



EAGLE MOUNTAIN MINING
2018 ANNUAL REPORT



CORPORATE DIRECTORY

DIRECTORS

Rick Crabb (Non-Executive Chairman)
Charles Bass (Managing Director)
Roger Port (Non-Executive Director)
Brett Rowe
(Alternate Director for Charles Bass)

COMPANY SECRETARY

Mark Pitts

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Ground Floor, 22 Stirling Highway
Nedlands WA 6009

Email: info@eaglemountain.com.au
Website: eaglemountain.com.au

CORPORATE GOVERNANCE

The Company has adopted the 3rd Edition of the ASX Corporate Governance Recommendations. A summary statement which has been approved by the Board together with current policies and charters is available on the Company website. <http://eaglemountain.com.au/corporate-governance/>

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000

AUDITORS

William Buck Audit (WA) Pty Ltd
Level 3
15 Labouchere Road
South Perth WA 6151

SOLICITORS

Jackson McDonald
Level 17, 225 St Georges Terrace
Perth WA 6000

ARIZONA ATTORNEY

DeConcini McDonald Yetwin & Lacy P.C.
2525 E. Broadway Blvd., Suite 200
Tucson, Arizona 85716-5300

ASX CODE

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“Arizona is one of the world’s most significant copper provinces and home to some of the world’s largest projects. Silver Mountain lies on the same geological setting that hosts porphyry copper mines such as Bagdad, Miami and Resolution, one of the largest undeveloped copper deposits in the world. It also lies on the southern extension of the metallogenic belt that hosts United Verde and Iron King.” (See Figure 1).





Chairman's Report

It is my pleasure to present to my fellow shareholders the first Annual Report for Eagle Mountain Mining Limited. This Report covers a brief period, given that Eagle Mountain was only incorporated in September 2017 and listed on the Australian Securities Exchange (ASX) in March 2018. However its principal asset, the Silver Mountain copper-gold project in mining friendly Arizona USA had a significant amount of modern exploration work undertaken on it by a company associated with Charles Bass prior to acquisition by Eagle Mountain in November 2017.

Arizona is one of the world's most significant copper provinces and home to some of the world's largest projects. Silver Mountain lies on the same geological setting that hosts porphyry copper mines such as Bagdad, Miami and Resolution, one of the largest undeveloped copper deposits in the world. It also lies on the southern extension of the metallogenic belt that hosts United Verde and Iron King.

Our highly-experienced team, led by founder and Chief Executive Officer, Charles Bass, has since March 2018 undertaken further exploration work and advanced the logistical arrangements for the inaugural diamond drilling campaign of the Silver Mountain project, which commenced in September 2018.

This Annual Report therefore marks an exciting time for Eagle Mountain shareholders as this is the first time that a modern comprehensive drilling campaign has been conducted over the Silver Mountain project area.

Starting up a new listed Australian company with overseas operations is always a challenging experience but it is also very exciting and I am particularly pleased with how Eagle Mountain has quickly established itself. This is due to the dedicated small team of professionals located both in Perth and Tucson who are enthusiastic and able to draw on their vast experience to a common cause. On behalf of the Board and shareholders, I thank Charlie Bass and Fabio Vergara in particular for leading the team.

My thanks also to my fellow independent director, Roger Port and our company secretary Mark Pitts, who have contributed greatly to the strategic inputs for and corporate governance oversight of Eagle Mountain.

Finally, I thank shareholders for your support during and since the successful public float of Eagle Mountain. I look forward to an active and rewarding year ahead for our Company.

Yours faithfully

Rick Crabb
Chairman



Review of Operations

The Silver Mountain Project

Even though Eagle Mountain was not incorporated until September 2017, exploration work on the Silver Mountain Project was conducted throughout 2017/18. This work included:

- Mapping and sampling
- Structural, geochemical and petrographic studies by independent experts
- Induced Polarisation (IP), gravity and magnetic geophysical surveys
- Road and track upgrades
- Staking additional ground
- Establishing an office and warehouse in Tucson, Arizona and recruiting key staff
- Establishing the corporate office in Perth and recruiting required personnel

By the time of the IPO in March 2018, an exploration program and budget was established based on the information available at that time. A diamond drilling program of ~3,000 metres was planned for the second half of calendar 2018.

