Annual Report
2020

Speciality Metals
International Limited

Speciality Metals
International Limited

Corporate Directory

Directors

Oliver Kleinhempel
Non-executive Director (Appointed 12 August 2019)
Non-executive Chairman (Appointed 24 April 2020)

Stephen Layton
Non-executive Director

Zhui Pei Yeo
Non-executive Director (Appointed 12 August 2019)

Company Secretary

Suzanne Irwin (Appointed 1 September 2020)

Registered Office

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Level 6, 25 King Street
Bowen Hills QLD 4006

Telephone: +61 (0)7 4094 3072
Website: www.specialitymetalsintl.com.au
Email: info@specialitymetalsintl.com.au

Principal Place of Business

6888 Mulligan Highway
Mount Carbine QLD 4871

Share Register

Automic Pty Ltd
Level 5 126 Philip Street
Sydney NSW 2000

1300 288 664 (within Australia)
or +61 (0)2 9698 5414

Auditors

Nexia Melbourne Audit Pty Ltd
Level 12, 31 Queen Street
Melbourne VIC 3000

Telephone: +61 (0)3 8613 8888
Facsimile: +61 (0)3 8613 8800

Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX)

ASX Code: SEI

ACN: 115 009 106
ABN: 77 115 009 106

Contents

Chairman's Address

> We invite you to continue to support us in our journey to realise the potential of Speciality Metals to add significant value beyond our existing assets and for all stakeholders.

Dear Shareholders

Welcome to the 2020 annual report for Speciality Metals International Limited (***Speciality Metals*** or ***Company***). The past 12 months has been a period of consolidation for the Company; building on the momentum started in 2019 to transition from a junior exploration company to an emerging tungsten producer. Against the backdrop of the COVID-19 pandemic and these unprecedented times, we have stayed on track.

Our leadership team changed during the year. We thank you for your patience, trust and continued support as the team assembled to execute the operational strategies for our flagship projects at Mt Carbine and to rebuild the corporate foundation. We are committed and together, we have the mix of skills and experience to navigate the Company through an increasingly complex operating environment.

The world is facing enormous challenges such as climate change, political and social polarisation, rising protectionism and supply chain uncertainty. Businesses and society are interdependent, and Speciality Metals does not operate in a vacuum. Society and investors now have expectations in relation to a company's environmental, social and governance (ESG) performance and are increasingly holding executives to account. Given these fundamental shifts, the Board with the leadership team have taken the time to reflect on the Company's purpose, values and positioning. We believe everything starts with a purpose, and it is necessary for all of us to align on what we are about so that we can move in the same direction.

We have articulated *our Purpose* as:

Resourcing the new economy for a better tomorrow

*We are a **value-oriented** resources company, sustainably producing and managing **new economy** minerals and metals. We maximise the potential of our assets through **resource-efficiency** and investment in our people to deliver materials that are **critical for a better tomorrow**. It's how we drive value in our operations, approach new opportunities and at the same time deliver positive societal impact while minimising our environmental footprint.*

Our focus on new economy minerals are those which are in growing demand to meet the global shifts in energy, industry and sustainability. Tungsten has, just this month, been recognized by the European Commission as having the highest economic importance of all raw materials, and is already listed by USA, Japan, India and Australia as a critical mineral (that is, vital for its economy but having a high supply risk). Our team is committed to enhancing Speciality Metals' existing portfolio and business model to contribute to this globally relevant agenda.

This is exciting and challenging. We invite you to continue to support us in our journey to realise the potential of Speciality Metals to add significant value beyond our existing assets and for all stakeholders.

Oliver Kleinhempel
Non-Executive Chairman

Chief Executive Officer's Letter


Mt Carbine Site

Dear Shareholders

The past year has been a momentous year for Speciality Metals, transitioning from explorer to emerging producer. Getting things right on the operational front at our flagship Mt Carbine asset has been our focus. The four key development areas are visually presented in the project timeline set out in the Operating and Financial Review section of this report at page 5. In summary:

1. Leveraging the expertise and experience of our unincorporated joint venture partner, CRONIMET Australia Pty Ltd (part of the CRONIMET diversified commodities group), the Retreatment Plant has been successfully brought online and commissioned. We are continuing to improve and optimise the operations to increase production levels toward sustainable commercial levels.
2. The XRT Pilot Plant has been installed and has started processing bulk samples returning positive initial results of up to a 28x upgrade from head feed to concentrate. It is anticipated that the sorting technology will be employed for low cost bulk processing of the historical stockpiles around Mt Carbine and expansion to firstly 300,000 tonnes per annum and then the targeted 1 million tonnes per annum over the coming years, maximising resource value already on surface.
3. We've made large strides in the modernisation of Mt Carbine Quarries during the year having secured the $4 million purchase order from Bama Civil Pty Ltd. We are continuing to target infrastructure projects and contractors in the region for the sale of our various aggregates products to grow the quarry business as a steady source of revenue. At the same time, we are investigating collaborations to develop higher value/ lower emissions products.
4. The redefinition of the Mt Carbine resource has started and we are tracing high-grade veins labelled as "King Veins" with a view to developing the next phase, underground mining as a narrow underground deposit rather than block caving.

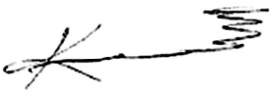
With our exploration assets, we have been somewhat hindered in the further development of our gold assets in New South Wales due to government travel restrictions imposed in response to the COVID-19 pandemic. As the situation improves, we will be looking to reinstate our works program in relation to our licences.

Concurrently, we remain open to new opportunities which fit our purpose and positioning. As previously announced, during the year, we made the decision not to renew our lithium interests in Chile as it was no longer the best strategic fit for us.

We take this opportunity to acknowledge that this transition would not have been possible without the tireless efforts of the leadership and site teams working together. We are grateful our people have dug deep to ramp up production capacities and solve problems along the way in the execution of the operations. We're proud that this teamwork has been extended in our interactions with technology providers, suppliers and other stakeholders. We can create more together than on our own in certain areas, and our collaborative approach positions us well to drive value in our operations for long-term profitability and increased shareholder value.

Since joining the Company, I have been energised to be part of a diverse, collaborative and highly motivated team, fully supported by an engaged Board.

Our team looks forward to continuing the implementation of the operational strategies outlined to continue the growth of the Company in line with our purpose, values and positioning.



Kevin MacNeill
Interim-CEO
& Snr Technical Advisor

Drill core with wolframite mineralisation

Operating and Financial Review

The 2020 financial year has been a transformative year for Speciality Metals and its flagship projects at Mt Carbine in Far North Queensland.

Highlights

The 2020 financial year has been a transformative year for Speciality Metals International Limited (***Speciality Metals*** or the ***Company***) and its flagship projects at Mt Carbine in Far North Queensland.

The highlights in the year were:

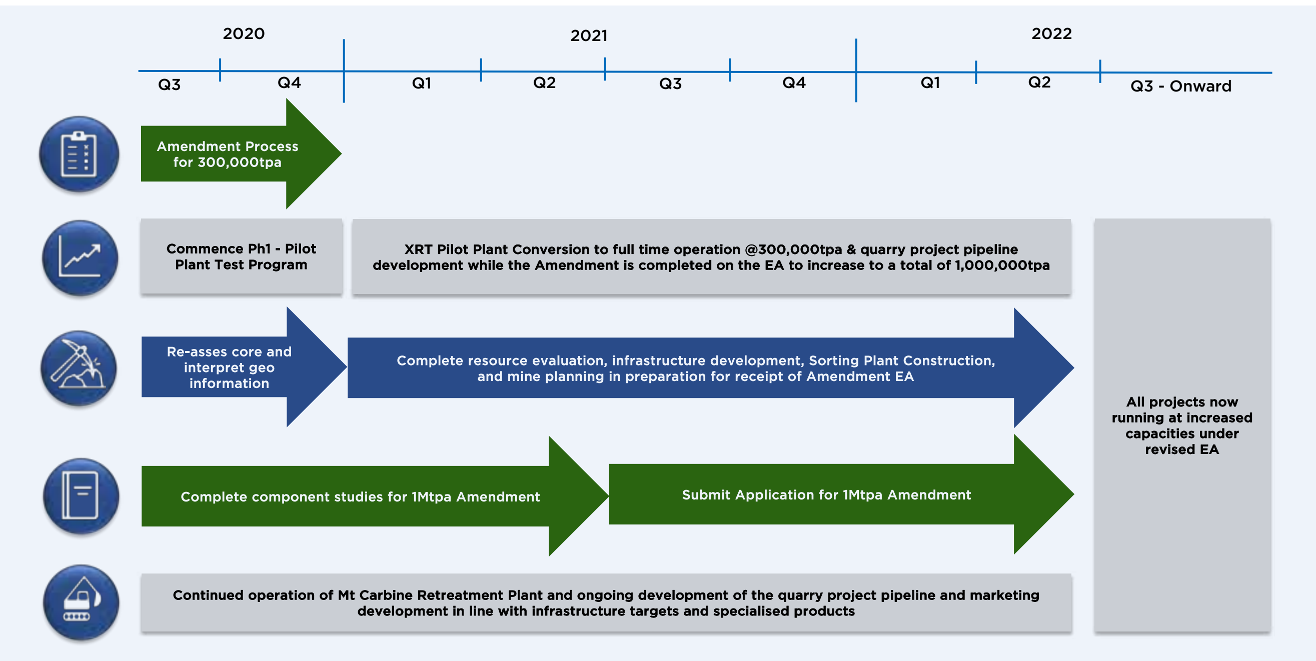
- the successful integration of Mt Carbine quarrying operations (***Mt Carbine Quarries***) into the Speciality Metals Group, following the 100% acquisition of Mt Carbine Quarries Pty Ltd on 28 June 2019;
- the start of the Company's transition from a junior explorer to an emerging producer with the commencement of production at the refurbished Mt Carbine Retreatment Plant, operated under an unincorporated joint venture between Speciality Metals and CRONIMET Australia Pty Ltd and various trial shipments to leading tungsten consumers in Asia, Europe and the US;
- establishment of a new multi-disciplinary leadership team to allow the Company to seize the opportunities arising from the increasing focus in the resources industry on environmental, social and governance (ESG) performance;
- the initiation of major expansion activities at Mt Carbine Quarries to grow the business as a steady source of revenue and secure fulfilment of large orders, such as the $4 million purchase order received from Bama Civil Pty Ltd to provide road base for a major road construction project in Far North Queensland; and
- continuation of the detailed geological review and reinterpretation of data at Mt Carbine to identify high-grade veins traced to depth labelled as "King Veins" for next phase, underground mining.

A review of the Company's operating and financial activities for the 2020 financial year up until the date of this report is set out in this section.

Mt Carbine Project Timeline

The Company has continued to develop the operational and execution strategy for its Mt Carbine assets. The below timeline was prepared to take into account the environmental permitting requirements, setting out major milestones for the Environmental Authority (EA) amendment process to increase production capacity from 300,000tpa to 1,000,000tpa by Q2 2022.

The Company's assessment of EA amendment requirements was commenced in Q2 2020 (refer to ASX announcement *Quarterly Activities Report and Cashflow Report* released on 29 July 2020).



Mt Carbine Project Timeline

Operating and Financial Review continued

Retreatment Plant

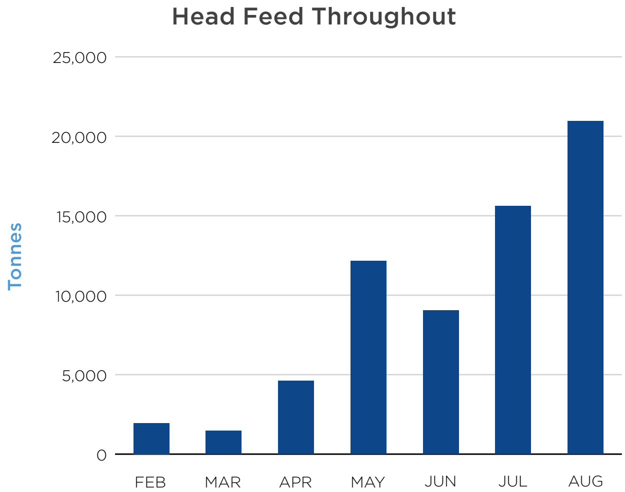
Retreatment Plant Activities

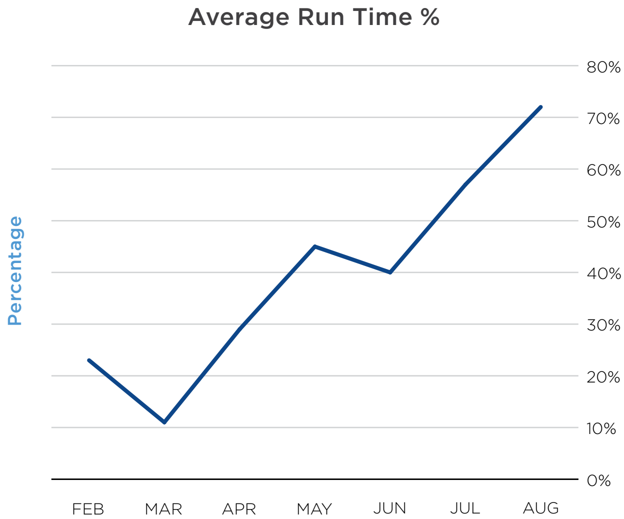
During the 2020 financial year, the Mt Carbine Retreatment Plant was overhauled and refurbished, enabling the production ramp-up and optimisation phase to commence. Capital expenditure of approximately $1.5 million was directed towards upgrades, improvements and modifications which were identified by the production and technical team as being necessary for process design and for increased operational efficiencies.

Improvements in the process design included the installation of an additional re-crushing and wet screening stage to achieve higher mineral liberation and better tungsten recovery. The newly installed wet screen and secondary rolls crushers were commissioned during quarter ended June 2020 (refer to ASX announcement *Mt Carbine Retreatment Plant Commissioning and X-Ray Sorter Installation Update* released on 8 April 2020).

A summary of the major plant refurbishments during the 2020 financial year are set out below:

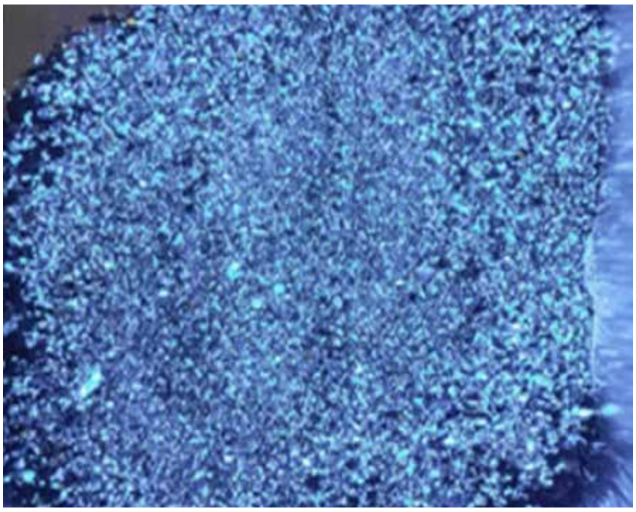
- changeout of all pumps on the plant for new Warman and Scat pumps;
- installation of high wearing pipelines;
- installation of additional wet screen and secondary rolls crushers;
- installation of higher wearing impellers into the slurry pumps; and
- purchase of a large impact crusher to increase head feed throughput tonnages (scheduled for installation in the quarter following FY2020).





The final commissioning phase and initial ramp-up of the Retreatment Plant occurred during these unprecedented times caused by the global COVID-19 pandemic. Whilst the operation was not directly affected by any enforced shut-downs, logistical challenges for the delivery of spare parts and additional equipment were experienced which led to delays for some of the ramp-up activities.

Mt Carbine Mixed Tungsten Concentrate



Mt Carbine Mixed Tungsten Concentrate (under UV light)

The teething challenges experienced during the early phases of ramp-up improved the team's understanding of the process and resulted in improved stability and continuity of operations. However, those early challenges resulted in volume fluctuations in the production and inconsistencies in the concentrate grade. The XRT Sorter feasibility test work (further detailed in section below on XRT Sorter Development) is currently effecting intermittent increases in the concentrate tonnages.

In accordance with the Offtake Agreement between the unincorporated JV formed by the Company and CRONIMET Australia Pty Ltd (***CRONIMET Australia***) on the one hand and CRONIMET Asia Pte Ltd (***CRONIMET Asia***) on the other, CRONIMET Asia has, to date, taken delivery of approximately 40 tonnes of concentrate. Individual production lots are tested against agreed quality parameters, upon which CRONIMET Asia determines the acceptance of concentrate. Currently, additional concentrate is pending final cleaning (that is, a process of upgrading WO_3 concentration and reducing impurities) prior to delivery to CRONIMET Asia. The first shipment was transported from site to Brisbane, Queensland in July 2020 for export to an Asian customer (refer to ASX announcement *Operational Update on Retreatment Plan X-ray Pilot Production Schedule* released on 20 July 2020) with a subsequent shipment sent to Europe.

Concentrate production is continuing to improve on a month-on-month basis, with the Company expecting to reach sustainable commercial levels for the quarter ending December 2020 when the testing program in relation to the XRT Sorter is well underway and the scheduled installation of the impact crusher is completed.

Staffing requirements for the Retreatment Plant have been met predominantly from the local region, in line with the Company's commitment to support the communities in which it operates. As activities at the Mt Carbine site ramp-up with increased operational complexities, the Company has invested in the provision of both external and internal safety training for its staff. The Company is committed to the continuous upskilling of its employees.

