*

Disclosures relating to key management personnel are set out in note 27 and the remuneration report included in the directors' report.

#### *Transactions with related parties*

During the financial year, payments for consultancy services from Ian Wilson Consultancy Ltd (Director-related entity of Ian Wilson) of \$19,461 were made, of this \$10,070 related to work which was performed in the previous financial year. Ian Wilson Consultancy Ltd provided services related to JORC reporting. Payments were also made to Martin Family Trust (Director-related entity of Robert Martin) of \$16,037 for office rent and reimbursement of business-related expenses.

#### *Receivable from and payable to related parties*

There were no receivables from related parties at the current and previous reporting date. As at 30 June 2021, \$10,070 was outstanding to related parties (2020: \$Nil).

#### *Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

#### *Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

## Notes to the financial statements

### Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
Watershed Enterprise Solutions Pty Ltd <sup>1</sup>	Australia	100%	-
Mt Marshall Kaolin Pty Ltd <sup>1</sup>	Australia	100%	-
Suvo Australia Pty Ltd <sup>2</sup>	Australia	100%	-
Suvo Minerals Australia Pty Ltd <sup>2</sup>	Australia	100%	-
Kaolin Australia Pty Ltd <sup>2</sup>	Australia	100%	-
Far North Minerals Pty Ltd <sup>3</sup>	Australia	100%	-
Ultracharge Ltd <sup>4</sup>	Israel	-	100%

<sup>1</sup> Acquired 30 July 2020

<sup>2</sup> Acquired 31 December 2020

<sup>3</sup> The subsidiary is dormant

<sup>4</sup> The subsidiary was deregistered during the current financial year and its operations were formally discontinued in the prior financial year.

### Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

#### Statement of profit or loss and other comprehensive income

	Parent	
	2021 \$	2020 \$
Loss after income tax	(3,111,107)	(1,546,584)
Total comprehensive loss	(3,111,107)	(1,546,584)

#### Statement of financial position

	Parent	
	2021 \$	2020 \$
Total current assets	3,236,290	466,826
Total assets	11,887,157	466,826
Total current liabilities	258,375	152,024
Total liabilities	417,814	152,024
Equity		
Issued capital	31,191,948	18,978,136
Reserves	5,641,496	3,589,660
Accumulated losses	(25,364,101)	(22,252,994)
Total equity	11,469,343	314,802

## Notes to the financial statements

### *Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others.

### *Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2021 (30 June 2020: \$Nil).

### *Capital commitments - Property, plant and equipment*

The parent entity had committed \$213,800 ex.GST for property, plant and equipment as at 30 June 2021 (30 June 2020:\$Nil).

### *Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1.

## **Note 32. Financial instruments**

### ***Financial risk management objectives***

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

### ***Market risk***

#### *Foreign currency risk*

The Group undertakes certain transactions (export sales) denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

The Group has elected not to enter into hedging contracts as receipts in foreign currency (USD) were not material during the financial year. The Group will continue to monitor foreign currency risk and take the appropriate course of action as required.

The Group held US\$262,805 in the bank as at 30 June 2021 (2020:US\$Nil)

#### *Price risk*

The Group is not exposed to any significant price risk.

#### *Interest rate risk*

The group is not exposed to interest rate risk as it does not have any borrowings.

### ***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

## Notes to the financial statements

### Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

### Remaining contractual maturities

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

Consolidated - 2021	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	1,431,779	-	-	-	1,431,779
Other payables	-	393,903	-	-	-	393,903
<i>Interest-bearing - fixed rate</i>						
Lease liability	4.55%	141,546	119,851	25,376	-	286,773
<b>Total non-derivatives</b>		<b>1,967,228</b>	<b>119,851</b>	<b>25,376</b>	<b>-</b>	<b>2,112,455</b>

Consolidated - 2020	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	152,024	-	-	-	152,024
<b>Total non-derivatives</b>		<b>152,024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>152,024</b>

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

### Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

### Note 33. Contingent assets and liabilities

The Group had no contingent assets or liabilities at the current and previous reporting date.

## Notes to the financial statements

### Note 34. Commitments

	Consolidated	
	2021	2020
	\$	\$
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	213,800	-
Rent, rates and minimum tenement expenditure for next 12 months	316,173	-
	<b>529,973</b>	<b>-</b>

### Note 35. Matters subsequent to the end of the financial year

The Company strengthened its Management team with the appointments of Jeremy Whybrow and Bojan Bogunovic. Jeremy was promoted to General Manager of Mining & Exploration on 13 July 2021, whilst Bojan joined as the Group Financial Controller, effective 26 July 2021.

On 20 July 2021, the Company announced that Chris Achurch was appointed as Company Secretary effective 1 August 2021.

On 29 July 2021 Leonard Troncone resigned as a Director of the Company.

On 5 August 2021, the Company signed an MOU and Collaboration Agreement with Rezel Catalysts Corporation to define a 5 to 10 year supply agreement for up to 10,000t per annum of refined kaolin products, subject to entry into a formal long term supply agreement.

On 26 August 2021, the Company announced it achieved 99.992%(4N) from its first High Purity Alumina ('HPA') test work program conducted by the Beijing General Research Institute of Mining and Metallurgy (BGRIMM) in China on samples produced from White Cloud ore.