However, between the time of the IPO and 30 June 2018, the Company had enough new information and confidence in the results received to increase the program to approximately 12,000 metres of drilling. Of this, more than 6,000 metres are high priority holes, forming the basis of the current drilling program which commenced in September 2018.

Recognition of four unique styles of mineralisation in various parts of the Silver Mountain Project was integral to being able to confidently proceed with the doubling of the drilling program.

Subsequent to the financial year end, the major focus was on:

- Drill hole planning
- Evaluating and signing both diamond drilling and water drilling contracts
- Locating and drilling the water well on the Company's patented claims
- Improving roads and access tracks for drilling equipment
- Negotiating access through a private land parcel which will provide Eagle Mountain with better access to the Pacific side of the Silver Mountain Project
- Establishing both a company and drillers camp to the south of the project area which provides for safer and faster access to all of the target areas than the previous access from Crown King to the north
- Recruiting additional personnel for the diamond drilling program
- Fitting out the Tucson warehouse for core logging, sampling and storage
- Permitting for drilling and other activities
- Commencement of diamond drilling in the Pacific Mine area

These activities are explained in further detail in the following pages. Eagle Mountain looks forward to keeping our shareholders and the market informed of progress and results from the drilling and further exploration at Silver Mountain.

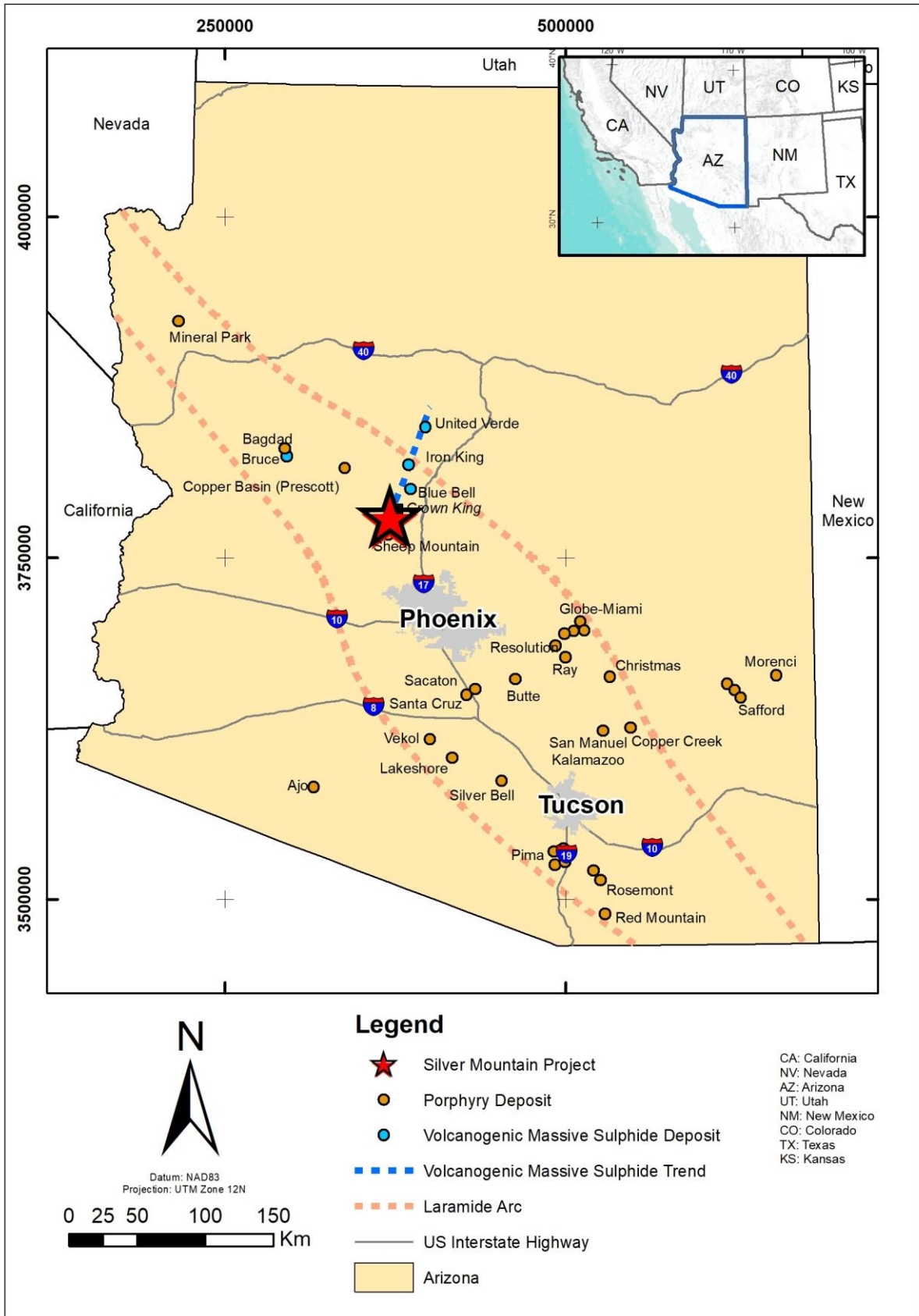


Figure 1 - The Silver Mountain Project located just outside of Phoenix, Arizona



Exploration Activities

Since the Company's subsidiary, Silver Mountain Mining Pty Ltd, assembled the private land package that comprises the core of the Silver Mountain copper-gold project in 2013, an extensive amount of work has been carried out to learn more about its favourable geological setting and styles of mineralisation.