The Company is undertaking an assessment of its current energy usage with the aim of identifying cost reductions and lowering its carbon footprint. Upon completion of assessment, the Company expects an energy efficiency roadmap will be available for the consideration of options and the implementation of meaningful targets.

Operating and Financial Review continued

XRT Sorter

XRT Sorter Development

The installation and commissioning of the XRT Sorter Pilot Plant was completed during the quarter ended June 2020. Bulk testing of several stockpiles around the Mt Carbine site has commenced to determine the economic optimisation of XRT sorting on the material. Along with the installation of the XRT Sorter Pilot Plant, the Company purchased an additional cone crusher to optimise the size of the material prior to being fed into the downstream gravity processing plant to complement the production of tungsten concentrate.

This is the first step in the process of scaling up the tungsten processing operations at Mt Carbine to the targeted throughput of 1 million tonnes per annum (refer to figure on page 5, *Mt Carbine Project Timeline*). Using XRT sorting and gravity processing, the Company aims to recover the tungsten units left behind in the historical waste rock stockpiles and scale up operations in accordance with its project timeline.

The trial operations are synchronising the recovery of tungsten units with the preparation of quarry feedstock which allows the Company to sustainably lower its OPEX and environmental footprint, while maximising value from its assets.

The test work results from the XRT Sorter are also being compiled for a collaborative project study titled *Optimized X-Ray Ore Sorting Technologies and Material Handling Concepts for Historic Tungsten Mine Waste Transformation*. The project consortium is led by CRONIMET Australia and further consists of the Company, The University of Queensland - WH Bryan Mining and Geology Research Centre, TOMRA Sorting Pty Ltd and DAS Mining Solutions Pty Ltd (refer ASX announcement *Quarterly Activities and Cashflow Report* released on 29 July 2020). The project will establish the physical controls on separation efficiency of the low-grade stockpile materials at Mt Carbine to develop new mine planning and scheduling models and optimise scale-up application of ore sorting technologies.

In July 2020, the Project consortium's application to METS Ignited Australia Limited (***METS Ignited***) for a $220,000 grant under the Queensland METS Collaborative Projects Fund was awarded (refer to ASX announcement *Government Support for Mt Carbine Mine Waste Transformation Initiative* released 24 July 2020). This was a positive endorsement by both the Commonwealth and Queensland Governments (facilitated by METS Ignited) and the work completed under this grant program (expected to take nine months) will be a contributor to the ongoing development of the sorting operation. Preliminary results from the sorter testing program has achieved upgrade ratio as high as 28:1 (refer to ASX announcement, *Pilot Sorter Delivers Significant Tungsten Ore Upgrade* released on 7 September 2020).

Quarry Activities

Following the 100% acquisition of Mt Carbine Quarries Pty Ltd on 28 June 2019, the established quarry operations with substantial growth opportunities and a steady revenue stream, have been successfully integrated into the Speciality Metals Group.

Mt Carbine Quarries is the largest and most northern hard rock quarry in Queensland. It is a fully permitted, established business which has been in operation for over 20 years within the Mt Carbine Mining Leases. The Company's cost competitiveness is primarily due to all of its feed stock being sourced from readily available stockpiled mined rock, meaning no drill and blast activities are necessary. The synergies between the quarry and the Company's mining activities through beneficial waste reuse, reinforces the Company's commitment to reducing its environmental footprint and maximising value from all resources on site.

To ensure product and service standards were maintained, existing operational employees were retained by the Company following the acquisition. The current employee base has over 60 years' experience in the quarry industry.

Significant maintenance and upgrade work were undertaken during the year on the plant and equipment, workplace health and safety and account and management systems. Whilst these programs created additional operational expenses initially, the investment is required to generate increased efficiency and less down time, and lead to increased profitability.

During the quarter ended June 2020, Mt Carbine Quarries was awarded its largest purchase order to date for approximately $4 million (including GST) from Bama Civil Pty Ltd (Bama) for the supply of various quarry materials for a major road construction project in Far North Queensland. Delivery of the material and the corresponding revenue recognition is scheduled to progressively occur during the half-year ending December 2020 (refer to ASX announcement *$4 Million Contract Enhances Order Intake for the Mt Carbine Quarrying Operations* released on 1 July 2020).

The quarry's general order intake has also improved throughout May and June 2020, with the easing of COVID-19 travel restrictions and the recommencement of various construction projects around Far North Queensland. These orders re-affirm the focus to position the quarrying operations to be a consistent cash generating business unit for the Company. With significant infrastructure funding being made available by the Queensland Government, Mt Carbine Quarries will continue to target the supply of quarry products to government-funded infrastructure projects as well as developing its project pipeline for the private sector.

Additional quarry material has been stockpiled comprising various products ready for despatch. The Company has also purchased new equipment in preparation for the Bama contract deliveries to ensure output targets are met and the gradual modernisation plan for the quarry is implemented. This will improve the quarry's capability and reliability, particularly for the supply of large infrastructure contracts such as the Bama contract.

Mt Carbine Quarries

Quarry Stockpiles

Operating and Financial Review continued

In parallel with the modernisation plan, the Company continues to look for innovative solutions for the quarry that will allow for sustainable and continuous income. In this connection, the Company has started investigating potential value-add technologies to transform rock waste not merely into quarrying products but into higher-value, lower-carbon intensive building products.

The Company takes this opportunity to extend a warm welcome to the newly appointed Quarry Manager, Mr Michael Bartlett, who commenced employment with the Company mid-August 2020 to support the continued growth and development of the quarry. Mr Bartlett holds tertiary qualifications in Commerce, quarrying management experience and Site Senior Executive certifications and has significant experience in quarrying operations in diverse industries including mining, transport, and local government.

Exploration Activities

Mt Carbine

Exploration and tenement administration work has been ongoing with respect to the Mt Carbine tenements, which now includes the newly granted EPM 27394. Part of this work has involved the Company's geological team reviewing historical maps of the area within and immediately adjacent to the Mt Carbine Mining Leases. These areas have been remapped and all available geological data has been updated. The Company's digital database is continually being updated with this information.

A detailed review of the geology of Mt Carbine has given the Company new insights into its mineralisation. Since the discovery of the mine in 1895, Mt Carbine traditionally attracted old-time miners who produced considerable amounts of tungsten by hand from mining rich veins of tungsten in narrow tunnels and shafts. The miners were able to follow these narrow high-grade veins for hundreds of metres. By using careful computer modelling, the Company has highlighted where these high-grade veins can be traced to depth. Core intercepts of these veins have been labelled 'King Veins' in recognition of their high-grade and robust mineralisation as shown below.

Drill core shed

Drill core with wolframite mineralisation

Mt Carbine is one of the world's largest tungsten resources which was previously treated as a large bulk target with a significant development cost. However, work is now being completed to identify the high-grade structural zones and to redefine the mining approach to be taken at Mt Carbine.

Some of the Mt Carbine drill core dates back over 40 years, it was therefore necessary to undertake a clean-up and re-logging of the core for the Company's new database. At the same time, new high-resolution core photography is being completed that will be computer linked to their intervals. This is a start in the re-evaluation of the database to provide the necessary data to undertake an evaluation of this high-grade target.

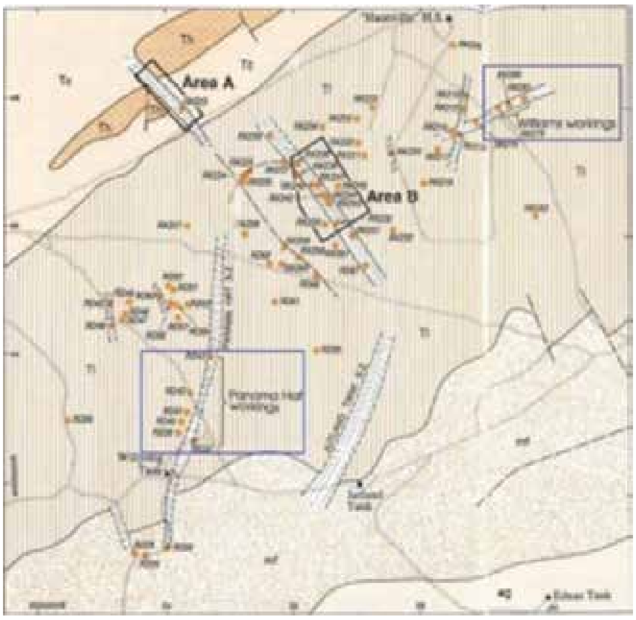
Once high grade zones have been confidently identified, the Company will commence mine planning for a high-grade, low tonnage deposit that will have a lower cost of production and reduced environmental footprint. To this end, the Company has now engaged a full-time geologist and various external consultants to redefine the underground resource at Mt Carbine.

Panama Hat – Broken Hill

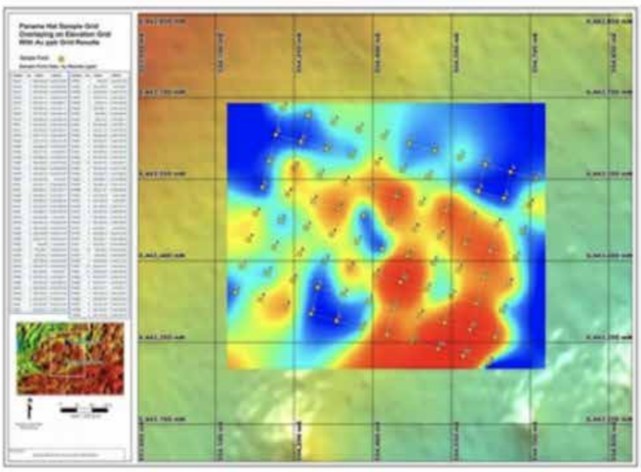
Subsequent to the 2020 financial year, the Company received and accepted renewal conditions for EL 8024 for a further term to 29 November 2024.

Panama Hat has been the focus of past detailed exploration with a line of gold workings stretching over an 8km strike-length. This zone is known as the Huonville Gold Field and sits entirely within the Company's tenement. Gold located to date has been in high-grade narrow quartz veins that are hosted in the Willyama Supergroup Formation, with the largest mine being the Panama Hat Mine.

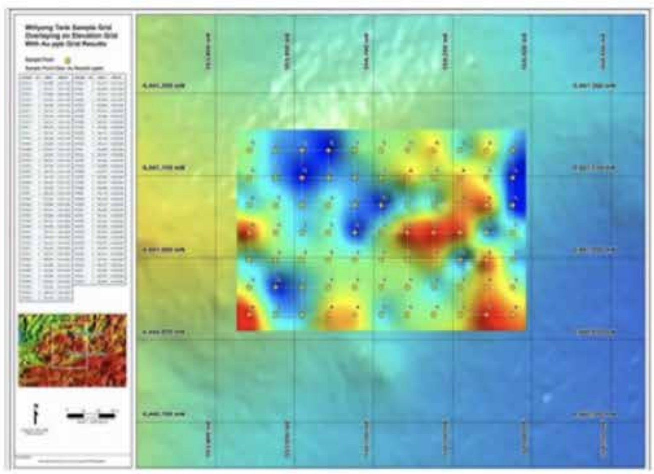
Exploration in this area has been hampered by extensive calcrete cover and recent scientific developments have shown that sampling of calcrete can identify underlying tracing of gold deposits. The initial orientation test sampling showed anomalies in the calcrete emerging and showed a strong trend across the known 'line of lodes'. Given the success of this approach, the Company will complete the survey over the entire gold field and then review for drill targets once the COVID-19 inter-state travel restrictions are eased.



EL8024 Panama Hat, Willyong Tank and Williams prospects hosted by shear zones (after Burton 1992)



Plot of god values (ppb) obtained in calcrete samples of Panama Hat Grid, ≥5ppb is the threshold for gold anomalous value

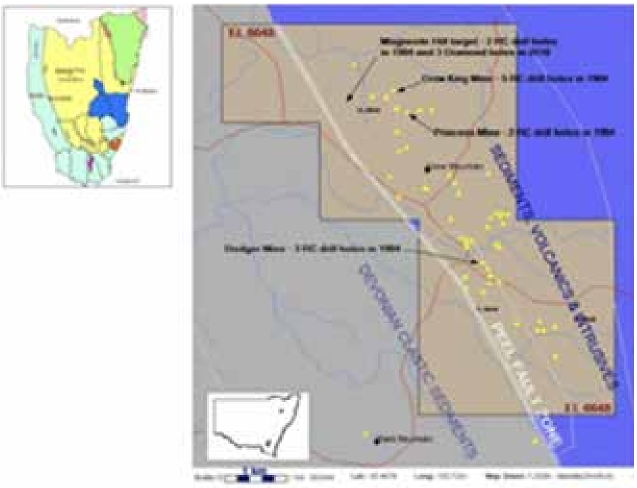


Plot of gold values (ppb) obtained in calcrete samples of Willyong Tank ≥ 5ppb is the threshold for gold anomalous value

Operating and Financial Review continued

Crow Mountain – New England

The Crow Mountain tenement covers part of the Great Serpentine Belt in the western New England province of north eastern NSW. Shallow marine sediments of late Devonian age on the western side of the tenement are separated from much older deep marine sediments and intrusive rocks on the eastern side of the tenement by a major north-south trending structure, the Peel Fault. The fault is well known for the belt of serpentinite, formed by alteration of pre-existing ultra-mafic intrusives exposed for several hundred kilometers along the fault.



Peel fault and associated known gold occurrences

Historical work has shown that mineralisation occurs within the structure and is likely the conduit for much of the mineralisation surrounding the fault

Targeting for drilling will concentrate on this conduit, however a mapping program will initially be undertaken, as the first step in the process, once the COVID-19 inter-state travel restrictions are eased.

Chile

The adverse geo-political climate in Chile during the 2020 financial year resulted in the Company deciding not to pursue any further exploration activities in this sector. The Company did not renew its Exploration Concessions (Pinta 1-15 and Bellavista 1-5) upon expiry of their initial term (refer to ASX announcement *Quarterly Activities and Cashflow Report* released on 30 April 2020).

Tungsten Market Outlook

Tungsten prices recovered towards the end of the 2020 financial year, coming from the peak of European FOB APT price US$352/mtu in June 2018 and a floor of US$200/mtu in September 2019 (source: Roskills Tungsten: Outlook to 2029 Report as announced by *StreetInsider Premium* on 22 April 2020). In the opinion of the Company, the APT price has bottomed out throughout the first half of 2020 and is now steadily increasing in response to positive impacts on manufacturing activities as a results of economic stimulus packages by governments globally.

In its 'Tungsten Outlook to 2029 Report', Roskill forecasts tungsten demand to rise by over 1% per year between 2019 and 2029, driven by increased consumption in the cemented carbides and steel and alloys sectors. The lower demand from the automotive sector, due to rise of EV (electric vehicles) and lesser demand for cemented carbide tools used in their production, is expected to be offset by a larger demand for cemented carbide tools in other sectors, such as marine and mining. Roskill predicts the highest growth rate is set to be seen in the steel and alloys sector.

According to another report ('Global Tungsten Carbide Market 2020-2024' report published by ResearchAndMarkets.com, *as announced on globenewswire.com on 29 June 2020*), the tungsten carbide market is poised to grow by $4.04bn during 2020-2024 progressing at a compound annual growth rate (CAGR) of 4% during the forecast period. The factors identified by the author as driving the growth include the vast reserves of tungsten ores in China, dynamic properties of tungsten carbide, increasing demand from mining and construction industries and emerging applications of tungsten carbide.

Corporate Activities

Board Of Directors

Subsequent to the acquisition of Mt Carbine Quarries Pty Ltd, the Company was pleased to welcome Mr Oliver Kleinhempel and Mr Zhui Pei Yeo as Non-executive Directors to its Board following their appointment on 12 August 2019 (refer ASX announcement *Change of Directors* released on 12 August 2019).

As part of the Board changes, Mr Roland Nice resigned as a Director on the same day. Mr Nice provided six years of valuable service to the Company in his role as a Non-executive Director.

Leadership Team

During the quarter ended June 2020, the Company undertook an organisational alignment to support the Company's transition from a junior explorer to an emerging and sustainable minerals and metals producer. The resignation of the former Executive Chairman and Chief Executive Officer, Mr Russell Krause took place in April 2020 (refer to ASX announcement *Executive Chairman/CEO Resignation* released on 24 April 2020) and the appointment of two senior executives were made in the following month: Mr Kevin MacNeill was appointed as Interim Chief Executive Officer and Senior Technical Adviser, and Ms Kim Cavallaro as Chief Commercial Officer and Chief Executive Officer-designate (refer to ASX announcement, *Leadership Appointments and Organisational Update* released on 13 May 2020). At the same time, it was announced that Mr Oliver Kleinhempel would assume the role of Non-executive Chairman for a transition period.

Mr MacNeill commenced with the Company in May 2020 and has focused on the day-to-day operations at Mt Carbine as well as overseeing the assessment of the Company's project portfolio to outline a strategic roadmap for the Mt Carbine developments and the gold exploration activities in New South Wales.

Ms Cavallaro commenced with the Company immediately following 2020 financial year on 1 July 2020 and is working with the Board and Mr MacNeill to implement organisational frameworks in relation to the Company's corporate and commercial processes to support its growth as a sustainable resources management company. Work is being finalised to align and agree on the Company's corporate identity and direction and to embed the purpose, values and positioning into strategy, operations, and people practices.

