



Locksley Resources Limited
ACN: 629 672 144

Annual Report
for the year end 30 June 2021

LOCKSLEY RESOURCES LIMITED
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**LOCKSLEY RESOURCES LIMITED
CORPORATE DIRECTORY**

Directors

Non-Executive Chairman

Hon Adam Giles

Executive Director

Mr Stephen Woodham

Non-Executive Director

Mr Stephen Brockhurst

Company Secretary

Mr Alan Armstrong

Registered and Principal Office

Level 11
216 St Georges Terrace
Perth Western Australia 6000

Telephone : +61 (8) 9481 0389
Facsimile : +61 (8) 9463 6103

Stock exchange listing

Australian Securities Exchange ("ASX")
ASX code: LKY

Auditors

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco Western Australia 6008

Bankers

National Australia Bank Limited
Ground Floor, 100 St Georges Terrace
Perth Western Australia 6000

Share Register

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth Western Australia 6000

**LOCKSLEY RESOURCES LIMITED
DIRECTORS' REPORT**

The Directors present their report together with the financial statements of Locksley Resources Limited (referred to hereafter as "the Company") for the financial year ended 30 June 2021.

DIRECTORS

The followings are name and details of the Company's Directors in office during the financial year and until the date of this report. Directors were in office for the entire period unless stated otherwise.

| | |
|-----------------------|------------------------|
| Hon Adam Giles | Non-Executive Chairman |
| Mr Stephen Woodham | Executive Director |
| Mr Stephen Brockhurst | Non-Executive Director |

**Hon Adam Giles
Non-Executive Chairman**

Adam was the 10th Chief Minister of the Northern Territory and held office from 2013 until 2016. During his political career Adam held the portfolios of Northern Australia, Major Projects, Economic Development, Indigenous Affairs, Transport and Infrastructure and Treasury. Prior to politics, Adam had a long career in the Indigenous affairs, housing, training and employment sectors and previously worked as a social and economic policy adviser in the Department of Prime Minister and Cabinet and led Indigenous Economic Policy for the Australian Government. Adam now provides consultancy advice on agriculture and mining, politics, media, Indigenous policy and employment and training.

| | |
|---|---|
| Directorships of other ASX listed companies in last 3 years | Nil |
| Interest in securities | 1,000,000 Ordinary Fully Paid Shares 1,000,000 Share Options |

**Mr Stephen Woodham
Executive Director**

Mr Woodham has over 15 years' experience in the mining and exploration industry in Western Australia and New South Wales. His area of specialisation includes field logistics and support and land access in rural and remote environments. He also has an extensive track record of tenement acquisition, mining investment and commercial and cross-cultural negotiation. Mr Woodham was a founding director of Centaurus Resources, Kingwest Resources and managing director of Tellus Resources.

| | |
|---|---|
| Directorships of other ASX listed companies in last 3 years | Kingwest Resources Ltd (13 March 2018 to 26 November 2019) |
| Interest in securities | 2,000,000 Ordinary Fully Paid Shares 2,000,000 Share Options |

**Mr Stephen Brockhurst
Non-Executive Director**

Mr Brockhurst is the founding director of Mining Corporate Pty Ltd and has over 15 years' experience in the finance and corporate advisory industry and has been responsible for the preparation of the due diligence process and prospectuses on a number of initial public offers. His experience includes corporate and capital structuring, corporate advisory and company secretarial services, capital raising, ASX and ASIC compliance requirements.

| | |
|---|--|
| Directorships of other ASX listed companies in last 3 years | - Kingwest Resources Ltd (13 March 2018 to 1 July 2021) - Nelson Resources Ltd (since 1 February 2019) - Estrella Resources Ltd (since 3 April 2017) |
| Interest in securities | 1,000,000 Ordinary Fully Paid Shares 1,000,000 Share Options |

LOCKSLEY RESOURCES LIMITED

DIRECTORS' REPORT

DIVIDENDS

No dividends have been paid, and the Directors do not recommend the payment of a dividend for the financial year ended 30 June 2021.

PRINCIPAL ACTIVITY

The principal activity of the Company during the financial year was the evaluation of resource projects.

OPERATING RESULTS

The operating result of the Company for the financial year was a loss of \$532,274 (2020: \$1,683).

REVIEW OF OPERATIONS

Summary

Locksley Resources was incorporated in 2018 for the purpose of funding, exploring and developing the Tottenham Copper Project in the Lachlan Fold Belt of NSW Australia.

Locksley entered into a Tenement Sale Agreement to acquire 100% legal and beneficial interest in the Tottenham Project with Mincor Resources Limited. The Tottenham Project comprises three granted exploration licences (EL 6592, EL 6656 and EL 8384) located in the Cobar-Girilambone district in Central NSW. Locksley have also applied for three exploration license applications (ELA 6213, ELA 6262 and ELA 6265) which upon grant will form part of the Tottenham project.

The Tottenham project represents an impressive group of gold and copper assets, including an exploration Target of 7.8 Mt@ 1.2% Cu and 0.5 g/t Au.

Following completion of the Tenement Sale Agreement, Locksley was admitted to the official list of the Australian Stock Exchange on 8 July 2021.

Locksley are well funded and have brought together a management and exploration team with a proven track record of discovery and corporate guidance in Australia.

Upon listing Locksley built on the existing exploration team with 4 geologists and two field assistants. Locksley are focussed on resource definition and extension drilling at the Carolina and Orange Plains/Mount Royal Deposits with an aim to confirming the Exploration Target and estimating a Mineral Resources to be reported in accordance with the provisions of the JORC code. A seven hole diamond drilling program and a 28 hole RC drilling program is in progress. This will also assist with conducting metallurgy test work on the drill samples.