In the five years prior to the IPO in March 2018, exploration work included the staking of unpatented mining claims and Arizona state exploration permits, reconnaissance mapping and sampling, helicopter-borne magnetic and electromagnetic surveys, and induced polarisation/resistivity surveys. Geochemical and structural studies have also been completed to improve the understanding of mineralisation sources and controls. Attracting early attention was the 6 kilometres long gossanous Pacific Horizon prospect, which was consolidated under a single entity for the first time. These exploration activities led to the discovery of new areas of potential mineralisation and the identification of several drill targets.

During the IPO process, Eagle Mountain continued exploring. The Company turned its attention to the highly prospective Scarlett and Red Mule prospects, running drone magnetics and completing a gravity survey. Exploration at these areas accelerated post IPO, as further mapping, sampling and geophysical surveys were undertaken to refine the exploration models in preparation for the diamond drilling program.

The success of these activities led to the commencement of drilling in September 2018. The 27 hole program is targeting four unique styles of mineralisation located within the Pacific Horizon, Scarlett and Red Mule prospects.

Mapping and Sampling

Extensive geological mapping and geochemical sampling has been undertaken at the Silver Mountain Project over the past five years. This has significantly enhanced the Company's understanding of the ultimate source of mineralisation and increased its confidence in the Project.

Recent highlights include:

- Rock chip samples at Scarlett up to 86.1 g/t Au and 2.15% Cu (refer to ASX release 16 May 2018). Extensive mapping over Scarlett in the June quarter led to the discovery of a previously unreported historical working to the west of the main cluster of high-grade gold veins. The adit was developed into a shear zone with multiple parallel quartz veins. Interestingly, the orientation of the shear zone and quartz veins raised the prospect of Eagle Mountain identifying a different part of the mineralised system at Scarlett that was rich in copper as well as gold.
- Another welcome surprise was the discovery of the Rhyolite Target, a new area of historical mining at the southern end of the Red Mule prospect. A shaft and several surficial workings were identified by a ground crew while carrying out a gravity survey. The area was mapped and sampled, returning encouraging results including 27 g/t Au and 0.13% Cu (refer to ASX release 16 May 2018).