Additional organisational changes subsequent to the 2020 financial year included:

- the departure of Mr Chris Godfrey, Chief Operating Officer on 31 July 2020;
- the appointment of Mr Michael Bartlett to the newly created Quarry Manager role, on 10 August 2020; and
- the appointment of Ms Suzanne Irwin as Company Secretary on the resignation of Mr Adrien Wing on 1 September 2020.

The Company will continue to engage staff, as required, to build capacity and operational efficiencies for the Retreatment Plant, the XRT Sorter and quarry operations at Mt Carbine.

Operating and Financial Review continued

Strategy Review

Throughout the 2020 financial year, the Board has continued to guide the Company's corporate strategy and long-term vision, seeking to leverage the Company's core competencies and its outstanding Mt Carbine assets, to position the Company to be a value-oriented resources company, sustainably producing and managing new economy minerals and metals.

The potential of the Mt Carbine assets is being realised through resource-efficiency and investment in our people and operations. The ongoing resource exploration (redefinition) targeting high-grade envelopes for underground mining (refer to figure 1 Mt Carbine Development Projects Timeline) is consistent with our approach to drive value in our operations and at the same time reduce our environmental footprint.

The Company is continuing to evaluate corporate and exploration opportunities within the new economy and critical minerals sector to create shareholder value.

Capital Raisings

Non-Renounceable Entitlements Offer

In July 2019, the Company raised $2,900,000 by way of an underwritten pro-rata non-renounceable shareholder entitlement offer (**Offer**). Pursuant to the Offer, all eligible shareholders were entitled to 1 new share for every 5 existing shares held in the Company at 0.018 cents per share and the Offer was fully underwritten by Rymill Global Ventures Ltd. The Offer resulted in a short-fall as set out below (also refer to ASX announcement *Rights Issue Closure and Notification of Shortfall* released on 26 July 2019).

Event	No of Shares	Applicable Funds
Shares on issue before the Offer	798,107,881	
Total shares applied for under the Offer	112,733,514	$2,029,203
Shortfall shares remaining after close of the Offer	46,888,236	$843,988

On 2 August 2019, all unsubscribed shares were taken up and issued to Rymill Global Ventures Ltd in accordance with the underwriting agreement.

On the same day, the 25,000,000 Performance Rights, granted to Directors at a price of $0.0132 at the General Meeting on 22 June 2018, were also issued to Directors having satisfied the vesting condition relating to the purchase of Mt Carbine Quarries Pty Ltd.

Placement

On 6 March 2020, the Company raised $4,500,000 via the placement of 125,000,000 fully paid ordinary shares at a price of 3.6 cents. The placement was undertaken pursuant to the Company's placement capacity under Listing Rule 7.1 (15% Rule) (refer to ASX announcement Capital Raising Successfully Completed released on 6 March 2020).

Tenement Schedule

Details of mining tenements held by the Company and its controlled entities:

State	Ownership	Area	Status	Notes	Expiry Date
Queensland, Australia					
ML 4867	Mt Carbine Quarries Pty Ltd (wholly owned subsidiary of the Company) 100%	358.5 ha	Granted	Acquired on 28 June 2019 as part of the Company's 100% acquisition of Mt Carbine Quarries Pty Ltd.	31/07/2022
ML 4919	Mt Carbine Quarries Pty Ltd (wholly owned subsidiary of the Company) 100%	7.891 ha	Granted	Acquired on 28 June 2019 as part of the Company's 100% acquisition of Mt Carbine Quarries Pty Ltd.	31/08/2023
EPM 14871	Speciality Metals International Limited 100%	10 sub-blocks	Granted		12/12/2020 (Note 1)
EPM 14872	Speciality Metals International Limited 100%	21 sub-blocks	Granted		11/12/2020 (Note 1)
EPM 27394	Speciality Metals International Limited 100%	4 sub-blocks	Granted	5 Year Term Granted 1 June 2020	01/06/2025
New South Wales, Australia					
EL 6648	Speciality Metals International Limited 100%	9 Units	Granted	Acquired 9 September 2016	19/10/2020 (Note 2)
EL 8024	Speciality Metals International Limited 100%	19 Units	Granted	5 Year Term Granted 1 September 2020	29/11/2024

ML = Mining Lease EPM = Exploration Permit for Minerals EL = Exploration Licence

Note 1: Renewal lodged and received by Department of Natural Resources Mines and Energy
Note 2: Renewal in progress

Mineral Resources and Ore Reserves Statement

Summary of Results of Annual Review of Resources and Reserves

There were no material changes in Speciality Metals' mineral resources and ore reserves holdings against that from the previous year which have been reported in accordance with Appendix 5A (JORC Code).

The resources and reserves at Mt Carbine comprise three components:

1. The resources and reserves in mineralised rock proposed to be mined by open pit and/or underground mining, beneath and adjacent to the existing open pit.
2. The mineralised rock that was mined and stockpiled in what is now termed the Low Grade Stockpile ("LGS").
3. The tailings from the previous mining operation, principally the tailings in Tailings Storage Facility No 4.

There are also other significant mineralised stockpiles and mine dumps, particularly the Optical Ore Sorter Reject ("OOSR") stockpile from the previous mining operation, estimated to comprise several million tonnes. Except for the OOSR stockpile these have not been quantified nor sampled for grade.

1. Mineralised Hard Rock

The resources and reserves estimates for the mineralised hard rock in the Mt Carbine tungsten deposit were updated to comply with the 2012 JORC Code for reporting of reserves and resources in November 2012 (SEI - CNQ ASX announcements 20/11/2013; 24/11/2013 and 9/01/2014). No further sampling or work has been done since that update that impacts on the resource estimate to 2012 JORC Code requirements and therefore the resources and reserves estimates for the Mt Carbine tungsten deposit are left unchanged.

2. Low Grade Stockpile

Speciality Metals announced an upgrade of the Low Grade Stockpile resources in September 2012. To comply with the 2012 JORC Code, a more detailed reporting of the upgrade was provided in Appendix 1 to the 2019 annual report.

The Low Grade Stockpile is comprised of mineralised rock extracted during open pit mining operations between 1974 and 1987. Grade control practice during this open pit mining discriminated between ore sent for processing and mineralised rock deemed at the time to be too low grade to justify treatment. Independent research has since established that the grade control practice, based on an estimate of quartz vein percentage as a direct indicator of tungsten grade, was invalid.

In the historical records of this mining operation the material consigned to the stockpile is described as "mullock" or "low grade", but also includes 3.5Mt of "ore". Geological examination and drilling indicates that the previous mining at Mt Carbine was all in mineralised rock. No sampling or record of possible grade variation was kept of material sent to the stockpile.

Historical mine records indicate that there is approximately 12Mt of broken rock in the stockpile. This reconciles with the tonnes consigned to the LGS, derived from the independent estimate of total tonnes of rock mined in the previous open pit of 22Mt, less the 10Mt recorded as having been processed through the mill.

The LGS has been bulk sampled (22,000 tonnes), the sample assayed and subjected to extensive sorting trials with a pilot-scale X-ray sorter (SEI - CNQ - III ASX announcement 23 March 2011). The 2011 sorter trials indicated that the low grade material could be pre-concentrated by sorting with an optimum 6 times upgrade. The grade of the bulk sample was 0.075% WO_3. This compares very favourably with a back-calculation from historic mine records of production and mill recovery and based on the recent resource estimate which took account of the resource mined during the previous open pit operation, of a global average grade of 0.07% WO_3 for the Low Grade Stockpile. Further sampling of the LGS for environmental permitting purposes involved taking 80 grab samples from the surface of the stockpile. Each sample was approximately 20kg of minus ~100mm material. The average grade of these samples was 0.088% WO_3.

Following the 2011 X-ray sorter trials previously announced, and the costings determined in the corresponding Feasibility Study, Speciality Metals has sufficient confidence in the tonnage and global average grade of the stockpile to justify its inclusion in the resource inventory at Mt Carbine as an Indicated Resource.

- The original capital cost estimates determined as part of that Feasibility Study were revised by two independent EPCM exercises completed in 2016, and since then the capital and operating cost estimates have continually been reviewed, the last revision being carried out in August 2018.
- The quarry currently operated on site by Mt Carbine Quarries Pty Ltd ("Mt Carbine Quarries") includes crushing, screening and rock moving equipment used on a campaign basis. Speciality Metals has since acquired Mt Carbine Quarries, and is using the quarry's crushing, screening and rock moving equipment

as part of the process to pre-sort the mineralised material from the Low Grade Stockpile. This had been estimated to result in capital expenditure saving of AU$6.5M with the capital cost for the remainder of the plant to treat the stockpile estimated to be AU$8.5M.

- Otherwise, capital cost for treatment of Low Grade Stockpile only was estimated to be AU$15M, based on a detailed EPCM exercise carried out in 2016 and revised in August 2018.
- Operating costs were estimated to be AU$8.50 per tonne, however possible price increases for electricity were not factored into this estimate.

3. Tailings

Speciality Metals has previously stated that the tailings stockpile contained approximately 2Mt at a global average grade of 0.1% WO_3, based on comprehensive but non-JORC compliant historical studies. The stockpile includes a basal layer 1-2m thick amounting to approximately 400,000 tonnes of slimes (<75micron particles) with a global average grade of 0.35% WO_3.

Mt Carbine Mineral Resource Summary – Tungsten Resource as WO_3 (as announced to ASX on 13 January 2014)

Resource	Resource	Cut-off Grade (%)	Tonnes (Mt)	WO_3 (%)	WO_3 (mtu)
Low Grade Stockpile	Indicated	0.00	12.0	0.07	840,000
Main Zone Hard Rock	Indicated	0.05	18.0	0.14	2,520,000
Main Zone Hard Rock	Inferred	0.05	29.3	0.12	3,516,000
	Total		**59.3**		**6,876,000**

Exploration targets adjacent to Inferred and Indicated Mineral Resources in the Mt Carbine sheeted quartz vein tungsten deposit.

1. Sheeted quartz vein system:

Exploration drilling to date suggests that the Mt Carbine tungsten deposit may plunge to the north, and the deposit is open in this direction, to the south east and at depth. The deposit contains an Indicated Mineral Resource of 18Mt at 0.14% WO_3 (at a cut-off of 0.05% WO_3) based on drill core assays. These are considered to be conservative and influenced by the nugget effect characterising the deposit. Exploration of the depth extensions of the deposit will be carried out after production from this resource has commenced.

2. The Iron Duke prospect:

The Iron Duke prospect on the eastern side of the planned open pit had been intersected in 6 drill holes, and mapped in detail on the surface and shown to extend more than 2km to the north of where it has been drilled. Surface width of the sub-vertical zone that hosts the Iron Duke mineralisation ranges from 10m to 20m over this strike length. Scheelite and minor wolframite mineralisation have been observed in rock chips along the entire length of surface exposure.

The Iron Duke mineralisation is dominated by scheelite (whereas the main Mt Carbine sheeted quartz vein tungsten deposit is dominated by wolframite) and the weighted average grade of the 6 drill intercepts in the Iron Duke is 0.32% WO_3 over an average true width of 8m. The 6 drill holes cover a strike length of 300m, and the shallowest intersection of the prospect is at a depth of 100m immediately adjacent to the planned open pit. Although the surface expression of the Iron Duke adjacent to the open pit is now covered by mine dumps, historical maps indicate that it was recognised as a scheelite prospect at the surface in 1917, and therefore there is a reasonable expectation that the prospect will extend from the surface to below its present maximum drilled depth of 195m. The Iron Duke mineralisation is not included in either the present Inferred or Indicated Mineral Resources.

Exploration of the Iron Duke to test grade, width and continuity was deferred due to market conditions in 2014. The Exploration Target for the Iron Duke over a strike length of 400m immediately adjacent to the open pit was 3.5Mt to 6.5Mt with possible grades ranging from 0.13% WO_3 to 0.59% WO_3 (based on drilling data), with the weighted average grade of drill hole intersections of 0.32% WO_3 possibly reflecting the average grade. This Exploration Target did not include the potential for further mineralisation along the established northern continuation of the prospect.

Mineral Resources and Ore Reserves Statement continued

The Exploration Targets at Mt Carbine was summarised in Table 1 below:

Mineralisation system	Exploration target tonnes	Exploration target grades
Main sheeted quartz vein system – wolframite dominated	12Mt-16Mt	0.08% WO_3 to 0.16% WO_3
Iron Duke prospect – scheelite dominated	3.5Mt-6.5Mt	0.13% WO_3 to 0.59% WO_3

Hole No.	From (m)	To (m)	Interval (m)	%WO_3 (XRF analysis)
CB18	163	198	35	0.299%
CB51	130.25	146.5	8.73	0.57%
CB52	94.5	112.5	18	0.18%
CB53	160.5	172.5	12	0.49%
CB54	162.5	169.35	6.85	0.59%
CB66	113.3	127.62	14.32	0.13%

Table 2. Drill intersections in the Iron Duke prospect adjacent to the open pit at Mt Carbine.

Governance and Internal Controls

The Company has followed the practice of obtaining independent, geostatistically based estimates of resources, which themselves have been independently audited. These estimates have been qualified in-house where geometallurgical research, economic modelling involving mine and processing studies and/or reconciliations of historical mine data justify modification. The prime concern in this deposit is the extreme nugget character of the mineralisation and in this respect, considerable confidence is placed on existing resource estimates that they are (a) conservative with respect to grade estimation, and (b) that the previous mine operation and a nearly complete set of records of this operation document what is in effect a 10Mt bulk sample of the ore body.

Competent Person Statement

a. The above Mineral Resources and Ore Reserves Statement is based on, and fairly represents, information and supporting documentation prepared by competent persons; and

b. The information in this document relating to Exploration Targets and Mineral Resources is based on information compiled by Dr Andrew White, who is a Fellow of the Australian Institute of Geoscientists and principal consultant for Andrew White & Associates. Dr White has sufficient experience relevant to the style of mineralisation, mining and processing the type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (the JORC code). Dr White consents to the inclusion of matters based on his information in the form and context in which it appears in this Annual Report.

Financial Report

The Directors of Speciality Metals present their report on the consolidated entity (Group), consisting of Speciality Metals and the entities it controlled at the end of, and during, the financial year ended 30 June 2020.

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Directors' Report

The Directors of Speciality Metals present their report on the consolidated entity (Group), consisting of Speciality Metals and the entities it controlled at the end of, and during, the financial year ended 30 June 2020.

Directors

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

Oliver Kleinhempel, Non-executive Director (appointed 12 August 2019 | Non-executive Chairman (appointed 24 April 2020)

Stephen Layton, Independent Non-executive Director

Zhui Pei Yeo, Non-executive Director (appointed 12 August 2019)

Russell H. Krause, Executive Chairman (resigned 24 April 2020)

Roland W. Nice, Independent Non-executive Director (resigned 12 August 2019)

Company Secretary

Suzanne Irwin (appointed 1 September 2020)

Adrien Wing (resigned 1 September 2020)

Principal Activities

The principal activities of the Group during the 2020 financial year were to:

- maintain and where possible expand upon the existing Mt Carbine Quarrying operations acquired as part of the 100% acquisition of Mt Carbine Quarries Pty Ltd on 28 June 2019;
- refurbish and commence production from the existing Mt Carbine Retreatment Plant as part of the Company's unincorporated joint venture with CRONIMET Australia Pty Ltd for the development of the Mt Carbine Tungsten Tailings Retreatment and Stockpile Projects. Production from the stockpiled tailings commenced during the first half of 2020 with the first commercial concentrate shipment being despatched in June 2020;
- undertake a detailed review of the Mt Carbine geology (including structural geology) to gain a better understanding of the wolframite/scheelite mineralisation zones within the deposit and define higher grade zones labelled as "King Veins"; and
- maintain its tungsten exploration assets in Far North Queensland whilst continuing to evaluate the exploration potential of its gold exploration licences in New South Wales.

The Group also continues to evaluate other corporate and exploration opportunities within the new economy and critical minerals sector.

Results

The net result of operations for the consolidated entity after applicable income tax expense was a loss of $3,015,680 (2019 profit of $3,808,863).

Dividends

No dividends were paid or proposed during the period.

Operating & Financial review

Information on the operations and financial position of the Group and its business strategies and prospects for future financial years is set out earlier in this Annual Report. The auditors have issued an unqualified opinion.

Corporate Structure

Speciality Metals International Limited is a limited company that is incorporated and domiciled in Australia.

SIGNIFICANT CHANGES

Significant changes in the state of affairs of the Group for the financial year were as follows:

(a) Increase in contributed equity of $7,748,192 resulting from:

	Date	Shares	$
Placement of 112,733,514 shares at $0.018 per share under the Company's Non-Renounceable Pro-Rata Entitlement Offer of one (1) new share for every five (5) shares held (refer ASX announcement dated 26 July 2019)	31-07-2019	112,733,514	2,029,204
Placement of 46,888,236 shortfall shares at $0.018 per share under the Company's Non-Renounceable Pro-Rata Entitlement Offer of one (1) new share for every five (5) shares held (refer ASX announcement dated 26 July 2019)	02-08-2019	46,888,236	843,988
Issue of 25,000,000 shares at $0.0132 per share to Directors upon the satisfaction of the vesting conditions for the Performance Rights issued to Directors on 22 June 2018 (refer ASX announcement dated 2 August 2019)	02-08-2019	25,000,000	330,000
Issue of 2,500,000 shares at $0.018 per share to consultants for consulting services pursuant to the Mt Carbine Quarries Transaction.	27-12-2019	2,500,000	45,000
Placement of 125,000,000 shares at $0.036 per share to institutional and sophisticated investors undertaken pursuant to placement capacity under Listing Rule 7.1 (15% Rule) (refer ASX announcement dated 6 March 2020)	06-03-2020	125,000,000	4,500,000
Sub-Total			7,748,192
Share issue costs			(376,154)
TOTAL			**7,372,038**

(b) On 12 August 2019 the Company appointment two Non-executive Directors to the Board of Speciality Metals following the acquisition of Mt Carbine Quarries Pty Ltd namely Mr Oliver Kleinhempel and Mr Zhui Pei Yeo. Mr Roland Nice resigned as a Non-executive Director as part of the Board changes.