In addition to the drilling and resource definition, a systematic review of all previous exploration work is being compiled, including relogging and digitizing all previous soil, rock, geological, structural and drilling data. As part of that work program detailed structural geology, geophysics, mapping and geochemical programs will be undertaken.

Further work will commence outside the exploration target at the Bogan River, Effies Ace and Burdena prospects.

LOCKSLEY RESOURCES LIMITED DIRECTORS' REPORT

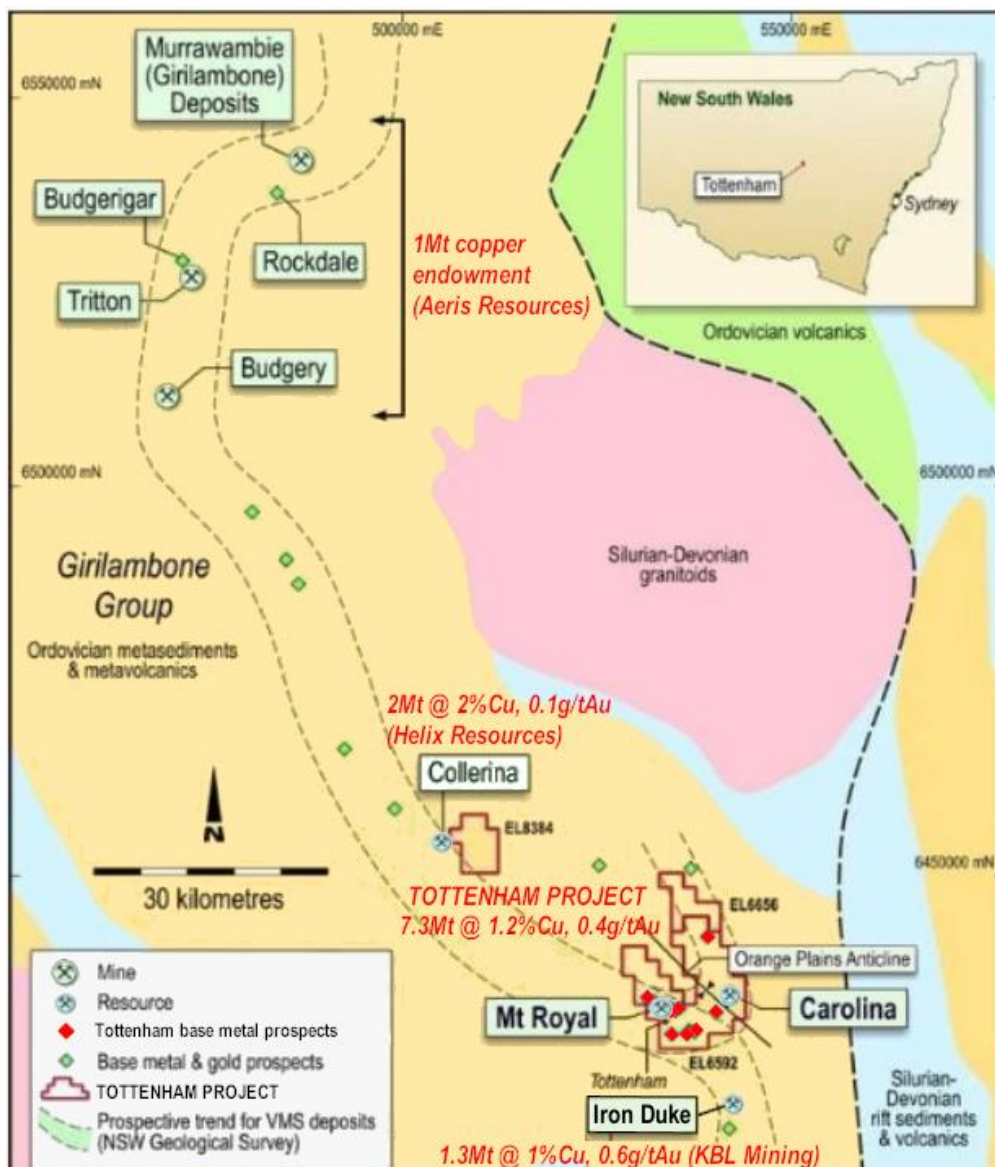
Tottenham Project

The Tottenham Project contains advanced and greenfield Cu-Au targets in Central NSW.

The Project is part of the same geological corridor as the Tritton Mine, 100km to the north-northwest, directly along strike from the Helix Resources Collerina Prospect, and the Sky Metals' Iron Duke Prospect to the south.

These deposits are considered to be Besshi-Type sulphide copper-gold deposits. Besshi-Type deposits are named after deposits on the southern Japanese island of Shikoku. The mineralisation in these systems is typically copper-rich with zinc, silver and gold within well-developed iron-sulphide (pyrite/ pyrrhotite) bodies.

The host rocks are commonly sedimentary rocks, and, as at Tottenham, these have been intruded and interlayered with basaltic igneous rocks. Mineralised horizons tend to be narrow but very extensive. The best copper and zinc grades are typically proximal to the source of the fluids that formed these bodies – possibly “black smokers” erupting from the sea floor, driven by underlying igneous activity.



Location of the Tottenham Project and geologically related Cu-Au resources

LOCKSLEY RESOURCES LIMITED DIRECTORS' REPORT

The Project has main highway access with sealed and unsealed tracks accessing the interior. Tottenham is the terminus of the Bogan Gate to Tottenham branch railway. The railway terminates 500m from the Mount Royal resource.