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

Apart from matters discussed above, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## Director's Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give 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
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors



Robert Martin  
Executive Chairman

23 September 2021  
Perth

## INDEPENDENT AUDITOR'S REPORT

To the members of Suvo Strategic Minerals Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Suvo Strategic Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Accounting for business acquisition

Key audit matter	How the matter was addressed in our audit
<p>During the financial year ended 30 June 2021 the Group acquired Mircal Australia Pty Ltd as disclosed in Note 4.</p> <p>The accounting for this acquisition is a key audit matter due to the material nature of the acquisition, the related estimates and judgements associated with the identification and determination of the fair value of net assets and liabilities acquired and the final purchase consideration.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"><li>• Reviewing the purchase and sale agreement to understand the terms and conditions of the acquisition including evaluating management's application of AASB 3 Business Combinations;</li><li>• Assessing how the group estimated fair value of assets and liabilities identified in the acquisition;</li><li>• Evaluating the group's determination of purchase consideration to underlying share agreements and cash paid;</li><li>• Comparing assets and liabilities recognised on acquisition against executed agreements and the historical financial information of the acquired business;</li><li>• Reviewing the purchase price allocation; and</li><li>• Assessing the adequacy of the Group's disclosures of the acquisition in the financial report.</li></ul>

## Other information

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

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



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

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

#### Responsibilities of the directors for the Financial Report

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

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

#### Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.

#### Report on the Remuneration Report

##### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 16 of the directors' report for the year ended 30 June 2021.

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



#### Responsibilities

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

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'Dean Just', is written over the printed name.

Dean Just  
Director

Perth, 23 September 2021

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## Shareholder information

The shareholder information set out below was applicable as at 21 September 2021.

### Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	144	0.01%
1,001 to 5,000	665	0.35%
5,001 to 10,000	411	0.56%
10,001 to 100,000	1,092	7.30%
100,001 and over	514	91.78%
	2,826	100.00%
Holding less than a marketable parcel	-	-

### Equity security holders

#### Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
AARON PETER BANKS <BANKS FAMILY A/C>	72,564,516	12.39%
ROBERT KINGSLEY FITZGERALD <THE RKF A/C>	21,975,000	3.75%
MR ROBERT MARTIN	15,555,161	2.66%
RATDOG PTY LTD	15,400,000	2.63%
MR CHRISTOPHER JAMES WEED & MRS JANET ELIZABETH BROCKMAN <BROCKMAN WEED FAMILY A/C>	14,087,101	2.41%
MR KOBI BEN SHABATH	11,188,192	1.91%
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	10,000,000	1.71%
SSELKROW PTY LTD	8,755,000	1.50%
CITICORP NOMINEES PTY LIMITED	7,803,427	1.33%
SANDTON CAPITAL PTY LTD <SANDTON FAMILY A/C>	7,500,000	1.28%
CHRISTOPHER JAMES WEED & JANET ELIZABETH BROCKMAN <BROCKMAN WEED FAMILY A/C>	6,820,000	1.16%
BEARAY PTY LIMITED <BRIAN CLAYTON S/F A/C>	6,565,997	1.12%
MR YEHUDA COHEN	5,570,856	0.95%
PRIMERO GROUP LIMITED <PRIMERO GROUP>	5,500,000	0.94%
PROPEL HOLDINGS PTY LTD	5,400,000	0.92%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,350,000	0.91%
SANDTON CAPITAL PTY LTD	5,300,000	0.91%
MALAHIDE MANAGEMENT PTY LTD	5,125,000	0.88%
MR REBLAZE SINGAPORE PTE LTD	5,000,000	0.85%
MR ORI ACKERMAN	4,970,000	0.85%
	240,430,250	41.06%

## Shareholder information

### Unquoted equity securities

	Number on issue	Number of holders
Options expiring 31 December 2023 at \$0.15	12,000,000	1
Options expiring 4 September 2022 at \$0.08	5,166,670	6
Options expiring 30 July 2023 at \$0.03	500,000	1
Options expiring 30 July 2023 at \$0.03 (restricted)	101,866,903	11
Performance rights	333,333	1
Performance rights (restricted)	26,666,666	3

### Substantial holders

As at 20 September 2021, the Company had received substantial shareholder notices from the following shareholders:

	Number held	Ordinary shares % of total shares issued
AARON PETER BANKS <BANKS FAMILY A/C>	72,564,516	12.39%

### Voting rights

The voting rights attached to ordinary shares are set out below:

#### Ordinary shares

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

There are no other classes of equity securities.

### Tenements

Description	Tenement number	Interest owned %
White Cloud Kaolin Project	E70/5039	100%
White Cloud Kaolin Project	E70/5332	100%
White Cloud Kaolin Project	E70/5333	100%
White Cloud Kaolin Project	E70/5334	100%
White Cloud Kaolin Project	E70/5517	100%
Nova Silica Sands Project	E70/5324	100%
Nova Silica Sands Project	E70/5001	100%
Nova Silica Sands Project	E70/5322	100%
Nova Silica Sands Project	E70/5323	100%
Pittong Project	M5408	100%
Pittong Project	M5409	100%
Pittong Project	M5365	100%

E = Exploration License

M = Mining Lease