(c) The Company raised $2,029,204 via the placement of 112,733,514 shares under the Company's Non-Renounceable Pro-Rata Entitlement Offer of one (1) new share for every five (5) shares held. The offer was fully underwritten by Rymill Global Ventures Ltd with all unsubscribed shares being taken up in accordance with the underwriting agreement raising a further $843,988 via the issue of 46,888,236 shares.

(d) The Company raised $4,500,000 (with oversubscriptions) via the placement of 125,000,000 fully paid ordinary shares at an issue price of $0.036 cents per share with the placement being undertaken pursuant to its placement capacity under Listing Rule 7.1 (15% Rule). Refer ASX announcement "Capital Raising Successfully Completed dated 6 March 2020.

(e) Executive Chairman and Chief Executive Officer, Russell Krause, resigned from the Company on 24 April 2020.

(f) On 13 May 2020 the Company announced the following leadership appointments:

- Kim Cavallaro appointed as Chief Commercial Officer and subsequently taking the role as Chief Executive Officer and Managing Director. Ms Cavallaro commenced with the Company on 1 July 2020;
- Kevin MacNeill appointed as Interim-CEO and Senior Technical Advisor, commencing immediately, with a senior technical advisory role post CEO hand-over; and
- Oliver Kleinhempel appointed to the role of Non-executive Chairman for a transitional period.

(g) ~$4 Million Purchase Order (including GST) awarded to the Company's wholly owned subsidiary Mt Carbine Quarrying Operations Pty Ltd for the supply of various quarry materials for a road construction project located within the Cook Shire in Far North Queensland (refer ASX Announcement "$4 Million Contract Enhances Order Intake – Mt Carbine" dated 1 July 2020).

(h) First concentrate shipment despatched from the Mt Carbine Tailings Retreatment Project during June 2020.

Directors' Report continued

The Directors are not aware of any other significant changes in the state of affairs of the Company occurring during the financial period, other than as disclosed in this report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

At the date of this Directors' Report, the Directors are not aware of any matter or circumstance that has arisen that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in the financial year subsequent to 30 June 2020 other than:

- Issue of the following options to Kim Cavallaro upon commencement of employment as the Group's Chief Commercial Officer on 1 July 2020:
  - two (2) million options exercisable at $0.04 on or before 1 July 2023. These options were issued under the Company's Equity Incentive Plan and will vest upon the completion of six (6) months employment with the Company; and
  - three (3) million options exercisable at $0.06 on or before 1 July 2023. These options were issued under the Company's Equity Incentive Plan and will vest upon the completion of twelve (12) months employment with the Company.
- The Company was part of the project consortium awarded a $220,000 grant by METS Ignited Australia Limited under the Queensland METS Collaborative Projects Fund for the mine waste transformation project titled "Optimised X-Ray Ore Sorting Technologies and Material Handling Concepts for Historic Tungsten Mine Waste Transformation" (refer ASX announcement "Govt Support for Mt Carbine Mine Waste Transform. Initiative dated 24 July 2020).
- Ms Suzanne Irwin was appointed as Company Secretary on 1 September 2020 following the resignation of Mr Adrien Wing on the same day (refer ASX announcement "Change in Company Secretary and Registered Office" dated 1 September 2020).
- The Company also changed its registered office as from 1 September 2020 to:

  Office 06-110
  Level 6, 25 King Street
  Bowen Hills Qld 4006

  (refer ASX announcement "Change in Company Secretary and Registered Office" dated 1 September 2020; and
- The commencement of the XRT Sorting Pilot Plant Test Program being undertaken with CRONIMET Australia Pty Ltd showing positive early results and significant tungsten ore upgrade (refer ASX announcement "Pilot Sorter Delivers Significant Tungsten Ore Upgrade" dated 7 September 2020).

LIKELY DEVELOPMENTS

The Company, will continue to expand upon its current operations at the Mt Carbine Mine Site with respect to its quarrying and mineral processing activities which will include the XRT sorting of ~12 million tonnes of stockpiled material during 2021 financial year. The Company also plans on carrying out exploration programs within its exploration prospects within the coming financial year along with continuing its exploration activities associated with the identification of additional tungsten deposits and other new economy and critical minerals both within and outside of its existing exploration permits.

ENVIRONMENTAL REGULATION & PERFORMANCE

The Group is committed to minimising the environmental footprint of its operations, and has during the year, undertaken ongoing reviews of environmental matters to ensure compliance with environmental regulations. The Group proactively engaged with the Queensland Department of Environment and Science to submit reports and updates of its project development timeline. In addition, the Group is actively reviewing its energy and water usage, to ensure efficiencies are identified and implemented.

The Group is also continuing its efforts to identify opportunities for mutually reinforcing social and business values with local communities. An example is the Company's engagement with the neighbouring wildlife conservancy to undertake an on-site weed management program to support biodiversity of the native flora and fauna in the area.

INFORMATION ON CURRENT DIRECTORS

Oliver Kleinhempel
Non-executive Director – Appointed 12 August 2019 | Non-executive Chairman – Appointed 24 April 2020

Mr Kleinhempel was appointed Non-executive Director on 12 August 2019 and subsequently Non-executive Chairman on 24 April 2020 following the resignation of Mr Krause as Non-executive Chairman. Mr Kleinhempel started his career at Outotec, a leading Minerals & Metals Processing Technology Company, where he spent several years in Europe, South America and Southeast Asia on various assignments. In the recent 9 years Mr Kleinhempel held various Executive Management positions in the project development, finance and commodity trading sector, with a regional focus on Asia-Pacific. Mr Kleinhempel holds a Bachelor's Degree in Business Administration from the Cooperative State University Baden-Wuerttemberg (Germany) and obtained a Master's Degree from the Mining Institute of the Clausthal University of Technology (Germany).

Special responsibilities: Chair of the Board and the Risk Committee. Member of both the Audit and the Remuneration & Nomination Committees.

Stephen Layton | Non-executive Director

Mr Layton was appointed Non-executive Director on 14 November 2017 and has over 35 years' experience in equity capital markets in the UK and Australia. Starting as a Jobber (market maker) with BZW on the trading floor of the London Stock Exchange from 1980 to 1986, he became a Member of the London Stock Exchange in 1985. Since migrating to Australia in 1986, Mr Layton has worked with various stockbroking firms and/or AFSL regulated corporate advisory firms. Having raised capital for many ASX-listed companies, he has a depth of knowledge that only comes from a thorough immersion in the industry. Mr Layton has specialized in capital raising services and opportunities, corporate advisory, facilitation of ASX listings and assisting companies grow. Mr Layton has held both Principal and Director roles in his advisory career and his professional associations include Master Practitioner Member of the Stockbrokers and Financial Advisors Association – MSAFAA.

Other listed company directorships: Non-executive Director of ASX listed Mithril Resources Limited [ASX:MTH] since 15 May 2019 and New Age Exploration Limited [ASX:NAE] from 12 October 2018 to 26 September 2020.

Special responsibilities: Chair of the Audit Committee. Member of both the Remuneration & Nomination and Risk Committees.

Zhui Pei Yeo | Non-executive Director – Appointed 12 August 2019

Mr Yeo was appointed Non-executive Director on 12 August 2019. Mr Yeo graduated with first class honours from the Imperial College London in Electrical and Electronic Engineering. Since then, Mr Yeo has been working at a leading system integrator in the telecommunications industry in South-East Asia. Over the years, he has taken on executive, management and supervisory roles. This has allowed him to gain a wide range of experience from project planning to resource management to commercial negotiations. Mr Yeo is also a Director of a steel-product manufacturer.

Special responsibilities: Chair of the Remuneration & Nomination Committee. Member of both the Audit and Risk Committees.

INFORMATION ON FORMER DIRECTORS

Russell H. Krause | Executive Chairman – Resigned 24 April 2020

Mr Krause was appointed Non-executive Chairman of the Company on 30 June 2013, Executive Chairman on 14 November 2017 and resigned on 24 April 2020. Mr Krause has over 25 years' executive management and director level experience in a range of corporate advisory, stockbroking, and investment banking roles with some of Australia's leading financial services firms. Mr Krause also has extensive experience in the resources sector providing equity capital markets, capital raising and corporate advisory services to a range of ASX listed mining and energy companies. Mr Krause is currently a Director of Novus Capital Limited.

Roland W. Nice (B.Sc (Metallurgical Engineering) | Independent Non-executive Director – Resigned 12 August 2019

Mr Nice was appointed a Non-executive Director of the Company on 30 June 2013. Mr Nice is a metallurgical engineer with over 45 years' experience. Mr Nice has a strong track record in mineral processing and metallurgy, most recently as a consulting metallurgical engineer in the role of Senior Associate for Behre Dolbear Australia, where he was involved in due diligence activities and consulting on some of the world's largest poly-metallic, gold and uranium projects including Newcrest's Cadia, Ridgeway and Telfer gold projects, Barrick's Cowal gold project, LionOres' Thunderbox gold project and numerous other non-ferrous metal mining projects. Mr Nice's work as a consultant has included specific experience in tungsten processing. Prior to this, Mr Nice was the principal at a technical consulting firm, R.W. Nice and Associates, which followed approximately 20 years in a range of roles with Pancontinental Mining Limited, including General Manager Technology and Metallurgy.

Directors' Report continued

DIRECTORS' INTERESTS IN SHARES, OPTIONS AND PERFORMANCE RIGHTS

Directors' interests in shares, options and performance rights as at 30 June 2020 are set out in the table below.

Director	Shares Directly and Indirectly Held	Options Directly and Indirectly Held	Performance Rights Directly and Indirectly Held
O. Kleinhempel	15,333,600	-	-
S. Layton	46,369,059	-	-
Z.P. Yeo	64,919,810	-	-

COMPANY SECRETARY

Adrien Wing (Resigned 1 September 2020)

Mr Wing held the position of Company Secretary for the Company as at the end of the financial year. Adrien is a certified practicing accountant. He previously practiced in the audit and corporate advisory divisions of a chartered accounting firm before working with a number of public companies listed on the ASX as a corporate and accounting consultant and company secretary.

Suzanne Irwin (Appointed 1 September 2020)

Ms Irwin was appointed as Company Secretary for the Company subsequent to the end of the financial year, on 1 September 2020. Ms Irwin is a Fellow of the Governance Institute of Australia with over 9 years' company secretarial experience with ASX300 member, ERM Power Limited which was delisted from the ASX on acquisition by Shell Energy Australia in November 2019. Prior to this, having completed CPA certification, Suzanne has over 10 years' financial experience in business and commercial analyst roles at various BHP mining and minerals extraction operations.

MEETINGS OF DIRECTORS

During the financial year, eleven (11) Board Meetings, one (1) Nomination & Remuneration Committee Meeting, two (2) Audit Committee Meetings and one (1) Risk Committee Meeting were held.

Director	Meetings Eligible to Attend	Meetings Attended
O. Kleinhempel	9	9
S. Layton	11	11
Z.P. Yeo	9	9
R.H. Krause	10	10
R.W. Nice	2	2

The following table sets out the number of meetings of committees of Directors held during the financial year and the number of meetings attended by each Director (while they were a committee member):

	Remuneration & Nomination Committee		Audit Committee		Risk Committee	
Director	Meetings Eligible to Attend	Meetings Attended	Meetings Eligible to Attend	Meetings Attended	Meetings Eligible to Attend	Meetings Attended
S. Layton	1	1	2	2	1	1
O. Kleinhempel	1	1	2	2	1	1
Z.P. Yeo	1	1	2	2	1	1
R.H. Krause	1	1	2	2	1	1

SHARE OPTIONS AND PERFORMANCE RIGHTS

The Company granted options during the reporting period to Key Management Personnel of the Group as part of their remuneration. Refer to Remuneration Report for further details.

There are no unissued ordinary shares of Speciality Metals under vested options at the date of this report. During or since the end of the financial year no unlisted options were exercised.

REMUNERATION REPORT - AUDITED

This report for the year ended 30 June 2020 outlines the remuneration arrangements for the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited in accordance with section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements of key management personnel (KMP) who are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term 'Executive' includes the executive directors, senior executives and general managers of the Group, whilst the term 'NED' refers to Non-Executive Directors only.

The Remuneration Report is set out under the following main headings:

(a) Policy Used to Determine the Nature and Amount of Remuneration;

(b) Key Management Personnel;

(c) Details of Remuneration;

(d) Cash Bonuses;

(e) Equity Instruments;

(f) Options and Performance Rights Granted as Remuneration;

(g) Equity Instruments Issued on Exercise of Remuneration Options or Rights;

(h) Service Agreements; and

(i) Speciality Metals' Financial Performance.

(a) Policy Used to Determine the Nature and Amount of Remuneration

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board believes that executive remuneration satisfies the following key criteria:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

These criteria result in a framework which can be used to provide a mix of fixed and variable remuneration and a blend of short and long-term incentives in line with the Company's limited financial resources.

Fees and payments to the Company's Non-executive Directors and senior executives reflect the demands which are made on, and the responsibilities of, the Directors and the senior management. Such fees and payments are reviewed annually by the Board. The Company's Executive and Non-executive Directors, senior executives and officers are entitled to receive performance rights, options and/or shares under the Company's Equity Incentive Plan which was approved by shareholders at the General Meeting held on 22 June 2018.

Fees for Non-executive Directors are not linked to the performance of the Group.

Use of Remuneration Consultants

The Group has not used any remuneration consultants during the year.

Voting and Comments made at the Group's 2019 Annual General Meeting

The Group received votes against its Remuneration Report for the 2019 financial year however did not receive any specific feedback on its remuneration practices at the 2019 Annual General Meeting or during the year.

Directors' Report continued

(b) Key Management Personnel

The following persons were Key Management Personnel of the Group during the 2020 financial year:

	Position	Appointment	Resignation
Directors			
O. Kleinhempel	Non-executive Director Non-executive Chairman	12 August 2019 24 April 2020	-
S. Layton	Independent Non-executive Director	14 November 2017	-
Z.P. Yeo	Non-executive Director	12 August 2019	-
R.H. Krause	Non-executive Chairman Executive Chairman	30 June 2013 14 November 2017	24 April 2020
R.W. Nice	Independent Non-executive Director	30 June 2013	12 August 2019
Executives			
K.B. MacNeill	Interim CEO & Senior Technical Advisor	4 May 2020	-
A.M. Wing	Company Secretary	1 February 2019	1 September 2020
C.P. Godfrey	Chief Operating Officer	4 November 2019	31 July 2020

(c) Details of Remuneration

Directors are entitled to remuneration out of the funds of the Company, but the remuneration of the Non-executive Directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose. The aggregate remuneration of the Non-executive Directors has been fixed at a maximum of $200,000 per annum to be apportioned among the Non-executive Directors in such a manner as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board Meetings and otherwise in the execution of their duties as Directors.

Details of the nature and amount of each element of the remuneration of each of the Key Management Personnel of the Company and the consolidated entity during the year ended 30 June 2020 are set out in the following tables:

2019	Short-term employee benefits – cash salary and fees $	Post-employment benefits - Superannuation $	Termination benefits $	Share-based payments Shares $	Share-based payments Performance Rights and Options[7] $	Total $	% Performance Based
Directors							
R.H. Krause[1]	150,000	-	-	-	195,737	345,737	56.6%
S. Layton	48,000	-	-	-	65,246	113,246	57.6%
R.W. Nice	16,000	-	-	-	65,246	81,246	80.3%
Executives							
A.M. Wing	20,000	-	-	-	-	20,000	0.0%
D.W. Clark	29,100	-	-	-	-	29,100	0.0%
Total key management personnel compensation	**263,100**	**-**	**-**	**-**	**326,229**	**589,329**	

2020	Short-term employee benefits – cash salary, fees and super $	Post-employment benefits - Superannuation $	Termination benefits $	Share-based payments Shares $	Share-based payments Performance Rights and Options[7] $	Total $	% Performance Based
Directors							
O. Kleinhempel[2]	42,581	-	-	-	-	42,581	0.0%
S. Layton	48,000	-	-	-	-	48,000	0.0%
Z.P. Yeo[3]	42,581	-	-	-	-	42,581	0.0%
R.H. Krause[1]	228,121	-	137,500	-	-	365,621	0.0%
Executives							
K.B. MacNeill[4]	24,000	-	-	-	-	24,000	0.0%
C.P. Godfrey[5]	218,056	13,875	-	-	-	231,931	0.0%
A.M. Wing[6]	54,000	-	-	-	-	54,000	0.0%
Total key management personnel compensation	**657,339**	**13,875**	**137,500**	**-**	**-**	**808,714**	

[1] R.H. Krause resigned as Executive Director and Chief Executive Officer on 24 April 2020.

[2] O. Kleinhempel appointed as Non-Executive Director on 12 August 2019 and as Non-executive Chairman on 24 April 2020.