The Tottenham Project contains two resource level projects at Carolina and Mount Royal/Orange Plains for a total resource of 7.37Mt at 1.2% Copper and 0.4g/t Gold.

CAROLINA DEPOSIT

Carolina is the most consistently mineralised of any of the prospects and contains significant intersections such as 6 metres at 4.1% Cu, 1.2g/t Au, and 5g/t Ag.

Substantial exploration potential exists at the Carolina deposit as it remains open down plunge. Significant strike potential also exists and remains untested by drilling. At Carolina there is a higher-grade core above a 2% copper cut-off of approximately 576,000 tonnes @ 3.7% Cu and 0.9 g/t Au, a series of DHEM anomalies support this open-ended trend down-plunge and is a priority drill target.

MOUNT ROYAL DEPOSIT

Mount Royal is the site of the main historic operations at Tottenham, dating from the 1880's. Mineralisation occurs in two horizons within the base of the Bogan Schist, dipping to the south. Best grades are found in the supergene enriched portion of the unit and deeper drilling intersected encouraging copper grades although at modest widths. There is significant exploration potential with several walk-up targets identified in the geophysical surveys undertaken.

OTHER TARGETS

Several historic prospects have been drilled and returned encouraging copper-gold intersections that require further testing. Significant results include:

- ❖ Bogan River – 3m at 18.1% Cu and 8m at 1.5% Cu
- ❖ Underlay – 2m at 3.7% Cu and 4m 1.4% Cu

Outside of the known resources there are multiple, poorly tested EM/soil/Magnetic anomalies and tens of kms of near surface mineralised horizon. Ground and Downhole EM are very well-established techniques for finding high-grade massive sulphides, magnetics and soils are also particularly good pathfinders. This work has been undertaken with follow-up work required. One of the largest EM anomalies has not been adequately tested.

COLLERINA

The Collerina deposit (Helix Resources Ltd) sits 500m west of EL8384 with the mineralised horizon extending directly on to the Tottenham Project licences.

LOCKSLEY RESOURCES LIMITED

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

- The Company signed an agreement with Mincor Copper Pty Ltd & Bacchus Resources to acquire the Tottenham Project subject to certain conditions precedent, including a successful ASX listing of the Company.
- On 12 March 2021, the Company issued 4,000,000 ordinary shares at \$0.16 per share, raising \$640,000 before costs.
- Planning commenced for an initial public offering on the ASX in Q2 2021, with the proposed \$5,000,000 raise to fund exploration across the exciting targets at the Tottenham Project. Out of the \$5,000,000, \$4,218,500 were received on 22 June 2021.

Other than those disclosed in this annual report, no significant changes in the state of affairs of the Company occurred during the financial year.

SIGNIFICANT EVENTS AFTER REPORTING DATE

- Subsequent to year-end, the Company received the remainder \$781,500 for the \$5,000,000 raise (before costs).
- On 1 July 2021, the Company issued 20,000,000 fully paid ordinary shares and 5,000,000 options (with an exercise price of \$0.25 each and expiring three years from the date of issue) to Mincor Copper Pty Ltd (or its nominees) and Bacchus Resources (or its nominees) as consideration for the acquisition of exploration tenements pursuant to the binding agreement dated 20 April 2021.
- On 8 July 2021, the Company was listed on the ASX under ticker code ASX: LKY.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

DIRECTORS' MEETINGS

The number of Directors' meetings and the number of meetings attended by each of the Directors of the Company for the time the Director held office during the financial year are as follows:

| Director | No. eligible to attend | No. attended |
|-----------------------|-------------------------------|---------------------|
| Hon Adam Giles | - | - |
| Mr Stephen Woodham | - | - |
| Mr Stephen Brockhurst | - | - |

LOCKSLEY RESOURCES LIMITED DIRECTORS' REPORT

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has entered into deeds of indemnity with each Director whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings.

The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

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 for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company or any part of those proceedings.

SHARE OPTIONS

At the date of this report, Locksley Resources Limited has issued 4,000,000 options to Directors and 5,000,000 options to its vendors, all options with an exercise price of \$0.25 and an expiry of 31 March 2024.

ENVIRONMENTAL REGULATION

The Directors are mindful of the regulatory regime in relation to the impact of the Company's activities on the environment. There have been no known breaches of any environmental regulation by the Company during the financial year.

FUTURE DEVELOPMENTS

Further information, other than as disclosed this report, about likely developments in the operations of the Company and the expected results of those operations in future periods, has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Company.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support, and adhere to, good corporate governance practices. Refer to the Company's Corporate Governance Statement at <https://locksleyresources.com.au/locksley-resources-policies/>

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for the Directors of Locksley Resources Limited in accordance with the requirements of the Corporation Act 2001 and its Regulations. For the purpose of this report, Key Management Personnel ('KMP') of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

LOCKSLEY RESOURCES LIMITED DIRECTORS' REPORT

Details of Key Management Personnel

| | |
|-----------------------|------------------------|
| Hon Adam Giles | Non-Executive Chairman |
| Mr Stephen Woodham | Executive Director |
| Mr Stephen Brockhurst | Non-Executive Director |

Remuneration Policy

The Board, in capacity as a Remuneration Committee, is responsible for determining and reviewing remuneration compensation arrangements for the executive and non-executive Directors. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions and individual's experience and qualifications with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Company does not directly link the nature and amount of the emoluments of such officers to the Company's financial or operational performance. The expected outcome of the remuneration policy is to attract and retain the best executives and directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter.