- Mapping and sampling at the southern end of the Red Mule area led to a 3 kilometres southwest extension of the NE-SW trending Pacific Horizon prospect for a total strike length of 9 kilometres. Multiple historical mines occur along this belt within the Silver Mountain Project. Eagle Mountain's sampling of historical mine dumps returned highly encouraging results of up to 11.1% Cu and 10.7 g/t Au (Buffalo Mine) and 3.5% Cu and 4.2 g/t Au (Pacific Mine) (refer to the Company's IPO Prospectus ASX Release 14 March 2018).
- As the Rhyolite Target straddled the southern boundary of Eagle Mountain's landholding, the Company staked additional tenements covering these prospective areas and the inferred southwestern extension of the Pacific Horizon. 84 new unpatented mining claims were staked and one Arizona state exploration permit was filed in the June quarter.

The Silver Mountain Project has thus expanded to cover the land positions shown in Figure 2.

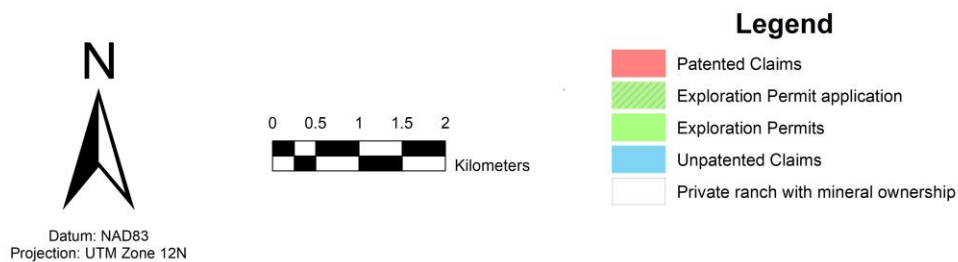
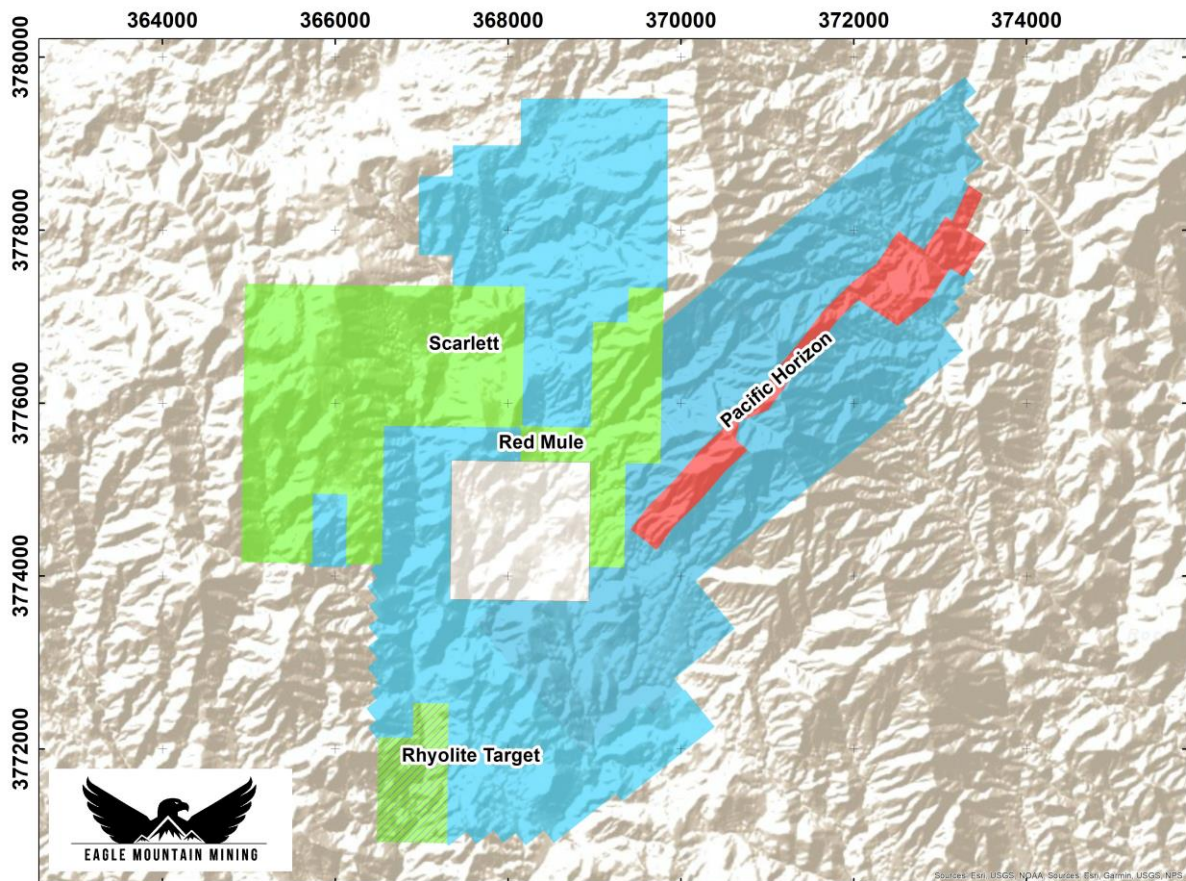