[3] Z.P. Yeo appointed as Non-Executive Director on 12 August 2019.

[4] K.B. MacNeill appointed as Interim CEO & Senior Technical Advisor on 7 May 2020.

[5] C.P. Godfrey employed as Chief Operating Officer on 4 November 2019. Mr Godfrey was engaged as a consultant prior to this date and ceased employment with the Company on 31 July 2020.

[6] A.M. Wing resigned as Company Secretary on 1 September 2020.

[7] Performance rights and options do not represent cash payments to Directors or senior executives and performance rights/share options granted may or may not be exercised by the Directors or executives.

Directors' Report continued

(d) Cash Bonuses

No cash bonuses were paid during the period.

(e) Equity Instruments

The Company rewards Directors and executives for their performance and aligns their remuneration with the creation of shareholder wealth by issuing shares, options or performance rights. Share-based compensation is at the discretion of the Board and no individual has an unconditional contractual right to participate in any share-based plan or receive any guaranteed benefits.

(i) Shareholdings

The trading of shares issued pursuant to the Company's Equity Incentive Plan are subject to the Company's Securities Trading Policy; further, Key Management Personnel and employees are encouraged not to trade shares granted in order to align Director, Key Management Personnel and employee interests with those of all shareholders.

Details of equity instruments (other than options and rights) held directly, indirectly or beneficially by Key Management Personnel and their related parties are as follows:

30 June 2020	Balance at 1 July 2019	Granted as compensation	Received on exercise of Performance Rights	Other Changes	Balance at 30 June 2020	Balance held nominally
Directors						
O. Kleinhempel		-	-	15,333,600	15,333,600	-
S. Layton	29,000,000	-	5,000,000	9,000,000	43,000,000	-
Z.P. Yeo		-	-	64,919,810	64,919,810	-
R.H. Krause[1]	1,000,000	-	15,000,000	(16,000,000)	-	-
R.W. Nice[1]	1,375,000	-	5,000,000	(6,375,000)	-	-
Executives						
C.P. Godfrey[1]	-	-	-	6,443,231	6,443,231	-
A.M. Wing[1]	-	-	-	11,999,166	11,999,166	-
	31,375,000	**-**	**25,000,000**	**85,320,807**	**141,695,807**	**-**

There were no shares granted to Key Management Personnel as remuneration in the 2020 Financial Year.

[1] Deemed disposal upon resignation from the Board or Company.

(ii) Options and Performance Rights Holdings

Details of options and performance rights held directly, indirectly or beneficially by Key Management Personnel and their related parties are as follows:

30 June 2020	Balance at 1 July 2019	Granted as compen-sation	Rights exercised	Other changes	Balance at 30 June 2020	Total vested at 30 June 2020	Total vested and exercisable at 30 June 2020	Total unvested and unexercisable at 30 June 2020
Name								
K.B. MacNeill	-	-	-	5,000,000	5,000,000	-	-	5,000,000
	-	-	-	5,000,000	5,000,000	-	-	5,000,000

The key terms options are as follows:

Type of Option:	Each Option entitles the holder to 1 fully paid ordinary share in the Company upon exercise price, 2,000,000 options at $0.04 and 3,000,000 options at $0.06.
Expiry Date:	5 May 2023
Vesting:	The Options vest upon satisfaction of the following conditions: (a) 2,000,000 options on the completion of the 6 months' service; and (b) 3,000,000 options on the completion of the 12 months' service.

Refer to Subsequent Events Note 20 for information pertaining to the options granted to Chief Commercial Officer, K. Cavallaro, subsequent to the reporting period.

(iii) Loans to Key Management Personnel

No loans have been made to Key Management Personnel of the consolidated Group, including their personally-related entities.

(iv) Other Transactions and Balances

Consulting Services

Payments made for Key Management Personnel noted in (c) Details of Remuneration above are to Penause Pty Ltd, Bodie Investments Pty Ltd, Specialised Metallurgical Projects (Pty) Limited and Northern Star Nominees Pty Ltd as payments for consulting services.

(f) Options and Performance Rights Granted as Remuneration

The following options were granted by the Company to the Directors and Executives of the Group during the financial year as part of their remuneration.

						Share-Based Payments		
30 June 2020	**Number of granted Options**	**Grant date**	**Expiry date**	**Fair Value per Option at grant date**	**Total Fair Value of Options**	**Expensed in prior years**	**Expensed in the 2020 year[1]**	**AASB 2 Not yet expensed**
Name								
K.B. MacNeill	2,000,000	13 May 2020	5 May 2023	0.01747	34,938	-	-	34,938
K.B. MacNeill	3,000,000	13 May 2020	5 May 2023	$0.1471	44,122	-	-	44,122
	5,000,000				**79,060**	**-**	**-**	**79,060**

[1] No expense recognised during the 2020 financial year due to vesting conditions attached to the options not being satisfied as at 30 June 2020.

(g) Equity Instruments Issued on Exercise of Remuneration Options or Rights

Equity instruments were issued during the 2020 financial year to Directors or other Key Management Personnel as a result of options or rights exercised that had previously been granted as remuneration.

(h) Service Agreements

Remuneration and other terms of employment for the Directors and Executives are formalised in Service/Appointment Agreements. All contracts with Directors and executives may be terminated by either party with regards to the stipulated notice period, subject to any termination payments as detailed below.

R.H. Krause

There was a written agreement with Mr Krause dated 1 July 2019 in his role as Executive Chairman of the Company. Cash payments and benefits totalling $365,621 were paid to Mr Krause during the 2020 financial year. The payments were made through Penause Pty Ltd, a company in which Mr Krause has a substantial interest. Mr. Krause held this position until 24 April 2020.

S. Layton

There is a written agreement with Mr Layton dated 9 November 2017 in his role as a Non-executive Director of the Company. Cash payments and benefits totalling $48,000 were paid to Mr Layton during the 2020 financial year. The payments were made through Bodie Investments Pty Ltd, a company in which Mr Layton has a substantial interest.

O. Kleinhempel

There is a written agreement with Mr Kleinhempel dated 12 August 2019 in his role as a Non-executive Director of the Company and subsequently as Non-Executive Chairman on 24 April 2020. Cash payments and benefits totalling $42,581 were paid to Mr Kleinhempel during the 2020 financial year.

Z.P. Yeo

There is a written agreement with Mr Yeo dated 12 August 2019 in his role as a Non-executive Director of the Company. Cash payments and benefits totalling $42,581 were paid to Mr Yeo during the 2020 financial year.

Directors' Report continued

A.M. Wing

There was an agreement dated 22 January 2019 between the Company and Mr Wing whereby Mr Wing agrees to provide company secretarial services to the Company. The Company or Mr Wing may terminate the contract by giving one month's written notice. Cash payments and benefits totalling $54,000 were paid to Mr Wing during the 2020 financial year. The payments were made through Northern Star Nominees Pty Ltd, a company in which Mr Wing has a substantial interest. Mr Wing resigned as Company Secretary as of 1 September 2020.

C.P. Godfrey

There was a written employment agreement with Mr Godfrey dated 9 November 2019 in his role as a Chief Operating Officer of the Company. Cash payments, super and benefits totalling $231,931 were paid to Mr Godfrey during the 2020 financial year. Mr Godfrey ceased employment with the Company on 31 July 2020.

K.B. MacNeill

There is a written agreement with Mr MacNeill dated 5 May 2020 in his role as an Interim Chief Executive Officer and Senior Technical Advisor of the Company. Cash payments and benefits totalling $24,000 were paid to Mr MacNeill during the 2020 financial year. The payments were made through Specialised Metallurgical Projects (Pty) Limited, a company in which Mr MacNeill has a substantial interest. Mr MacNeill's contract will continue the earlier of one (1) year from its commencement or until a subsequent engagement agreement is entered into, with the ability to extend the term on a yearly basis.

K. Cavallaro

There is a written executive employment agreement with Ms Cavallaro dated 8 May 2020 for the role of Chief Commercial Officer and Chief Executive Officer Designate. No cash payments nor benefits were paid to Ms Cavallaro during the 2020 financial year due to Ms Cavallaro commencing employment on 1 July 2020. The Company or Ms Cavallaro may terminate the contract by giving three (3) months' written notice.

(i) Speciality Metals' Financial Performance

Speciality Metals' financial performance for the five years to 30 June 2020 is summarised below and the relationship between results and performance is discussed.

Year ended	Measure	2020	2019	2018	2017	2016
Net profit / (loss) after tax	$	(3,015,680)	3,808,863	(1,478,746)	(9,888,710)	(2,101,010)
Net assets	$	14,936,296	10,905,040	2,672,436	2,371,501	10,744,570
Cash and cash equivalents	$	2,989,859	217,962	602,675	1,048,000	761,413
Cash flows from operating activities	$	(2,948,321)	(1,627,127)	(1,368,767)	(916,448)	(1,023,157)
EBITDAX	$	(2,789,350)	3,847,034	(1,022,747)	(865,010)	(943,493)
Share price at 30 June	$	$0.028	$0.031	$0.019	$0.010	$0.030
Basic earnings / (loss) per share	Cents	(0.30)	0.67	(0.29)	(2.27)	(0.56)

Financial Performance

The loss for the consolidated Group for the financial year after tax amounted to $3,015,680 (2019 profit of $3,808,863). This result was primarily brought about by an increase in operating costs associated with the commencement of operations at Mt Carbine Quarries and Tailings Retreatment Project.

The Group has created value for shareholders via the acquisition on 28 June 2019 of Mt Carbine Quarries Pty Ltd an entity that owns and operated the Mt Carbine Quarries and holds Mining Leases ML 4867 and ML 4919. This acquisition also resulted in the Company entering into an unincorporated joint venture with CRONIMET Australia Pty Ltd for the development of the Mt Carbine Tungsten Tailings and Stockpile Projects. The Company finalised the commissioning of the Mt Carbine Tailings Retreatment Plant and commenced production during the second half of 2020 with the first concentrate shipment being despatched during June 2020. The Company's wholly owned subsidiary, Mt Carbine Quarrying Operations Pty Ltd (the operator of the Mt Carbine Quarries), was also awarded a purchase order for ~$4 Million (including GST) for the supply of quarry materials for a major road construction project in Far North Queensland. The revenues from this order are expected to be realised during the second half of the 2020 calendar year. The Company will continue to evaluate its NSW Exploration Licences in conjunction with the development and commercialisation of its tungsten assets in Far North Queensland.

Financial Position

In accordance with the Company's accounting policy, the recoverability of the carrying amounts of Deferred Exploration and Evaluation Expenditure were reassessed during the 2020 financial year with the deferred exploration and evaluation expenditure associated with its Chilean Exploration Concessions being impaired in full following the Company's decision not to pursue further exploration activities within Chile. Separately to this, exploration and evaluation costs of $212,753 were capitalised for the 2020 financial year. The carrying value of the exploration assets as at 30 June 2020 is $6,896,994 (2019: $6,834,416).

At 30 June 2020, the Group had a net working capital surplus of $2,558,501 (2019: $531,722 deficit). The increase was due largely to the increase in cash assets from the capital raisings undertaken during the 2019-2020 financial year.

As the Group is an exploration and development entity, ongoing exploration and development activities are reliant on future capital raisings. During the year, the Company raised $6,997,038 (after share issue costs) from a number of placements.

Indemnification and Insurance of Officers and Auditors

Indemnification

The Company has not, during or since the end of the financial period, in respect of any person who is or has been an Officer of the Company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an Officer, including costs and expenses in successfully defending legal proceedings.

Insurance Premiums

During the financial period the Company has paid premiums to insure each of the Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of a Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The premiums paid are not disclosed as such disclosure is prohibited under the terms of the insurance contract.

Directors' Report continued

AUDIT AND NON–AUDIT SERVICES

During the financial year, the following fees for audit and non-audit services were paid or payable to Nexia Melbourne Audit Pty Ltd and Nexia Melbourne Pty Ltd:

	2020	2019
	$	$
Audit-related services		
Amounts paid or payable to Nexia Melbourne Audit Pty Ltd		
- Audit services	74,000	53,000
Taxation services		
Amounts paid or payable to Nexia Melbourne Pty Ltd		
- Tax compliance services (tax returns)	46,600	6,000
- Other tax advice	11,180	6,488
	131,780	65,488

The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.*

On the advice of the Audit Committee, the Directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the non-audit services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

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 and located after the Director's Declaration and forms part of this report.

CORPORATE GOVERNANCE

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the period is displayed on the Company's website at http://www.specialitymetalsintl.com.au/corpgov.

Signed this 28th day of September 2020 in accordance with a resolution of Directors.

OLIVER KLEINHEMPEL

Non-executive Chairman

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue	2	**748,578**	22,515
Other income	2	**338,867**	223,421
Total revenue & other income		**1,087,445**	245,936
Administration expenses		**(514,412)**	(259,941)
Consultant expenses		**(172,600)**	(848,185)
Depreciation	9	**(219,655)**	(14,511)
Development and testwork costs		**(351,955)**	(124,277)
Exploration expenses written-off		**(29,361)**	-
Finance costs		**(7,448)**	(23,660)
Foreign exchange gains (losses)		**(91,226)**	(9,794)
Impairment reversal (deferred exploration and evaluation assets)	10	**-**	5,635,331
Impairment expense (deferred exploration and evaluation assets)	10, 19	**(140,855)**	-
Occupancy expenses		**(53,193)**	(60,353)
Other expenses		**(8,564)**	-
Production expenses		**(664,773)**	-
Salaries and employee benefits expense		**(1,626,893)**	(608,255)
Share based payments	26	**(45,000)**	-
Superannuation		**(92,772)**	(8,075)
Travel and accommodation		**(85,191)**	(110,326)
Total Expenses		**(4,103,898)**	3,567,954
PROFIT (LOSS) BEFORE INCOME TAX EXPENSE		**(3,016,453)**	3,813,890
INCOME TAX EXPENSE	3	**-**	-
PROFIT (LOSS) AFTER INCOME TAX EXPENSE		**(3,016,453)**	3,813,890
Other comprehensive income/(loss)			
Gain/(loss) on revaluation of financial assets		**773**	(5,027)
TOTAL COMPREHENSIVE PROFIT / (LOSS) ATTRIBUTABLE TO OWNERS OF SPECIALITY METALS INTERNATIONAL LIMITED		**(3,015,680)**	3,808,863
		Cents	Cents
Basic profit (loss) per share	13	**(0.30)**	0.67
Diluted profit (loss) per share	13	**(0.30)**	0.67

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	2020 $	2019 $
CURRENT ASSETS			
Cash assets	21(b)	**2,989,859**	217,962
Trade and other receivables	7	**332,212**	190,622
Prepayments	7	**309,547**	75,212
Inventory	4	**108,000**	-
TOTAL CURRENT ASSETS		**3,739,618**	483,796
NON-CURRENT ASSETS			
Receivables	8	**1,086,681**	770,021
Plant and equipment	9,17	**2,254,941**	331,674
Inventory	4,17	**7,437,413**	7,545,413
Deferred exploration and evaluation expenditure	10	**6,896,994**	6,834,416
Financial assets	5	**2,113**	1,289
TOTAL NON-CURRENT ASSETS		**17,678,142**	15,482,813
TOTAL ASSETS		**21,417,760**	15,966,609
CURRENT LIABILITIES			
Payables	11, 25	**736,610**	780,155
Employee benefits	27	**105,090**	26,473
Lease liability	23, 25	**200,715**	-
Short term borrowings	11	**-**	200,000
Contract liability - sublease	22	**125,818**	-
TOTAL CURRENT LIABILITIES		**1,168,233**	1,006,628
NON-CURRENT LIABILITIES			
Employee benefits	27	**12,884**	8,890
Lease liability	23, 25	**968,094**	-
Contract liability - sublease	22	**1,784,638**	1,911,911
Contract liability - offtake	22	**2,547,615**	2,134,140
TOTAL NON-CURRENT LIABILITIES		**5,313,231**	4,054,941
TOTAL LIABILITIES		**6,481,464**	5,061,569
NET ASSETS		**14,936,296**	10,905,040
EQUITY			
Issued capital	12	**15,023,117**	7,651,079
Reserves		**-**	330,000
Accumulated profit / (loss)		**(86,821)**	2,923,961
TOTAL EQUITY		**14,936,296**	10,905,040

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sales to customers		**651,494**	-
Proceeds from R & D tax offset		**203,427**	-
Proceeds from diesel fuel rebate		**15,676**	9,883
Proceeds from Government COVID-19 relief packages		**60,000**	-
Payment to suppliers and employees		**(3,865,957)**	(1,659,865)
Interest paid		**(23,002)**	-
Interest paid for lease liabilities		**(855)**	-
Interest received		**10,896**	22,855
NET CASH FLOWS USED IN OPERATING ACTIVITIES	21(a)	**(2,948,321)**	(1,627,127)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for the purchase of plant and equipment		**(2,223,308)**	(12,837)
Payments for the purchase of Mt Carbine Quarries Pty Ltd		**-**	(7,330,000)
Proceeds from the sale or disposal of plant and equipment		**-**	424,869
Payments for the purchase of tenements		**(1,502)**	-
Payments for tenement security deposits		**(309,047)**	(1,000)
Proceeds from the release of other security deposits		**-**	3,248
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(2,533,857)**	(6,915,720)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		**7,503,491**	4,248,166
Payments for share issue costs		**(554,456)**	(113,853)
Proceeds from long-term loan facilities		**1,175,036**	-
Payments for lease liabilities		**(7,037)**	
Proceeds from short-term loan facilities		**-**	200,000
Payment of short-term loan		**(200,000)**	-
Proceeds from working capital loan (unincorporated joint venture)		**330,718**	
Proceeds from Mt Carbine sublease rent received in advance		**-**	3,823,821
NET CASH FLOWS FROM FINANCING ACTIVITIES		**8,247,752**	8,158,134
Net (decrease)/increase in cash held		**2,765,574**	(384,713)
Add opening cash brought forward		**217,962**	602,675
Effect of movement in exchange rates on cash held		**6,323**	-
CLOSING CASH CARRIED FORWARD	21(b)	**2,989,859**	217,962