The rewards for Directors' have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The Remuneration Committee determines appropriate levels of performance rewards as and when they consider rewards are warranted.

The remuneration for each key management personnel of the Company during the financial year ended 30 June 2021 are as follows:

| Directors | Directors' Fees | Share-based Payments – Options | Total |
|-----------------------|------------------------|---------------------------------------|---------------|
| Hon Adam Giles | - | - | - |
| Mr Stephen Woodham | 32,500 | - | 32,500 |
| Mr Stephen Brockhurst | - | - | - |
| Total | 32,500 | - | 32,500 |

There were no other Executive officers of the Company during the financial year ended 30 June 2021. Given the nature of the Company's present activity, no remuneration is performance related.

Directors' fees

The Company's Constitution provides that the remuneration of Directors will not be more than the aggregate fixed sum per annum as may be determined by a general meeting. This amount of the aggregate fixed sum may only be increased with the approval of shareholders at a general meeting. Fees for non-executive directors are not dependant on the satisfaction of performance conditions. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in the employee incentive plan.

Directors are entitled to be paid all travelling, accommodation and other expenses incurred in consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors. A Director may also be paid additional amounts as fees or as the Directors determine where a Director performs extra services or makes any special exertions, which in the option of the Directors are outside the scope of the ordinary duties of a Director.

**LOCKSLEY RESOURCES LIMITED
DIRECTORS' REPORT**

Director's interests held in Locksley Resources Limited Shares

| | 1 July 2020 | Net change during the year | 30 June 2021 |
|-----------------------|-------------|----------------------------|--------------|
| Directors | | | |
| Hon Adam Giles | - | 1,000,000 | 1,000,000 |
| Mr Stephen Woodham | - | 2,000,000 | 2,000,000 |
| Mr Stephen Brockhurst | 1 | 1,000,000 | 1,000,001 |
| | <hr/> | <hr/> | <hr/> |
| | 1 | 4,000,000 | 4,000,001 |

Director's interests held in Locksley Resources Limited Options

| | 1 July 2020 | Net change during the year | 30 June 2021 |
|-----------------------|-------------|----------------------------|--------------|
| Directors | | | |
| Hon Adam Giles | - | 1,000,000 | 1,000,000 |
| Mr Stephen Woodham | - | 2,000,000 | 2,000,000 |
| Mr Stephen Brockhurst | - | 1,000,000 | 1,000,000 |
| | <hr/> | <hr/> | <hr/> |
| | - | 4,000,000 | 4,000,000 |

Other transactions with Key Management Personnel

There were no other transactions with Key Management Personnel during the year.

END OF REMUNERATION REPORT (AUDITED)

NON-AUDIT SERVICES

During this financial year, \$12,100 was paid to Bentleys (now known as Hall Chadwick WA Audit Pty Ltd) to provide Independent Assurance service in relation to the Company's prospectus.

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

AUDITOR INDEPENDENCE

Section 307C of the Corporations Act 2001 requires our auditors, Hall Chadwick WA Audit Pty Ltd to provide the Directors of the Company with an Independence Declaration in relation to the audit of this financial report. The Directors have received the Independence Declaration which has been included within this financial report.

Signed in accordance with a resolution of the Directors:



**Hon Adam Giles
Non-Executive Chairman**

Dated this 30th day of September 2021

To the Board of Directors

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

As lead audit partner for the audit of the financial statements of Locksley Resources Limited for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours Faithfully,


HALL CHADWICK WA AUDIT PTY LTD


DOUG BELL CA
Partner

Dated at Perth this 30th day of September 2021

LOCKSLEY RESOURCES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2021 \$ | 2020 \$ |
|---|------|------------------|----------------|
| Revenue | | - | - |
| Exploration and evaluation expenses | | (50,088) | - |
| Administration and other expenses | | (205,411) | (1,683) |
| Depreciation and amortisation | | (16,999) | - |
| Consulting fees | | (126,224) | - |
| Director's fees | | (32,500) | - |
| Legal expenses | | (83,692) | - |
| Travel expenses | | (15,769) | - |
| Total expenditure | | <u>(530,683)</u> | <u>(1,683)</u> |
| Finance costs | | (1,591) | - |
| Profit/(loss) before income tax | | <u>(532,274)</u> | <u>(1,683)</u> |
| Income tax expense | 4 | - | - |
| Net profit/(loss) for the year | | <u>(532,274)</u> | <u>(1,683)</u> |
| Other comprehensive income, net of income tax | | - | - |
| Total comprehensive loss for the year | | <u>(532,274)</u> | <u>(1,683)</u> |
| Basic and diluted loss per share (cents) | 14 | (9.12) | - |