Figure 2 – Silver Mountain Project Area



Geological Petrography Study

A two-year geological study of 39 rock samples collected across the Silver Mountain Project highlighted the multiple mineralising events that affected the project area. The study was undertaken by Dr Johnathan Nouse, Professor and Chair of the Geological Sciences Department at the California State Polytechnic University.

The encouraging results suggest a genetic link between the high-grade copper mineralisation at Pacific Horizon prospect (up to 11% Cu in historical dump samples) and the high-grade gold mineralisation at Scarlett prospect (up to 86 g/t Au in outcrop).

These observations confirmed Eagle Mountain's understanding that the Silver Mountain Project mineralisation history is extremely complex and requires advanced exploration techniques to better understand the local geology and identify the most prospective drill targets.

Geophysical Studies

A key step in the implementation of the exploration strategy was the acquisition and interpretation of geophysical surveys, comprising a UAV (unmanned aerial vehicle) borne magnetic survey, a ground gravity survey and an Induced Polarisation survey. The results confirmed exploration models developed over the past five years and significantly improved Eagle Mountain's understanding of the mineralisation. Key highlights are outlined below:

- A magnetic survey was flown over parts of the Scarlett and Pacific Horizon prospects to refine the understanding of the local geology and support drill targeting. The level of detail provided far greater resolution than the 100metre spaced VTEM that was flown over the Silver Mountain Project in 2013. The Silver Dollar magnetic survey suggested that prospective rocks at Silver Dollar and Scarlett are likely to continue at depth. Results also confirmed the presence of a major fault and that the prospective mineralised rocks could extend beneath this fault. The results from the Pacific mine area showed a magnetic low adjacent to the historical waste dump which overlaps multiple anomalies identified with previous geophysical surveys, mapping and sampling over the past five years.
- A ground gravity survey was also completed at the Scarlett prospect. Interpretation of the survey results identified a fault running below the cluster of high-grade gold veins at the Scarlett prospect. A gravity low coincident with the distribution of recent volcanic rocks was also identified.
- A relatively new method of Induced Polarization (IP) survey was run over several lines at the Scarlett and Red Mule prospects across mineralised areas identified by geological mapping and sampling. The new technology provides a data density that far exceeds industry standards. The results of the survey improved the understanding of the subsurface geology at the Scarlett and Red Mule prospects and confirmed the southern extension of the Pacific Horizon prospect .