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Attributable to the Shareholders of Speciality Metals International Limited			
CONSOLIDATED	**Issued Capital $**	**Accumulated Losses $**	**Reserves $**	**Total Equity $**
AT 1 JULY 2018	**3,553,567**	**(1,318,746)**	**437,615**	**2,672,436**
Profit / (loss) for the period	-	3,813,890	-	3,813,890
Other comprehensive income for the period	-	(5,027)	-	(5,027)
Total comprehensive loss for the period	-	3,808,863	-	3,808,863
Issue of share capital	4,378,166	-	-	4,378,166
Share issue costs	(280,654)	-	-	(280,654)
Share based payments	-	433,844	(433,844)	-
Performance Rights Vested but not Exercised	-	-	326,229	326,229
Total transactions with owners in their capacity as owners	4,097,512	433,844	(107,615)	4,423,742
BALANCE AT 30 JUNE 2019	**7,651,079**	**2,923,961**	**330,000**	**10,905,040**
AT 1 JULY 2019	**7,651,079**	**2,923,961**	**330,000**	**10,905,040**
Profit / (loss) for the period	-	(3,016,453)	-	(3,016,453)
Prior year adjustment		4,898	-	4,898
Other comprehensive income for the period	-	773	-	773
Total comprehensive loss for the period	-	(3,010,782)	-	(3,010,782)
Issue of share capital	7,703,192	-	-	7,703,192
Share issue costs	(376,154)	-	-	(376,154)
Share based payments	45,000	-	-	45,000
Performance rights converted to shares	-	-	(330,000)	(330,000)
Total transactions with owners in their capacity as owners	7,372,038	-	-	7,042,038
BALANCE AT 30 JUNE 2020	**15,023,117**	**(86,821)**	**-**	**14,936,296**

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Going Concern Basis for Preparation of Financial Statements

These financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. The ability of the Company to continue to adopt the going concern assumption is based upon the Company now having a source of income from its acquisition of Mt Carbine Quarries Pty Ltd on 28 June 2019 along with that from the Company's joint venture with CRONIMET Australia Pty Ltd for development of the Mt Carbine Retreatment Projects.

Should additional funds be necessary the Directors are confident of securing these funds if and when necessary to meet the Company's obligations as and when they fall due and consider the adoption of the going concern basis to be appropriate in the preparation of these financial statements.

(b) Basis of Preparation

These general purpose financial statements have been prepared in accordance with the requirements of the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. These financial statements have been prepared on a historical cost basis. The financial report is presented in Australian currency. The consolidated entity operates on a for-profit basis.

(c) Statement of Compliance

The financial statements have been prepared and comply with Australian Accounting Standards. The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(d) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) as at 30 June each year. Control is defined as entities which the Group has power over and the rights to, or is exposed to, variable returns from its involvement with the entity and has the ability to use its power to affect those returns.

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

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from the date upon which control is transferred to the Group and cease to be consolidated from the date upon which control is transferred out of the Group.

Interests in Joint Operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Standards applicable to the particular assets, liabilities, revenue and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

Notes to the Consolidated Financial Statements continued

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party. The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

(e) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated either on a diminishing value or straight-line basis over the estimated useful life of the asset. Plant and equipment useful life ranges from 1 – 10 years.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

An item of plant and equipment is derecognised upon disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(f) Inventory

Inventories are valued at the lower of cost and net realisable value as per AASB 102 with the exception of the 7 million tonnes of stockpiled inventory which was recognised at fair value as part of the business combination upon the acquisition of Mt Carbine Quarries Pty Ltd on 28 June 2019. This inventory will be consumed on a units of operation basis.

The cost of partly-processed and saleable products is generally the cost of production, including:

- labour costs, materials and contractor expenses which are directly attributable to the processing of quarry material or the production of tungsten concentrate;
- the depreciation of property, plant and equipment used in the processing of quarry material or the production of tungsten concentrate; and
- Production overheads.

(g) Borrowings

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the accounting policy for borrowing costs.

Borrowings are classified as current unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

(h) Recoverable Amount of Assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use.

(i) Exploration, Evaluation, Development and Restoration Costs

Exploration and Evaluation

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or

- exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development.

Exploration and Evaluation – Impairment

The Directors assess at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation costs whether the above carry forward criteria are met.

Accumulated costs in respect of areas of interest are written off or a provision made in profit or loss when the above criteria do not apply or when the Directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis, provisions would be reviewed and if appropriate, written back.

Development

Development expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the Directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property.

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until a decision has been made to commence mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

Remaining Mine Life

In estimating the remaining life of the mine at each mine property for the purpose of amortisation and depreciation calculations, due regard is given not only to the volume of remaining economically recoverable reserves but also to limitations which could arise from the potential for changes in technology, demand, product substitution and other issues that are inherently difficult to estimate over a lengthy time frame.

(j) Cash and Cash Equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts, if any.

(k) Revenue

With the adoption of AASB 15, revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The revenue is recognised when it transfers control over a product to a customer.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Revenue from the sale of goods was recognised when the significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, the associated costs and possible return of goods could be estimated reliably, there was no continuing management involvement with the goods and the amount of revenue could be measured reliably.

Where payment is received upfront a contract liability is recognised on receipt of payment and revenue is recognised over a period in time as product/services are delivered.

In addition to the above, the following specific recognition criteria must also be met before revenue is recognised:

Sublease Rent

Revenue is recognised in accordance with the Retreatment Operations Sublease Agreement when the gross value of the consideration of the minerals extracted from the subleased area has been received.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Notes to the Consolidated Financial Statements continued

Research and Development Refundable Tax Offset

The Research and Development Refundable Tax Offset is recognised as revenue when it is received as it relates to expenditure incurred in the past.

(l) Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such a tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised leave payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property, Plant and Equipment" policy (as outlined in the financial report for the annual reporting period).

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other Expenses" in profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

(m) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at reporting date.

Deferred income tax is provided on all temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability 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 taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income 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, the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income 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 income 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 income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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 and not in profit or loss.

(n) Other Taxes

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 Balance Sheet.

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 is classified as operating cash flows.

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

Notes to the Consolidated Financial Statements continued

(o) Currency

Both the functional and presentation currency is Australian dollars (A$).

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

(p) Investment in Subsidiaries

The parent entity's investment in its subsidiaries is accounted for under the cost method of accounting in the Company's financial statements included in Note 18.

(q) 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, which 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 within the next financial year are discussed below.

Accounting for Acquisition of Businesses

Accounting for acquisition of businesses requires judgement and estimates in determining the fair value of acquired assets and liabilities. The relevant accounting standard allows the fair value of assets acquired to be refined for a window of a year after the acquisition date and judgement is required to ensure that any adjustments made reflect new information obtained about facts and circumstances that existed as of the acquisition date.

Impairment of Non-Financial Assets

The consolidated entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions. Refer to notes 9, 10, and 19 for further detail regarding judgements made when assessing impairment of plant and equipment and deferred exploration and evaluation costs and determining their recoverable amount.

(r) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Mr K. MacNeill, Interim CEO and Senior Technical Advisor (since his appointment) and prior to his appointment the Board of Directors of the Company.

2. REVENUE AND OTHER INCOME

	2020	2019
Revenue	**$**	$
Sales and hire income	**735,480**	-
Sub-lease rent (unincorporated joint venture)	**1,455**	-
Interest received – other persons/corporation	**11,643**	22,515
	748,578	22,515
Other income		
COVID-19 Relief (Various)	**107,228**	-
R&D Tax Offset	**199,186**	-
Gain on disposal of non-current assets	**-**	212,434
Diesel fuel rebates	**32,453**	10,239
Other income	**-**	748
	338,867	223,421
Total revenue and other income	**1,087,445**	245,936

3. INCOME TAX

	2020	2019
(a) Reconciliation of income tax expense to prima facie tax payable	**$**	**$**
Profit / (loss) before income tax	**(3,015,680)**	3,808,863
Tax at the Australian rate of 27.5% (2019: 27.5%)	**(829,312)**	1,047,437
Tax effect of amounts which are not taxable in calculating taxable income:		
Non-deductible expenses	**11,725**	89,713
Non-assessable income	**(54,776)**	(1,485,010)
Deferred tax assets not recognised	**872,363**	347,860
	-	-
(b) Unrecognised deferred tax assets		
Balance at beginning of year	**5,583,942**	5,236,082
Current year not recognized	**872,363**	347,860
Adjustments in respect of prior year tax balances	**(876,769)**	-
Tax rate change from 27.5% to 26%	**(360,268)**	-
Balance at end of year	**5,219,268**	5,583,942
Deferred tax assets have not been recognized in respect of the following items:		
Tax losses	**6,278,688**	5,589,329
Less: other timing differences	**(1,059,420)**	(5,387)
	5,219,268	5,583,942
		-
(c) Total tax losses	**24,148,795**	20,324,832
Total deferred tax benefits which may arise (2019: 26%)	**6,278,688**	5,589,329

Notes to the Consolidated Financial Statements continued

No provision for income tax is considered necessary in respect of the Company for the period ended 30 June 2020.

Deferred tax assets have not been recognised in respect of these items because it is not probable in the short to medium term that these assets will be realised. The Group has total tax losses at 30 June 2020 of $24,148,795 (2019: $20,324,832). A future income tax benefit which may arise from tax losses of 26% of approximately $6,278,688 will only be obtained if:

- the parent and the subsidiaries derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the parent and the subsidiaries continue to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the Parent and the Subsidiaries in realising the benefit from the deductions for the losses, i.e. current tax legislation permits carried forward tax losses to be carried forward indefinitely.

No franking credits are available for subsequent years.

Tax consolidation

The tax consolidation scheme is applicable to the Company. As at the date of this report the Directors have assessed the financial effect the scheme may have on the Company and its consolidated entities and have made a decision to be taxed as a consolidated entity. The financial effect of the tax consolidation scheme on the Group has not been recognised in the financial statements.

4. INVENTORY

	2020	2019
	$	$
Current	**108,000**	-
Non-current	**7,437,413**	7,545,413
	7,545,413	7,545,413

The above amount represents the fair value of the estimated 7 million tonnes of stockpiled inventory acquired as part of the acquisition of Mt Carbine Quarries Pty Ltd on 28 June 2019. This inventory will be consumed on a units of operation basis.

In accordance with AASB 102 all other inventory, regardless of the type and stage in the production process, will be valued at the lower of cost and net realisable value.

5. FINANCIAL ASSETS

	2020	2019
	$	$
Shares in listed companies:		
Force Commodities Limited (ASX: 4CE)	**2,113**	1,289

Equity instruments are measured at fair value as at reporting date with all changes recognised as other comprehensive income / (loss) in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

6. AUDITOR'S REMUNERATION

	2020	2019
Audit-related services	**$**	$
Amounts paid or payable to Nexia Melbourne Audit Pty Ltd		
- Audit services	**74,000**	53,000
Taxation Services		
Amounts paid or payable to Nexia Melbourne Pty Ltd		
- Tax compliance services (tax returns)	**46,600**	6,000
- Other tax advice	**11,180**	6,488
	131,780	65,488

7. TRADE & OTHER RECEIVABLES

Trade Receivables	**178,697**	60,622
Less Allowance	**-**	-
	178,697	60,622
Other Receivables	**153,515**	130,000
Total Trade & Other Receivables	**332,212**	190,622
Prepayments	**309,547**	75,212

Trade Receivables

The average credit period on sales of product is 30 days. No interest is charged on outstanding trade receivables.

The collectability of trade receivables is assessed continuously, and individual receivables are written off when management deems them unrecoverable. No provision has been made for doubtful debts as all trade receivables were within terms as at reporting date.

8. RECEIVABLES – NON-CURRENT

Tenement security deposits	**1,083,797**	769,921
Other security deposits	**2,884**	100
	1,086,681	770,021

The tenement deposits are restricted so that they are available for any rehabilitation that may be required on the mining leases and/or exploration tenements (refer to Notes 15 and 16).

Notes to the Consolidated Financial Statements continued

9. PLANT AND EQUIPMENT AT COST

	2020 $	2019 $
Plant and equipment	**2,436,535**	1,776,719
Accumulated depreciation	**(1,380,777)**	(1,445,045)
Plant and equipment – right of use assets	**1,201,234**	-
Accumulated depreciation	**(2,051)**	-
	2,254,941	331,674
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year		
Carrying amount at beginning	**331,674**	3,861
Additions	**2,151,486**	342,323
Disposals	**(8,564)**	-
Plant and equipment written down	**-**	-
Depreciation expense	**(219,655)**	(14,510)
	2,254,941	331,674

10. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Costs brought forward	**6,834,416**	596,066
Costs incurred during the period	**212,753**	347,919
Costs recognised upon acquisition of MCQ on 28 June 2019	**(5,079)**	255,100
Exploration and evaluation expenditure written down	**(140,855)**	-
Capitalised portion of R&D Tax Offset	**(4,241)**	-
Impairment reversal[1]	**-**	5,635,331
Costs carried forward	**6,896,994**	6,834,416
Exploration expenditure costs carried forward are made up of:		
Expenditure on joint venture areas	-	-
Expenditure on non-joint venture areas	**6,896,994**	6,834,416
Costs carried forward	**6,896,994**	6,834,416

The above amounts represent costs of areas of interest carried forward as an asset in accordance with the accounting policy set out in Note 1. The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect of the relevant area of interest, is not charged until a mining operation has commenced.

The Directors reassess the carrying value of the Group's tenements at each half year, or at a period other than that, should there be any indication of impairment.

[1] As a result of the Company successfully completing the 100% acquisition of Mt Carbine Quarries Pty Ltd on 28 June 2019 and its newly formed unincorporated joint venture with CRONIMET Australia Pty Ltd the Directors have reassessed their previous decision to impair, in full, the capitalised exploration and evaluation expenditure associated with the Mt Carbine Tungsten Project and have determined that the 2017 impairment be reversed in full.

The basis for this decision is that via the Company's 100% acquisition of Mt Carbine Quarries Pty Ltd it has removed the previous uncertainty surrounding the unresolved sublease issues with the Quarry and Mining Leaseholder thus removing any adverse impact on the technical feasibility and commercial viability of the Mt Carbine Tungsten Project.

11. CURRENT LIABILITIES

	2020 $	2019 $
PAYABLES		
Trade creditors	**587,105**	533,055
Accrued expenses	**149,505**	242,299
Other	**-**	4,801
	736,610	780,155

	2020 $	2019 $
OTHER CURRENT LIAIBLITIES		
Short-Term Borrowings[1]	**-**	200,000
	-	200,000

[1] Unsecured third-party shareholder loans payable on or before 30 August 2019 with an interest rate of 10%.

12. CONTRIBUTED EQUITY

	2020	2019
Share Capital	$	$
1,110,229,631 (2019: 798,107,881) ordinary shares fully paid	**15,023,117**	7,651,079
	15,023,117	7,651,079

(a) Movements in Ordinary Share Capital

1 July 2019 to 30 June 2020	Date	Number of Shares	Issue Price	$
Balance b/fwd		**798,107,881**		**7,651,079**
Placement of 112,733514 shares at $0.018 per share under the Company's Non-Renounceable Pro-Rata Entitlement Offer of one (1) new share for every five (5) shares held (refer ASX announcement dated 26 July 2019)	31-07-2019	112,733,514	$0.0180	2,029,204
Placement of 46,888,236 shortfall shares at $0.018 per share under the Company's Non-Renounceable Pro-Rata Entitlement Offer of one (1) new share for every five (5) shares held (refer ASX announcement dated 26 July 2019)	02-08-2019	46,888,236	$0.0180	843,988
Issue of 25,000,000 shares at $0.0132 per share to Directors upon the satisfaction of the vesting conditions for the Performance Rights issued to Directors on 22 June 2018 (refer ASX announcement dated 2 August 2019)	02-08-2019	25,000,000	$0.0132	330,000
Issue of 2,500,000 shares at $0.018 per share to consultants for consulting services pursuant to the Mt Carbine Quarries Transaction.	27-12-2019	2,500,000	$0.0180	45,000
Placement of 125,000,000 shares at $0.036 per share to institutional and sophisticated investors undertaken pursuant to placement capacity under Listing Rule 7.1 (15% Rule) (refer ASX announcement dated 6 March 2020)	06-03-2020	125,000,000	$0.0360	4,500,000
Share issue costs				(376,154)
Balance as at 30 June 2020		**1,110,229,631**		**15,023,117**

Notes to the Consolidated Financial Statements continued

1 July 2018 to 30 June 2019	Date	Number of Shares	Issue Price	$
Balance b/fwd		**554,876,418**		**3,553,567**
Tranche 1 – Placement of 83,231,463 shares at $0.018 per share to institutional and sophisticated investors to fund the 100% acquisition Mt Carbine Quarries Pty Ltd which owns the Mt Carbine Quarry and mining leases ML4867 and ML 4919 (refer ASX announcement dated 14 May 2019).	16-05-2019	83,231,463	$0.018	1,498,166
Tranche 2 – Placement of 160,000,000 shares to institutional and sophisticated investors to fund the 100% acquisition of Mt Carbine Quarries Pty Ltd at $0.018 per share following approval by shareholders at a General Meeting held on 17 June 2019 (refer ASX announcement dated 14 May 2019).	26-06-2019	160,000,000	$0.018	2,880,000
Share issue costs				(280,654)
Balance as at 30 June 2019		**798,107,881**		**7,651,079**

Terms and Conditions of Contributed Equity

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up, on the shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Option holders have no voting rights until the options are exercised.