The accompanying notes form part of these financial statements

LOCKSLEY RESOURCES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

| | Note | 2021 \$ | 2020 \$ |
|--------------------------------------|------|-------------------------|-----------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 4,288,939 | 1 |
| Other receivables | | 69,813 | - |
| Prepayments | | 21,403 | |
| TOTAL CURRENT ASSETS | | <u>4,380,155</u> | <u>1</u> |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | | 46,801 | - |
| Right-of-use asset | 6 | 126,585 | - |
| TOTAL NON-CURRENT ASSETS | | <u>173,386</u> | <u>-</u> |
| TOTAL ASSETS | | <u>4,553,541</u> | <u>1</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 7 | 142,548 | - |
| Borrowings | 8 | 1,805 | 2,505 |
| Lease liabilities | 6 | 46,325 | - |
| TOTAL CURRENT LIABILITIES | | <u>190,678</u> | <u>2,505</u> |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 6 | 76,841 | - |
| TOTAL NON-CURRENT LIABILITIES | | <u>76,841</u> | <u>-</u> |
| TOTAL LIABILITIES | | <u>267,519</u> | <u>2,505</u> |
| NET ASSETS/(DEFICIT) | | <u>4,286,022</u> | <u>(2,504)</u> |
| EQUITY | | | |
| Contributed capital | 9 | 602,301 | 1 |
| Other equity | 11 | 4,218,500 | - |
| Accumulated losses | | (534,779) | (2,505) |
| TOTAL EQUITY | | <u>4,286,022</u> | <u>(2,504)</u> |

The accompanying notes form part of these financial statements

LOCKSLEY RESOURCES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2021 \$ | 2020 \$ |
|---|------|------------------|------------|
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | (440,058) | - |
| Payments for exploration and evaluation expenditure | | (22,294) | - |
| Interest paid | | (1,591) | - |
| Net cash used in operating activities | 5 | <u>(463,943)</u> | - |
| Cash flows from investing activities | | | |
| Payments for plant and equipment | | (47,977) | - |
| Net cash used in investing activities | | <u>(47,977)</u> | - |
| Cash flows from financing activities | | | |
| Proceeds from issue of ordinary shares | | 640,000 | - |
| Payment for capital raising costs | | (38,400) | - |
| Proceeds from capital fund held in trust | | 4,218,500 | - |
| Repayment of lease liabilities | 6 | (19,242) | - |
| Net cash from financing activities | | <u>4,800,858</u> | - |
| Net increase in cash and cash equivalents | | 4,288,938 | - |
| Cash and cash equivalents at the beginning of the year | | 1 | 1 |
| Cash and cash equivalents at the end of the year | 5 | <u>4,288,939</u> | <u>1</u> |

The accompanying notes form part of these financial statements

LOCKSLEY RESOURCES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

| | Contributed Capital \$ | Other Equity \$ | Accumulated Losses \$ | Total \$ |
|---|------------------------------|-----------------------|-----------------------------|-------------|
| Balance at 1 July 2019 | 1 | - | (822) | (821) |
| Loss for the year | - | - | (1,683) | (1,683) |
| Other comprehensive income | - | - | - | - |
| | - | - | (2,505) | (2,504) |
| Transactions with equity holders in their capacity as owners | | | | |
| Issue of ordinary shares (net of costs) | - | - | - | - |
| Total transactions with equity holders in their capacity as owners | - | - | - | - |
| Balance at 30 June 2020 | 1 | - | (2,505) | (2,504) |
| Balance at 1 July 2020 | 1 | - | (2,505) | (2,504) |
| Loss for the year | - | - | (532,274) | (532,274) |
| Other comprehensive income | - | - | - | - |
| | - | - | (532,274) | (532,274) |
| Transactions with equity holders in their capacity as owners | | | | |
| Issue of ordinary shares | 640,000 | - | - | 640,000 |
| Capital raising costs | (38,400) | - | - | (38,400) |
| Conversion of loan to equity | 700 | - | - | 700 |
| Capital fund held in trust | - | 4,218,500 | - | 4,218,500 |
| Total transactions with equity holders in their capacity as owners | 602,300 | 4,218,500 | - | 4,820,800 |
| Balance at 30 June 2021 | 602,301 | 4,218,500 | (534,779) | 4,286,022 |

The accompanying notes form part of these financial statements

LOCKSLEY RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. CORPORATE INFORMATION

This financial report of Locksley Resources Limited (“Company”) was authorised for issue in accordance with a resolution of the directors on 30 September 2021.

Locksley Resources Limited is a public non-listed company, incorporated and domiciled in Australia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

(b) New and Amended Accounting Policies Adopted by the Company

During the year ended 30 June 2021, the Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board 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.

(c) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity’s chief operating decision makers to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues.

Operating segments have been identified based on the information presented to the chief operating decision makers – being the Board of Directors.

Information about other business activities and operating segments that do not meet the quantitative criteria set out in AASB 8 “Operating Segments” are combined and disclosed in a separate category called “other”.

(d) 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.

(e) 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 30 days. The Company has applied the simplified approach to measuring expected credit losses.

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

LOCKSLEY RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

(f) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation and amortisation

The depreciable amount of all fixed assets including buildings is calculated using the straight line method, over their estimated useful lives to the economic entity commencing from the time the asset is held ready for use. The straight line depreciation and amortisation rates used for each class of assets are as follows:

| | |
|----------------------|-----|
| ◆ Computer equipment | 25% |
| ◆ Computer software | 20% |
| ◆ Office equipment | 10% |
| ◆ Motor vehicle | 20% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss.

(g) 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 Company 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 re-measurement of lease liabilities.

The Company 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.

(h) Impairment of Assets

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

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

LOCKSLEY RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

(i) Exploration and Evaluation Assets

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

(j) Trade and Other Payables

Liability for trade creditors and other amounts are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed.

(k) Borrowings

Borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a current liability until extinguished on conversion or redemption as the maturity date is within 12 months. The corresponding interest on convertible notes is expensed to profit or loss.

(l) 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 Company's incremental borrowing rate.

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.

(m) Employee Benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

LOCKSLEY RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

(n) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expected liabilities.

(o) Contributed Equity

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

(p) Revenue Recognition

The Company recognises revenue as follows:

Interest

Revenue is recognised as the interest accrues (using the effective interest method) 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.