Establishing four styles of mineralisation

Recognising and identifying four unique styles of mineralisation throughout the major prospects at the Silver Mountain Project was a key milestone in being able to confidently proceed with the doubling in size of the drilling program. Theses areas of mineralisation are shown in Figure 3.

The four different styles of mineralisation are:

- Proterozoic Massive Sulphide (Pacific Horizon prospect)
- Porphyry-style (Laramide) veins in Proterozoic granites (Scarlett prospect)
- Laramide or mid-Tertiary quartz-carbonate breccia (Pacific Horizon prospect)
- Tertiary detachment-related mineralisation (Red Mule and Scarlett prospects)

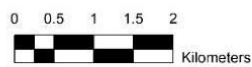
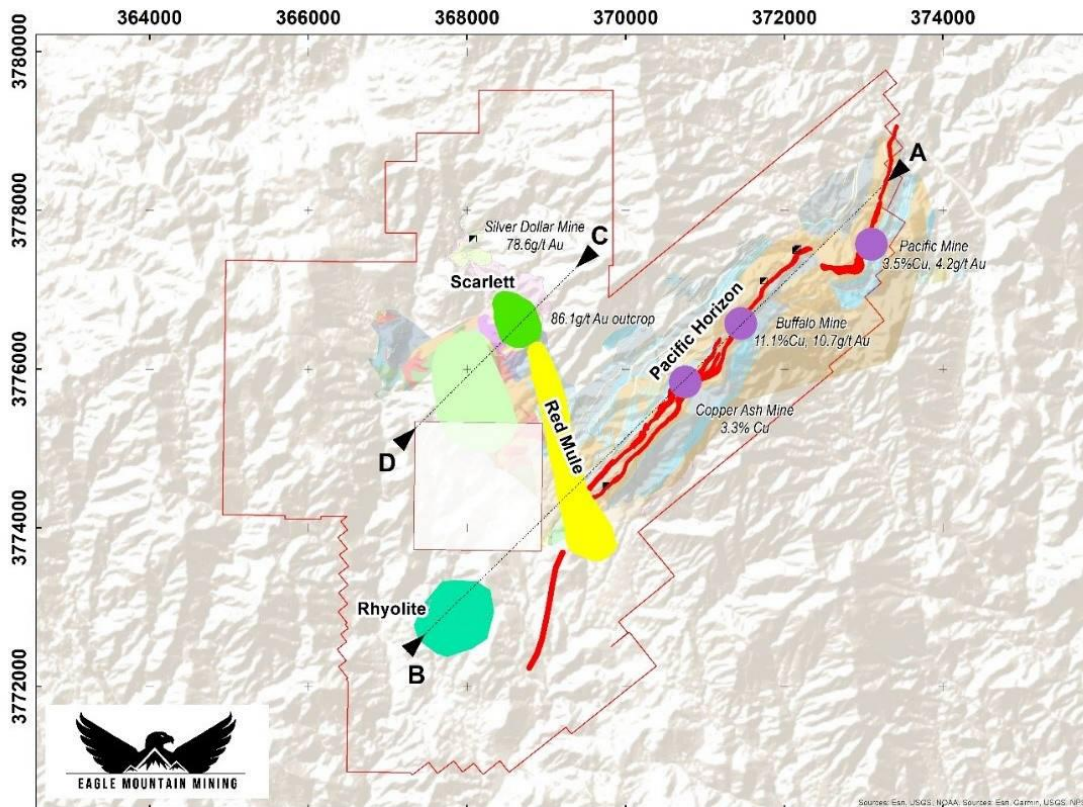


Figure 3 – Mineralisation targets and section lines

Each style of mineralisation is a key target for the drill program which started in late September 2018. The program has an initial focus on the Pacific Horizon prospect, testing mineralisation associated with quartz-carbonate Cu-Au breccias, as well as Proterozoic massive sulphide.