Options

The following options were outstanding at the end of the reporting period:

(b) Movements in Options

Options	Date	Number of Options	Vesting conditions	Maturity
2,000,000 ($0.04 exercise price)	13-05-2020	2,000,000	Completion of 6 months service	05-05-2023
3,000,000 ($0.06 exercise price)	13-05-2020	3,000,000	Completion of 12 months service	05-05-2023
Balance as at 30 June 2020		**5,000,000**		

Performance Rights

No performance rights were outstanding at the end of the reporting period.

13. EARNINGS PER SHARE

	2020	2019
	$	$
Profit (Loss) after income tax attributable to the owners of the Company used in calculating basic and diluted earnings per share	**(3,015,680)**	3,808,863
	Number	Number
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	**1,008,440,208**	567,557,643
Weighted average number of ordinary shares used in calculating diluted earnings per share. Note options outstanding at reporting date have not been brought to account as they are anti-dilutive.	**1,008,440,208**	567,557,643
Basic profit (loss) per share (cents)	**(0.30)**	0.67
Diluted profit (loss) per share (cents)	**(0.30)**	0.67

14. KEY MANAGEMENT PERSONNEL COMPENSATION

	2020	2019
	$	$
Short-term employee benefits	**657,339**	589,329
Post-employment superannuation	**13,875**	-
Other long-term benefits	**-**	-
Termination benefits	**137,500**	-
Share based payments	**-**	-
Balance at the end of period	**808,714**	589,329

15. CONTINGENT LIABILITIES

The Group has provided guarantees totalling $1,083,797 in respect of mining exploration tenements and environmental bonds. These guarantees in respect of mining and exploration tenements are secured against deposits with the relative State Department of Mines. The Company does not expect to incur any material liability in respect of the guarantees.

16. COMMITMENTS

Exploration licence expenditure requirements – The Queensland Government has approved a number of changes to Exploration Permits under the Natural Resources and Other Legislation Amendment Act 2019 (known as NROLA Act). This Act commenced in May 2020 which results in a change from an expenditure-based approach upon which a company’s compliance with its licence conditions will be assessed on an outcomes-based approach.

17. ACQUISITIONS

On 28 June 2019, the Group acquired 100% of the equity instruments of Mt Carbine Quarries Pty Ltd, a Mt Carbine based business. The acquisition was made for the purpose of securing the established quarry business which operates within Mining Leases (ML 4867 and ML 4919), along with the Mining Leases themselves to provide surety of tenure for the Company’s Mt Carbine Tungsten Project. The quarry is a fully permitted, established business that has been in operation for over 20 years that offers substantial growth opportunities and a steady revenue stream, and also synergies between the quarry and the Company’s future mining activities through beneficial waste re-use.

Notes to the Consolidated Financial Statements continued

The details of the business combination are as follows:

Fair value of consideration transferred:	**2019 $**
Amount settled in cash	8,130,000
Total	**8,130,000**
Recognised amounts of identifiable net assets	
Plant & Equipment	329,487
Capitalised exploration & evaluation costs	255,100
Total non-current assets	**584,587**
Inventory	7,545,413
Total current assets	**7,545,413**
Identifiable net assets	**8,130,000**
Net cash outflow on acquisition	**8,130,000**
Acquisition costs charged to expenses	588,740
Net cash paid relating to the acquisition	**8,718,740**

Consideration transferred

The acquisition of Mt Carbine Quarries Pty Ltd was settled in cash for $8,130,000.

Acquisition-related costs amounting to $588,741 are not included as part of the consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, as part of consultants' expenses. This amount also includes the costs associated with the establishment of the unincorporated joint venture between the Company and CRONIMET Australia Pty Ltd for the development of the Mt Carbine Retreatment Projects. No adjustment under AASB 3 Business Combinations has been made during the reporting period.

Identifiable net assets

The fair value of the estimated 7 million tonnes of stockpiled inventory as part of the business combination amounted to $7,545,413.

Mt Carbine Quarries Pty Ltd's contribution to the Group results

As the acquisition took place 'just before the end of the Group's full year reporting period the impact on the Group's revenue and consolidated profit/(loss) for the period ending 30 June 2019 has been fully taken into account.

18. INVESTMENT IN SUBSIDIARIES

	Equity Interest		Cost of Parent Entity's Investment	
Parent Entity	**2020**	2019	**2020**	2019
Speciality Metals International Limited	**%**	%	**$**	$
Controlled Entities				
South Eastern Resources Pty Ltd	**100**	100	**2**	3
Mt Carbine Retreatment Pty Ltd[1]	**100**	100	**200**	2
Troutstone Resources Pty Ltd	**100**	100	**1**	2
Mt Carbine Quarrying Operations Pty Ltd[2]	**100**	100	**100**	-
Mt Carbine Quarries Pty Limited[3]	**100**	100	**8,130,000**	8,130,000
Icon Resources Africa Pty Ltd	**100**	100	**10**	10
Special Metals Chile SpA[4]	**-**	100	**-**	6,060
Mt Carbine Retreatment Management Pty Ltd[5]	**50%**	-	**50**	-

[1] Cast Resources Pty Ltd changed it name to Mt Carbine Retreatment Pty Ltd on 19 March 2019.
[2] Kaowest Pty Ltd changed its name to Mt Carbine Quarrying Operations Pty Ltd on 19 March 2019.
[3] Mt Carbine Quarries Pty Ltd acquired 28 June 2019.
[4] Special Metals Chile SpA is in the final stages of being wound-up following the Company's decision not to pursue further exploration activities in Chile.
[5] Mt Carbine Retreatment Management Pty Ltd acts as the agent for the unincorporated joint venture between Mt Carbine Retreatment Pty Ltd and CRONIMET Australia Pty Ltd.

Speciality Metals International Limited and all of its subsidiaries, with the exception of Special Metals Chile SpA, are located and incorporated in Australia.

19. IMPAIRMENT OF DEFERRED EXPLORATION EXPENDITURE AND PLANT AND EQUIPMENT

The Directors reassess the carrying value of the Group's assets including deferred exploration expenditure, tenements and plant and equipment at each half year, or at a period other than that, should there be any indication of impairment to fair value. When making their assessment for the 2020 financial year the Directors took the following into consideration:

- During the financial year the Company through its Joint Venture with CRONIMET Australia Pty Ltd concluded the refurbishing and commenced production from the Mt Carbine Retreatment Plant with its first tungsten concentrate shipment being despatched during June 2020.
- The Company's wholly owned subsidiary, Mt Carbine Quarrying Operations Pty Ltd, received in June 2020 its largest order to date for approximately $4 million (including GST) for the supply of various quarry materials. Efforts to support the continued growth and development of the quarry are continuing. The revenues associated with this order are expected to the recognised during the last half of the 2020 calendar year.
- The Company has maintained its two (2) gold prospects in NSW with a further tungsten focused Exploration Permit being granted in June 2020 (EPM 27394) to complement its existing two (2) tungsten focused Exploration Permits (EPM 14871 & EPM 14872) located at Mt Carbine, North Queensland. EPM 14872 contains both the Iron Duke and Petersen's Lode prospects whilst EPM 14871 features the Mt Holmes tin-tungsten prospect.

  The Company believes that EPM 14872 holds significant exploration upside given that the tungsten grades indicated in the sampling of the Iron Duke and Petersen's Lode are extensively higher than the estimated global average grade in the present open-pit resource within the Mt Carbine Mining Leases. These unencumbered, greenfield sites also offer the added advantage of having minimal environmental legacy issues.
- Due to changes within the geo-political climate in Chile the Company concluded not to pursue any further exploration activities with all expenses being impaired in full during the reporting period as detailed below:

  Based on the above, Directors' have assessed there to be no indication of impairment, other than that which relates to the Company's Chilean Exploration Concessions, which have been impaired in full during the 2020 financial year.

	2020	2019
Impairment of Deferred Exploration Expenditure	**$**	$
Chile Exploration Concessions	**(140,855)**	-

Notes to the Consolidated Financial Statements continued

COMBINED DEFERRED EXPENDITURE, PLANT AND EQUIPMENT AND FINANCIAL ASSETS

	2020	2019
Non-current assets	**$**	$
Receivables	**1,086,681**	770,021
	1,086,681	770,021
Plant and equipment		
Plant and equipment – at cost	**3,637,769**	1,776,719
Accumulated depreciation	**(1,382,828)**	(1,445,045)
	2,254,941	331,674
Inventory		
Quarry Inventory	**7,437,413**	7,545,413
	7,437,413	7,545,413
Deferred exploration and evaluation expenditure		
Exploration and evaluation expenditure	**6,896,994**	6,834,416
	6,896,994	6,834,416
TOTAL	**17,676,029**	15,481,524

Reconciliation of the carrying amount of Mt Carbine assets at the beginning and end of the current and previous financial year:	**2020** **$**	2019 $
Combined assets carrying amount at the beginning of the year	**15,481,524**	1,371,448
Additions – Plant & Equipment	**2,151,486**	342,323
Additions – Inventory (Quarry)	**-**	7,545,413
Increase in tenement & other security deposits	**316,660**	-
Capitalised exploration and evaluation expenses	**212,753**	347,919
Capitalised portion of R&D Tax Offset	**(4,241)**	-
Capitalised exploration and evaluation expenses recognised upon MCQ acquisition	**(5,079)**	255,100
Impairment reversal	**-**	5,635,331
Receivables reduction – in-active EPM financial assurance refund	**-**	(1,500)
Current-asset recognition – Quarry inventory	**(108,000)**	-
Plant and equipment WDV of disposals	**(8,564)**	-
Exploration and evaluation expenditure written down	**(140,855)**	-
Depreciation expense	**(219,655)**	(14,510)
TOTAL	**17,676,029**	15,481,524

20. SUBSEQUENT EVENTS

There have been no material events subsequent to 30 June 2020 that have not previously been reported other than:

- issue of the following options to Kim Cavallaro upon commencement of employment as the Group's Chief Commercial Officer on 1 July 2020:
  - Two (2) million options exercisable at $0.04 on or before 1 July 2023. These options were issued under the Company's Equity Incentive Plan and will vest upon the completion of six (6) months employment with the Company; and
  - Three (3) million options exercisable at $0.06 on or before 1 July 2023. These options were issued under the Company's Equity Incentive Plan and will vest upon the completion of twelve (12) months employment with the Company;
- the Company as part of the project consortium awarded a $220,000 grant by METS Ignited Australia Limited under the Queensland METS Collaborative Projects Fund for the Company's mine waste transformation project titled "Optimised X-Ray Ore Sorting Technologies and Material Handling Concepts for Historic Tungsten Mine Waste Transformation" (refer ASX announcement "Govt Support for Mt Carbine Mine Waste Transform. Initiative dated 24 July 2020);
- appointment of Ms Suzanne Irwin as Company Secretary on 1 September 2020 following the resignation of Mr Adrien Wing on the same day (refer ASX announcement "Change in Company Secretary and Registered Office" dated 1 September 2020);
- the Company also changed its registered office as from 1 September 2020 to:

  Office 06-110
  Level 6, 25 King Street
  Bowen Hills Qld 4006

  (refer ASX announcement "Change in Company Secretary and Registered Office" dated 1 September 2020); and
- the commencement of the XRT Sorting Pilot Plant Test Program being undertaken with CRONIMET Australia Pty Ltd showing positive early results and significant tungsten ore upgrade. (refer ASX announcement "Pilot Sorter Delivers Significant Tungsten Ore Upgrade" dated 7 September 2020).

Notes to the Consolidated Financial Statements continued

21. STATEMENT OF CASH FLOWS

	Reconciliation of net cash outflow from operating activities to operating loss after income tax	**2020 $**	2019 $
(a)	Operating profit / (loss) after income tax	**(3,015,680)**	3,808,863
	Depreciation	**219,655**	14,510
	Share based payments expense	**45,000**	-
	Performance rights expense	**-**	325,481
	Gain on disposal of assets	**-**	(212,434)
	Loss on disposal of assets	**8,564**	-
	Share issue cost accruals	**-**	(166,800)
	Impairment reversal of capitalised exploration & evaluation assets	**-**	(5,635,331)
	Impairment of capitalised exploration and evaluation assets	**140,855**	-
	(Revaluation) Devaluation of investment to market value	**(773)**	5,027
	Unrealised foreign exchange (gains) losses	**82,142**	9,795
	Realised foreign exchange (gains) losses capitalised	**5,793**	-
	R&D Tax Offset capitalised portion	**4,241**	-
	Change in assets and liabilities:		
	Decrease (Increase) in receivables	**(109,884)**	**(36,633)**
	Decrease (Increase) in other assets	**(380,607)**	(358,266)
	Increase/(decrease) in trade and other creditors	**52,373**	618,661
	Net cash outflow from operating activities	**(2,948,321)**	(1,627,127)

(b) For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank, deposits and bank bills used as part of the Company's cash management function. The Company does not have any unused credit facilities.

The balance at 30 June 2020 comprised:		
Cash assets	**2,989,859**	217,962
Cash on hand	**2,989,859**	217,962

22. CONTRACT LIABILITIES

	2020 $	2019 $
Contract Liability - Sublease[1]		
Current	**125,818**	-
Non-current	**1,784,638**	1,911,911
	1,910,456	1,911,911
Contract Liability - Offtake[2]		
Balance at beginning of the year	**2,134,140**	2,134,140
Plus: Offtake Final Contribution	**355,685**	-
Less: Unrealised Foreign Exchange Loss	**57,780**	-
	2,547,615	2,134,140

[1] Mt Carbine Sublease Rent prepaid to Mt Carbine Quarries Pty Ltd as per the Retreatment Operations Sublease Agreement between Mt Carbine Quarries Pty Ltd, CRONIMET Australia Pty Ltd and Mt Carbine Retreatment Pty Ltd.

[2] The Company's wholly owned subsidiary and 50% unincorporated joint venture partner, Mt Carbine Retreatment Pty Ltd's, Offtake Advance recognition. The Loan is denominated in USD and the terms and repayment of this advance are governed by the Offtake Advance Agreement between CRONIMET Asia Pte Ltd, CRONIMET Australia Pty Ltd and Mt Carbine Retreatment Pty Ltd.

The contract liability arrangements for the Offtake Advance are secured as follows:

- general security deed from Mt Carbine Retreatment Pty Ltd over its present and subsequent acquired assets;
- general security deed from CRONIMET Australia Pty Ltd over all its present and subsequent acquired assets; and
- mortgage from Mt Carbine Quarries Pty Ltd over mining leases ML4867 and ML4919. This mortgage also includes an interest over "Featherweight Property" which is all other property of Mt Carbine Quarries Pty Ltd other than the mining leases. The mortgage is limited recourse, in that it is limited to the value of the mining leases.

The contract liability arrangement for the unincorporated joint venture between Mt Carbine Retreatment Pty Ltd and CRONIMET Australia Pty Ltd ***(Joint Venture)*** are as follows:

- Deed of Cross Security between the Joint Venture parties and Mt Carbine Retreatment Management Pty Ltd (as the manager) which secures the performance of their obligations to each other under the Joint Venture; and
- General Security Deed from Mt Carbine Quarries Pty Ltd in favour of the Joint Venture parties over all present and after acquired property of Mt Carbine Quarries Pty Ltd including its rights under the Mining Leases.

23. EQUIPMENT LEASES

	2020	2019
Right-of-use assets	**$**	$
Balance at 1 July 2019	-	-
Additions:		
- Plant & equipment	**1,201,234**	-
- Motor vehicle	**32,848**	-
Depreciation charge for the year	**(8,692)**	-
Balance at 30 June 2020	**1,225,390**	-
Lease Liability - Maturity Analysis		
Less than 1 year	**200,715**	-
1 to 5 years	**968,094**	-
5+ years	**-**	-
	1,168,809	-
Amounts Recognised in profit or loss		
Interest on lease liabilities	**855**	-
Expenses relating to short-term leases	**-**	-
	855	-
Amounts recognised in statement of cash flows		
Total cash outflow for leases	**7,892**	-

24. CORPORATE INFORMATION

The Financial Report of the Group for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 23 September 2020.

Speciality Metals International Limited is a company limited by shares and incorporated in Australia. Its shares are publicly traded on the Australian Securities Exchange under the ticker code "SEI".

Notes to the Consolidated Financial Statements continued

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise cash, short term deposits and available for sale investments.

The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as trade receivable and trade payables, which arise directly from its operations. It is, and has been throughout the entire period under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are cash flow interest rate risk and equity price risk. Other minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

(a) Price Risk

The Group is not exposed to equity securities price risk.

(b) Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash reserves and marketable securities and through the continuous monitoring of budgeted and actual cash flows.