(q) 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.

(r) Income Tax

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same tax authority.

LOCKSLEY RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

(s) Goods and Services Tax (“GST”)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

(t) Earnings Per Share (“EPS”)

Basic EPS is calculated by dividing the net profit/(loss) attributable to members of the Company for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings/(loss), adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive ordinary shares adjusted for any bonus issue.

(u) New Accounting Standards for Application in Future Periods

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

(v) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. In the opinion of the Directors, there are no critical accounting estimates or judgments in this financial report. 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 period 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 Company 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 Company 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 Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

LOCKSLEY RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

3. SEGMENT INFORMATION

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

The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

During this financial period, the Company had no development assets. The Board considers that it has only operated in one segment, being mineral exploration.

4. INCOME TAX EXPENSE

Major components of income tax expense are:

| | 2021 | 2020 |
|---|-------------|-------------|
| | \$ | \$ |
| Income tax expense reported in the statement of profit or loss and other comprehensive income | - | - |

A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate is as follows:

| | | |
|---|------------------|----------------|
| Profit/(loss) before income tax | <u>(532,274)</u> | <u>(1,683)</u> |
| Prima facie tax calculated at 26% (2020: 27.5%) | (138,391) | (463) |
| Tax losses not recognised | <u>138,391</u> | <u>463</u> |
| Income tax expense | <u>-</u> | <u>-</u> |

Availability of Tax Losses

The availability of the tax losses for future years is uncertain and will be dependent on the Company satisfying strict requirements with respect to continuity of ownership and the same business test imposed by income tax legislation.

The recoupment of available tax losses as at 30 June 2021 is contingent upon the following:

- (a) the Company deriving future assessable income of a nature and of an amount sufficient to enable the benefit from the losses to be realised;
- (b) the conditions for deductibility imposed by income tax legislation continuing to be complied with; and
- (c) there being no changes in income tax legislation which would adversely affect the Company from realising the benefit from the losses.

Given the Company is currently in a loss making position, a deferred tax asset has not been recognised with regard to unused tax losses, as it has not been determined that the Company will generate sufficient taxable profit against which the unused tax losses can be utilised.

LOCKSLEY RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

5. CASH AND CASH EQUIVALENTS

| | 2021 | 2020 |
|--------------------------|------------------|----------|
| | \$ | \$ |
| Cash at bank and in hand | 4,288,939 | 1 |
| | 4,288,939 | 1 |

Cash at bank earns interest at floating rates based on daily at call bank deposit and savings rates.

Reconciliation from net loss after tax to net cash flows from operation

| | | |
|--|------------------|----------|
| Net loss for the year | (532,274) | (1,683) |
| <i>Non-cash flows in loss:</i> | | |
| Depreciation and amortisation | 16,999 | - |
| <i>Changes in assets and liabilities:</i> | | |
| Increase in other receivables | (69,813) | - |
| Increase in prepayments | (21,403) | - |
| Increase in trade and other payables | 142,548 | 1,683 |
| Net cash used in operating activities | (463,943) | - |

6. LEASES

The Company has lease contract for its office, which has a three-year lease term. The Company's obligations under its lease are secured by the lessor's title to the leased assets.

Set out below is the carrying amount of right-of-use asset recognised and the movements during the year:

| | 2021 | 2020 |
|---|----------------|----------|
| | \$ | \$ |
| Carrying amount at beginning of the year | - | - |
| Additions | 142,408 | - |
| Depreciation | (15,823) | - |
| Carrying amount at end of the year | 126,585 | - |

Set out below are the carrying amount of lease liabilities and the movements during the year:

| | | |
|---|----------------|----------|
| Carrying amount at beginning of the year | - | - |
| Additions | 142,408 | - |
| Repayments | (19,242) | - |
| Carrying amount at end of the year | 123,166 | - |
| Lease liabilities - current | 46,325 | - |
| Lease liabilities – non-current | 76,841 | - |
| Depreciation expense for right-of-use asset | 15,823 | - |
| Interest expense on lease liabilities | 1,591 | - |
| Total amount recognised in statement of profit or loss | 17,414 | - |

LOCKSLEY RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

7. TRADE AND OTHER PAYABLES

| | 2021 | 2020 |
|----------------|----------------|----------|
| | \$ | \$ |
| Trade payables | 118,897 | - |
| Accruals | 23,651 | - |
| | 142,548 | - |

Trade creditors are expected to be paid on 30-day terms.

8. BORROWINGS

| | 2021 | 2020 |
|-------------------|--------------|--------------|
| | \$ | \$ |
| Loans – Directors | 1,805 | 2,505 |
| | 1,805 | 2,505 |

All loans made to the Company by related and third parties are unsecured, non interest bearing and are due and payable within 12 months.

Reconciliation of liabilities from financing activities

| | 2021 |
|--|--------------|
| | \$ |
| Carrying amount at beginning of the year | 2,505 |
| Cash flows | - |
| Non-cash changes: | |
| Foreign exchange | - |
| Conversion to equity | (700) |
| Changes due to AASB 16 <i>Leases</i> | - |
| Carrying amount at end of the year (total liabilities from financing activities) | 1,805 |

Non-cash changes relate to the conversion of non-interest bearing loans into ordinary shares during the year.