Figure 4 represents a schematic cross section of the Silver Mountain project and illustrates the hypothetical correlation among different styles of mineralisation and the location of key high grade results within the model.

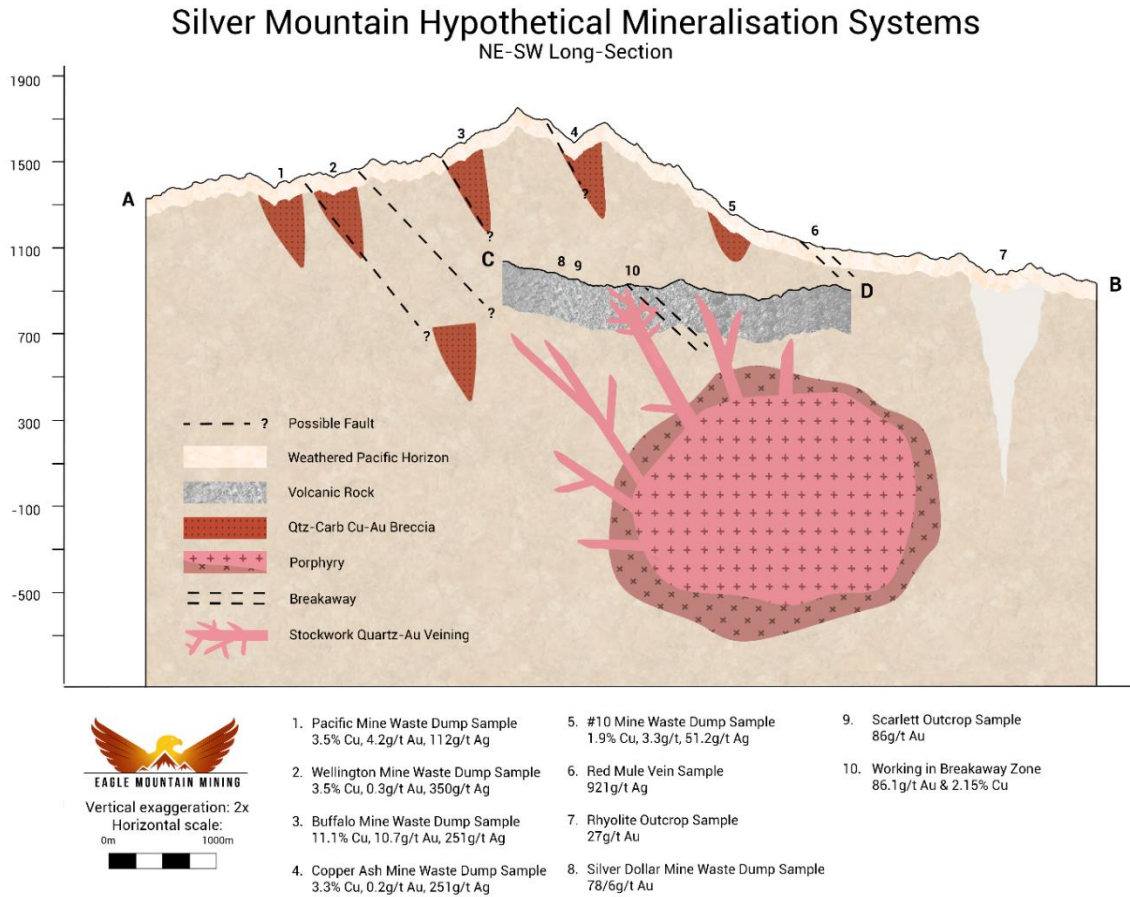


Figure 4 - Styles of mineralisation identified at Silver Mountain

(Figure 4 is drawn for illustration purposes only, faults may not be in the locations or orientation shown, but demonstrate the relationship of the breccias to faults.)