Contracted maturities for payables year ended 30 June 2020	**2020** **$**	2019 $
Payable:		
- less than 6 months	**797,892**	780,155
- 6 to 12 months	**139,433**	-
- 1 to 5 year	**968,094**	-
- later than 5 year	**-**	-
Total	**1,905,419**	780,155

(c) Fair Value of Financial Instruments

The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Ordinary shares	**2,113**	**-**	**-**	**2,113**
Total assets	**2,113**	**-**	**-**	**2,113**
Liabilities				
Total liabilities	**-**	**-**	**-**	**-**

Consolidated - 2019

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Ordinary shares	1,289	-	-	1,289
Total assets	1,289	-	-	1,289
Liabilities				
Total liabilities	-	-	-	-

There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

(d) Commodity Price Risk

The Company is exposed to commodity price risk. This risk arises from its activities directed at exploration and mining development of mineral commodities. If commodity prices fall, the market for companies exploring and/or mining for these commodities is affected. The Company does not currently hedge its exposures.

(e) Fair Values

For financial assets and liabilities, the fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments. The Company has no financial assets including derivative financial assets and liabilities where the carrying amount exceeds the net fair values at reporting date. The Company's receivables at reporting date comprise of GST input tax credits refundable by the Australian Taxation Office and other receivables. The balance (if any) of receivables comprises prepayments (if any). The credit risk on financial assets of the Company which have been recognised on the Statement of Financial Position is generally the carrying amount.

(f) Capital Risk Management

The consolidated entity's objectives when managing capital are 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. Consistently with others in the industry, the consolidated entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the Statement of Financial Position plus net debt. The gearing ratio as at 30 June 2020 and 30 June 2019 was 0% as net debt was negative in both years.

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

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity continues to evaluate corporate and exploration opportunities within the new economy and critical minerals sector.

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

The capital risk management policy remains unchanged from the 30 June 2019 Annual Report. The consolidated entity is not subject to externally imposed capital requirements.

26. SHARE-BASED PAYMENTS

(a) Share based payments

	2020	2019
	$	$
Share-based payments expense	**45,000**	-
Share-based payments capitalised	**-**	-
Total share-based payments	**45,000**	-

Notes to the Consolidated Financial Statements continued

(b) Performance Rights

The following table details the number and movements in performance rights issued as employment incentives during the year:

	2020 Number	Total vested and unexercised at 30 June 2020	2019 Number	Total unvested and unexercisable at 30 June 2019
Outstanding at the beginning of the year	25,000,000	25,000,000	25,000,000	25,000,000
Granted during the year	-	-	-	-
Converted during the year[1]	(25,000,000)	(25,000,000)	-	-
Outstanding at the end of the year	-	-	25,000,000	25,000,000

(c) Performance rights – key terms and conversion to shares

25,000,000 unlisted options were granted to Directors as an employment incentive following approval by shareholders at the General Meeting held on 22 June 2018. The key terms of the performance rights, in accordance with the terms approved by shareholders, are as follows:

Type of Performance Right: Each Right entitles the Holder to 1 fully paid ordinary share in the Company upon exercise.

Expiry Date: 22 June 2020 (2 years after the issue date)

Vesting: The Rights vest upon satisfaction of the following conditions:

(a) the Company completes the acquisition of Mt Carbine Quarries Pty Ltd and associated mining leases; or

(b) the Company share price on ASX trades on at least 3 consecutive business days above $0.05.

[1] Fully expensed during the 2018/2019 financial year due to the vesting condition relating to the completion of the acquisition of Mt Carbine Quarries Pty Ltd and associated mining leases being satisfied on 28 June 2019. Shares were issued on 2 August 2019.

(d) Options

The following table details the number and movements in options issued as employment incentives during the year.

	2020 Number	Total vested and unexercised at 30 June 2020	2019 Number	Total unvested and unexercisable at 30 June 2019
Outstanding at the beginning of the year	-	5,000,000	-	-
Granted during the year	5,000,000	-	-	-
Converted during the year	-	-	-	-
Outstanding at the end of the year	5,000,000	5,000,000	-	-

(e) Option vesting conditions

5,000,000 listed options were granted to Interim CEO & Senior Technical Advisor, K. MacNeill, as an incentive following his appointment 7 May 2020 for an initial one (1) year term. The options will expire on 5 May 2023 and are subject to vesting conditions. The key terms of the options, as announced on 13 May 2020, are as follows:

Type of Performance Right: Each option entitles the holder to 1 fully paid ordinary share the Company upon exercise.

Expiry Date: 5 May 2023

Vesting: 2,000,000 Options exercisable at $0.04 will vest upon the successful completion of a six (6) month period under the services agreement; and

3,000,000 Options exercisable at $0.06 will vest upon the successful completion of a twelve (12) month period under the services agreement; and

(f) Valuation of Options Granted

30 June 2020	Number of granted Options	Grant date	Expiry date	Fair Value per Option at grant date	Total Fair Value of Options	Share-Based Payments: Expensed in prior years	Share-Based Payments: Expensed in the 2020 year	Share-Based Payments: AASB 2 Not yet expensed
Exercise Price $0.04	2,000,000	13 May 2020	5 May 2023	0.01747	34,938	-	-	34,938
Exercise Price $0.06	3.000.000	13 May 2020	5 May 2023	0.01471	44,122	-	-	44,122
	5,000,000				**79,060**	**-**	**-**	**79,060**

(g) Performance Rights / Options lapsed during the reporting period

No performance rights or options lapsed during the reporting period without exercise.

27. EMPLOYEE BENFITS

	2020	2019
	$	$
Current		
Annual Leave Benefits	**105,090**	26,473
Non-current		
Long Service Leave Benefits	**12,884**	8,890
Total share-based payments	**117,974**	35,363

28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Adoption of New Standards and Interpretations

Changes in accounting policies on initial application of Accounting Standards

From 1 July 2019, the Group has adopted all the standards and interpretations mandatory for annual periods beginning on or after 1 July 2019 Adoption of these standards and interpretations did not have any effect on the statements of financial position or performance of the Group. The Group has not elected to early adopt any new standards or amendments.

Notes to the Consolidated Financial Statements continued

29. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Speciality Metals International Limited. The information presented has been prepared using accounting policies that are consistent with those presented in Note 1.

	2020	2019
	$	$
ASSETS		
Current assets	**5,029,560**	483,779
Non-current assets	**15,604,705**	15,488,890
TOTAL ASSETS	**20,634,265**	15,972,669
LIABILITIES		
Current liabilities	**293,801**	4,839,339
Non-current liabilities	**3,823,821**	6,060
TOTAL LIABILITIES	**4,117,622**	4,845,399
NET ASSETS	**16,516,643**	11,127,270
EQUITY		
Issued capital	**15,023,117**	7,651,079
Reserves	**-**	330,000
Accumulated losses	**1,493,526**	3,146,191
TOTAL EQUITY	**16,516,643**	11,127,270
FINANCIAL PERFORMANCE		
Profit (loss) for the year	**(1,653,438)**	4,031,923
Other comprehensive income/(loss) for the year	**773**	-
Total comprehensive profit/(loss)	**(1,652,665)**	4,031,923

Contingent Liabilities

As at 30 June 2020 and 30 June 2019 the Company had no contingent liabilities.

Contractual Commitments

As at 30 June 2020 and 30 June 2019 the Company had no contractual commitments other than those disclosed in Note 16.

Guarantees Entered into by Parent Entity

As at 30 June 2020, the Company has not provided any financial guarantees.

30. OPERATING SEGMENTS

Segment Information

Identification of Reportable Segments
During the 2020 financial year, the Company operated principally in one business segment being mineral exploration and in two geographical segments being Queensland and New South Wales, Australia.

The Company's revenues and assets and liabilities according to geographical segments are shown below.

	June 2020			June 2019		
	Total	**Queensland**	**NSW**	Total	Australia	Chile
	$	**$**	**$**	$	$	$
REVENUE						
Revenue & Other Income	**1,087,445**	1,087,445	-	**245,936**	245,936	-
Total segment revenue	**1,087,445**	1,087,445	-	**245,936**	245,936	-
RESULTS						
Net profit / (loss) before income tax	**(3,016,453)**	(3,016,453)	-	**3,808,863**	3,808,863	-
Income tax	**-**	-	-	**-**	-	-
Net profit / (loss)	**(3,016,453)**	(3,016,453)	-	**3,808,863**	3,808,863	-
ASSETS AND LIABILITIES						
Assets	**21,417,760**	21,271,634	146,126	**15,966,609**	15,966,609	-
Liabilities	**6,481,414**	6,481,414	-	**5,061,568**	5,061,568	-

31. RELATED PARTY DISCLOSURES

a. The Company's main related parties are as follows:

Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise), are considered key management personnel.

The directors and officers in office during the year were as follows:

- Oliver Kleinhempel	Appointed Non-executive Directtor 12 August 2019 Appointed Non-executive Chairman 24 April 2020
- Russell Henry Krause (Penause Pty Ltd)	Appointed Non-executive Chairman on 30 June 2013 Appointed Executive Chairman on 14 November 2017 Resigned 24 April 2020
- Roland Waynne Nice (R.W. Nice & Assoc. Pty Ltd)	Appointed 30 June 2013 and resigned 12 August 2019
- Stephen Layton (Bodie Investments Pty Ltd)	Appointed 14 November 2017
- Zhui Pei Yeo	Appointed 12 August 2019
- Adrien Michele Wing (Northern Start Nominees Pty Ltd)	Appointed 1 February 2019 and resigned 1 September 2020

For details of disclosures relating to key management personnel, refer to Key Management Personnel disclosures Directors and Remuneration Report.

Notes to the Consolidated Financial Statements continued

b. Transactions with other related parties:

Transactions between other related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no transactions with other related parties during the reporting period.

c. Receivable from and payable to related parties

There were no trade receivables from nor trade payables to related parties at the current and previous reporting date.

d. Loans to/from related parties

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

e. Parent entity

Speciality Metals International Limited is the parent entity.

f. Subsidiaries

Interests in subsidiaries are set out in Note 18.

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Directors' Declaration

The Directors of the Company declare that:

1. the Financial Statements, comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and accompanying Notes, are in accordance with the Corporations Act 2001 and:

   a) comply with Accounting Standards, which, as stated in the accounting policy Note 1, to the financial statements, constitutes explicit and unreserved compliance with international Financial Reporting Standards (IFRS); and

   b) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the company and consolidated group;

2. the directors have been given the declaration required by s.295A of the *Corporations Act* 2001 by the Interim Chief Executive Officer declaring that:

   a) the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the Corporations Act 2001;

   b) the Financial Statements and notes for the financial year comply with Accounting Standards; and

   c) the Financial Statements and notes for the financial year give a true and fair view; and

3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board

Oliver Kleinhempel
Non-executive Chairman
28 September 2020

Auditor's Independence Declaration

Nexia Australia

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Speciality Metals International Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

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

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

Nexia

Nexia Melbourne Audit Pty Ltd
Melbourne

Geoff S. Parker
Director

Dated this 28th day of September 2020

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Independent Auditor's Report

Nexia Australia

Independent Auditor's Report to the Members of Speciality Metals International Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Speciality Metals International Limited, which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of Specialty Metals International Limited 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 2020 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards and *the Corporations Regulations 2001.*

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the entity 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*, has been given to the Directors of the Company, as at the date 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.

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Independent Auditor's Report continued

Key audit matter	How our audit addressed the key audit matter
Carrying value Deferred exploration and evaluation expenditure ***Refer to Note 10 non-current assets*** The Group carries significant exploration and evaluation assets at 30 June 2020 which is material to the financial report. As a result the capitalised exploration and evaluation expenditure were required to be considered for impairment indicators in accordance with AASB 6 Exploration and Evaluation of Mineral Resources and therefor considered a key audit matter.	Our procedures included, amongst others: ▪ Obtain schedules of the areas of interest held by the Group and assessing whether the rights to tenure remain current at balance date; ▪ Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; ▪ Review the Company's capitalisation of exploration expenditure in the current year, ensuring that it is consistent with the criteria as stated under AASB 6. This included discussion with management, reviewing Group exploration budgets, ASX announcements and directors' minutes; ▪ Review and considered whether any facts or circumstances existed that suggest impairment was required; ▪ We tested a sample of additions of capital exploration expenditure to supporting documentation; ▪ Assessing the adequacy of the related disclosures in Note 10 to the financial report.

Other information

The Directors are responsible for the other information. The other information comprises the information in Speciality Metals International Limited's annual report for the year ended 30 June 2020, 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 the other information we are required to report that fact. We have nothing to report in this regard.

Auditor's responsibility 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 Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

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, actions taken to eliminate threats or safeguards applied.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 31 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Speciality Metals International Limited for the year ended 30 June 2020, 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.

Nexia

Nexia Melbourne Audit Pty Ltd
Melbourne

Geoff S. Parker
Director

Dated this 28th day of September 2020

Shareholder Information

Information relating to shareholders at 14 September 2020 (per ASX Listing Rule 4.10)

The Company has received the following notices of substantial shareholding:	Shareholding
Hilux Resources Pty Ltd	70,000,000
Whitfords Holding Investments Ltd	64,919,810

Distribution of Shareholders as at 14 September 2020 Number of Ordinary Shares Held	Number of Holders	Ordinary Shares
1 – 1,000	77	13,491
1,001 – 5,000	50	169,730
5,001 – 10,000	109	972,585
10,001 – 100,000	656	28,525,069
100,001 – and over	575	1,080,548,756
	1,467	1,110,229,631

At the closing market price of $0.028 per share, there were 350 shareholders with less than a marketable parcel of $500.

Unquoted Securities

The number of options that are on issue and the number of holders as at 14 September 2020:

Unlisted Options	Number of Holders	Number of Options
Exercise Price @ $0.04	2	4,000,000
Exercise Price @ $0.06	2	6,000,000
TOTAL	**4**	**10,000,000**

	Top 20 Shareholders of Ordinary Shares as at 14 September 2020	Shares	% Shares issued
1.	HILUX RESOURCES PTY LTD	70,000,000	6.31%
2.	WHITFORDS HOLDING INVESTMENTS LTD	64,919,810	5.85%
3.	ARCHER PACIFIC HOLDING LIMITED	55,000,000	4.95%
4.	CITICORP NOMINEES PTY LIMITED	54,614,273	4.92%
5.	LYNEWOOD HOLDINGS LTD	46,800,000	4.22%
6.	BODIE INVESTMENTS PTY LTD	43,000,000	3.87%
7.	COVENANT HOLDINGS (WA) PTY LTD <THE BOYD NO 3 A/C>	37,000,000	3.33%
8.	SHAWLANE CAPITAL LTD	36,970,172	3.33%
9.	DR LEON EUGENE PRETORIUS	32,500,000	2.93%
10.	HEMMINGWAY UNITED INVESTMENT LTD	31,088,236	2.80%
11.	ANG KAY TIONG	25,912,664	2.33%
12.	BAGLORA PTY LTD <MOTT FAMILY SUPER FUND A/C>	25,430,000	2.29%
13.	TA SECURITIES HOLDINGS BERHAD	22,900,001	2.06%
14.	SHAWLANE CAPITAL LTD	18,000,000	1.62%
15.	MOTA ENGIL MINERALS & MINING INVESTMENTS BV\C	16,000,000	1.44%
16.	SONNENALLEE INVESTMENTS LTD	15,333,600	1.38%
17.	BNP PARIBAS NOMS PTY LTD <DRP>	14,512,681	1.31%
18.	TURBINE CAPITAL LIMITED	11,999,166	1.08%
19.	HONWAI PTY LTD <NORVIC FAMILY A/C>	11,300,000	1.02%
20.	MR MALCOLM JOHN MCCLURE	10,574,000	0.95%
Total of Top 20 Holdings		643,854,603	57.99%
Other Holdings		466,375,028	42.01%
Total Fully Paid Shares Issued		1,110,229,631	100.00%

On-market buy back
The Company does not have a current buy-back plan

Voting rights
There are no restrictions on voting rights. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those partly-paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. Option holders have no voting rights until the options are exercised.

Audit Committee
At the date of the Directors' Report, the Company has a Committee of three Non-executive Directors that meet with the Company's external auditors at least once during each half-year. These meetings take place prior to the finalisation of the Half-Year Financial Statements and Annual Report, and prior to the signing of the Audit Report.

Forward Looking Statements

Some statements contained within this report relate to the future and are forward looking statements. Such statements may include, but are not limited to, statements with regard to intention, capacity, future production and grades, projections for sales growth, estimated revenues and reserves, targets for cost savings, the construction cost of new projects, projected capital expenditures, the timing of new projects, future cash flow and debt levels, the outlook for minerals and metals prices, the outlook for economic recovery and trends in the trading environment and may be (but are not necessarily) identified by the use of phrases such as “will”, “expect”, “anticipate”, “believe” and “envisage”. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and may be outside Speciality Metals International Limited’s control. Actual results and developments may differ materially from those expressed or implied in such statements because of a number of factors, including levels of demand and market prices, the ability to produce and transport products profitably, the impact of foreign currency exchange rates on market prices and operating costs, operational problems, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by governmental authorities such as changes in taxation or regulation.

Given these risks and uncertainties, undue reliance should not be placed on forward-looking statements and intentions which speak only as at the date of the presentation. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, Speciality Metals does not undertake any obligation to publicly release any updates or revisions to any forward looking statements contained in this presentation, whether as a result of any change in Speciality Metals’ expectations in relation to them, or any change in events, conditions or circumstances on which any such statement is based.

Certain statistical and other information included in this presentation is sourced from publicly available third-party sources and has not been independently verified.

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Speciality Metals
International Limited

Resourcing the new economy for a better tomorrow