9. CONTRIBUTED EQUITY

| | 2021 | 2020 |
|---|----------------------------------|----------------|
| | \$ | \$ |
| Ordinary shares – issued and fully paid | 602,301 | 1 |
| | Number of ordinary shares | \$ |
| Movement in ordinary shares on issue | | |
| At 30 June 2019 | 1 | 1 |
| At 30 June 2020 | 1 | 1 |
| Issue of founders shares – 2 November 2020 | 7,000,000 | 700 |
| Issue of seed shares – 12 March 2021 | 4,000,000 | 640,000 |
| Less transaction costs | - | (38,400) |
| At 30 June 2021 | 11,000,001 | 602,301 |

LOCKSLEY RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

Share Options

At 30 June 2021, Locksley Resources Limited had 4,000,000 options on issue with an exercise price of \$0.25 and an expiry of 31 March 2024.

10. SHARE-BASED PAYMENTS

Locksley Resources Limited issued 4,000,000 options during the current reporting period with an exercise price of \$0.25 and an expiry of 31 March 2024. As the value of shares at the date of issue were \$0.0001, the issue had nil impact on the financials for the 30 June 2021 reporting period.

The options issued were calculated using the Black-Scholes option pricing model with the following inputs:

| | |
|---|----------|
| Expected volatility (%) | 100% |
| Risk-free interest rate (%) | 6% |
| Weighted average expected life of options (years) | 3.5 |
| Expected dividends | Nil |
| Option exercise price (\$) | \$0.25 |
| Share price at grant date (\$) | \$0.0001 |
| Fair value of option (\$) | Ni |

11. OTHER EQUITY

This amount represented cash received during the current reporting period, arising from the \$5,000,000 raise. Cash received are held in trust. Subsequent to 30 June 2021, shares were issued to these capital fund providers.

12. DIRECTORS AND EXECUTIVE DISCLOSURES

(a) Remuneration of Key Management Personnel

| | 2021 | 2020 |
|---|---------------|----------|
| | \$ | \$ |
| Short-term employment benefits: | | |
| Director's fees | 32,500 | - |
| Total short-term employment benefits | 32,500 | - |

(b) Related party transactions

There are no other related party transactions during the period apart from the payment of Director's fees. Related party loans to the Company have been disclosed above in Note 8.

13. AUDITOR'S REMUNERATION

| | 2021 | 2020 |
|-----------------------------------|---------------|---------------|
| | \$ | \$ |
| Remuneration of the auditor for: | | |
| Auditing the financial statements | 10,500 | 14,250 |
| | 10,500 | 14,250 |

LOCKSLEY RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

14. EARNINGS PER SHARE

| | 2021 | 2020 |
|--|-----------|----------------|
| | \$ | \$ |
| Basic and diluted EPS (cents) | (9.12) | - ¹ |
| Loss used to calculate basic EPS | (532,274) | (1,683) |
| Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted EPS | 5,838,357 | 1 |

¹ The basic and diluted EPS number is not meaningful, hence this is not disclosed.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise receivables, payables and cash which arise directly from its operations.

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

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Risk Exposures and Responses

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Company's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash.

Interest rate sensitivity analysis

The Company has no material interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's potential concentration of credit risk consists mainly of cash balances with banks. The Company's short term cash surpluses are placed with banks that have investment grade ratings. The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the reporting date. The Company considers the credit standing of counterparties when making deposits to manage the credit risk.

Liquidity risk

The responsibility with liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained. The Company's policy is to ensure that it has sufficient cash reserves to carry out its planned exploration activities over the next 12 months.

Fair values

Fair values of financial assets and liabilities are equivalent to carrying values due to their short terms to maturity.

LOCKSLEY RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

16. COMMITMENTS

The Company's minimum expenditure commitments in relation to its tenements are as follows:

| | 2021 | 2020 |
|-----------------------|-----------------------|-----------------|
| | \$ | \$ |
| Within 1 year | 184,967 | - |
| Between 2 and 5 years | 536,533 | - |
| More than 5 years | 16,100 | - |
| | <u>737,600</u> | <u>-</u> |

17. CONTINGENT LIABILITIES

The Company has no contingent liabilities as at 30 June 2021 (2020: \$nil).

18. EVENTS AFTER REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years, other than stated below.

- Subsequent to year-end, the Company received the remainder \$781,500 for the \$5,000,000 raise (before costs).
- On 1 July 2021, the Company issued 20,000,000 fully paid ordinary shares and 5,000,000 options (with an exercise price of \$0.25 each and expiring three years from the date of issue) to Mincor Copper Pty Ltd (or its nominees) and Bacchus Resources (or its nominees) as consideration for the acquisition of exploration tenements pursuant to the binding agreement dated 20 April 2021.
- On 8 July 2021, the Company was listed on the ASX under ticker code ASX: LKY.

LOCKSLEY RESOURCES LIMITED
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Locksley Resources Limited, I state that:

1. In the opinion of the directors:

(a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:

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

(ii) complying with Australian Accounting Standards, International Financial Reporting Standards as issued by the International Accounting Standards Board and *Corporations Regulations 2001*.

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001*.

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



Hon Adam Giles
Non Executive Chairman

Dated this 30th day of September 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOCKSLEY RESOURCES LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Locksley Resources Limited (“the Company”), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

In our opinion:

- a. the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company’s financial position as at 30 June 2021 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s *APES 110 Code of Ethics for Professional Accountants* (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 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. No key audit matters were noted during the year ended 30 June 2021.

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Company's ability 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Auditor's Opinion

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



HALL CHADWICK WA AUDIT PTY LTD



DOUG BELL CA
Partner

Dated at Perth this 30th day of September 2021

LOCKSLEY RESOURCES LIMITED
ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 21 September 2021.

(a) Distribution of Shareholders

| Number of Shares Held | Number of Shareholders | Number of Shares |
|-----------------------|------------------------|-------------------|
| 1 - 1,000 | 9 | 1,654 |
| 1,001 - 5,000 | 37 | 128,766 |
| 5,001 - 10,000 | 146 | 1,398,329 |
| 10,001 - 100,000 | 204 | 8,491,285 |
| 100,001 and over | 63 | 45,979,967 |
| Total | 459 | 56,000,001 |

The number of shareholders holding less than a marketable parcel is 28.

Top Twenty Shareholders

| | Holder name | Securities | % |
|----|---|-------------------|--------------|
| 1 | Mincor Copper Pty Ltd | 14,500,000 | 25.89 |
| 2 | Bacchus Resources Pty Ltd | 5,500,000 | 9.82 |
| 3 | Jetosea Pty Ltd | 2,573,591 | 4.6 |
| 4 | Mr Peter Hiney | 2,250,000 | 4.02 |
| 5 | Alphda Pty Ltd (Alphda Family A/C) | 2,000,000 | 3.57 |
| 6 | Gleneagle Asset Management Limited (Gleneagle Investmentfund A/C) | 1,160,000 | 2.07 |
| 7 | CS Third Nominees Pty Limited (HSBC Cust Nom AU Ltd 13 A/C) | 1,105,000 | 1.97 |
| 8 | Adgile Investments Pty Ltd | 1,000,000 | 1.79 |
| 9 | Mr Stephen Michael Brockhurst (SM Brockhurst Family A/C) | 999,500 | 1.78 |
| 10 | Elton Holdings Pty Ltd | 800,500 | 1.43 |
| 11 | Ashabia Pty Ltd (Ashabia Super Fund A/C) | 750,000 | 1.34 |
| 12 | Chifley Portfolios Pty Ltd (D Hannon Retirement A/C) | 750,000 | 1.34 |
| 13 | GT Asset Management Pty Limited | 750,000 | 1.34 |
| 14 | Jetosea Pty Ltd | 662,803 | 1.18 |
| 15 | Sisu International Pty Ltd | 625,000 | 1.12 |
| 16 | Axelerate Pty Ltd | 500,000 | 0.89 |
| 17 | Treasury Services Group Pty Ltd (Nero Resource Fund A/C) | 375,000 | 0.67 |
| 18 | A22 Pty Limited | 350,000 | 0.62 |
| 19 | Springcreek Equities Pty Ltd (Pioneer Super Fund A/C) | 325,000 | 0.58 |
| 20 | Simon and Brooke Pty Limite (Simon Pizzinato Family A/C) | 312,500 | 0.56 |
| | Total | 37,288,894 | 66.59 |

(b) Substantial Shareholder (Holding not less than 5%)

| | Holder name | Securities | % |
|---|---------------------------|------------|-------|
| 1 | Mincor Copper Pty Ltd | 14,500,000 | 25.89 |
| 2 | Bacchus Resources Pty Ltd | 5,500,000 | 9.82 |

LOCKSLEY RESOURCES LIMITED
ASX ADDITIONAL INFORMATION

(c) Class of Shares and Voting Rights

There is only one class of share. All ordinary shares carry one vote per share.

(d) Unquoted option securities

The Company has the following classes of unquoted options and performance rights on issue.

| Number | Issue date | Expiry Date | Exercise price |
|-----------|-----------------|---------------|----------------|
| 4,000,000 | 2 November 2020 | 31 March 2024 | \$0.25 |
| 5,000,000 | 20 March 2021 | 21 March 2024 | \$0.25 |

(e) Restricted Securities

The Company currently has the following restricted securities:

- 21,552,750 fully paid ordinary shares classified by ASX as restricted securities and to be held in escrow until 8 July 2023, being 24 months from the date of commencement of Official Quotation.
- 5,500,000 fully paid ordinary shares classified by ASX as restricted securities and to be held in escrow until 1 July 2022, being 12 months from the date of issue.
- 7,500,000 options exercisable at \$0.25 on or before 31 March 2024 classified by ASX as restricted securities and to be held in escrow until 8 July 2023, being 24 months from the date of commencement of Official Quotation.
- 1,500,000 options exercisable at \$0.25 on or before 31 March 2024 classified by ASX as restricted securities and to be held in escrow until 19 March 2022, being 12 months from the date of issue.

(f) On-Market Buy Back

There is no current on-market buy back of ordinary shares.

(g) Schedule of Interests in Exploration Tenements

| Project | Tenement | % held | Expiry date | Status |
|-----------------|----------|--------|-------------|---|
| Tottenham | EL 6592 | - | 29/06/2026 | Transfer of full 100% interest to Locksley Resources Limited in progress |
| Tottenham North | EL 6656 | - | 27/10/2026 | Transfer of full 100% interest to Locksley Resources Limited in progress |
| Collerina | EL 8384 | - | 28/7/2026 | Transfer of full 100% interest to Locksley Resources Limited in progress |
| - | ELA 6213 | 100 | | ELA6213, ELA6262, ELA6265 have been offered for grant as a single licence pending payment of bonds, rents and levies, and processing. Grant imminent. |
| - | ELA 6262 | 100 | | ELA6213, ELA6262, ELA6265 have been offered for grant as a single licence pending payment of bonds, rents and levies, and processing. Grant imminent. |
| - | ELA 6265 | 100 | | ELA6213, ELA6262, ELA6265 have been offered for grant as a single licence pending payment of bonds, rents and levies, and processing. Grant imminent. |