Proterozoic Massive Sulphide (Pacific Horizon prospect)

Recent mapping and geophysical surveys confirmed that the Pacific Horizon extends to more than 9 kilometres in length, up from the previously mapped 6 kilometres. The Pacific Horizon is up to 40 metres wide and has affinity with exhalite, a rock type often associated with volcanogenic massive sulphide (VMS) deposits (see Figure 3).

Although totally oxidized at surface, the Pacific Horizon is anomalous in trace metal values along its entire extent and locally shows gossanous textures. The Pacific Horizon is part of a Proterozoic age greenstone belt that hosts numerous VMS deposits including the world-class United Verde deposit (34.5 Mt @ 5% copper and 1.13 g/t gold) located near Jerome. The approximately 140 metre deep Pacific shaft suggests that the Pacific Horizon extends at least to that depth down dip.

Geological mapping, structural analysis and IP geophysics all indicate that the Pacific Horizon extends well beyond the bottom of the shaft.

The gossan appears to be a syngenetic (i.e., formed at the same time as the surrounding rock) stratabound sulphide horizon that has been thoroughly oxidized at the surface.

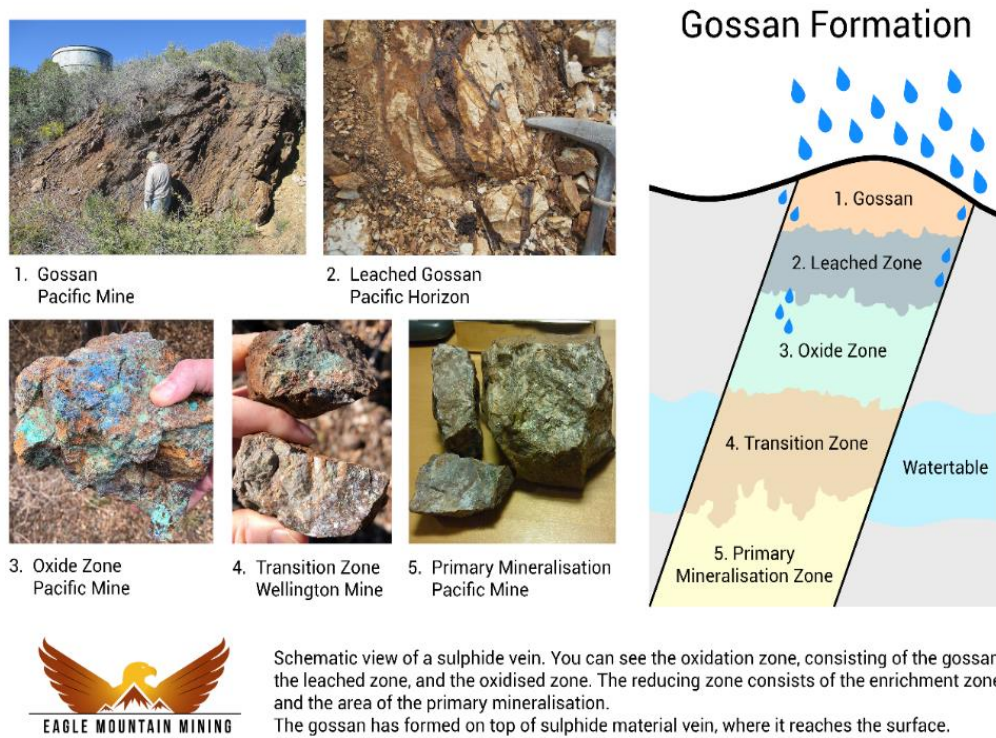


Figure 5 - Schematic of gossan development

Figure 5 above illustrates a typical cross-section through a sulphide vein, from gossan at the surface down to the primary sulphide zone. The associated photos show what each of these zones may look like based on rocks found on various mine waste dumps along the Pacific Horizon.

Based on the rocks found on the waste dumps, mapping, and geochemical analysis, Eagle Mountain believes that multiple mineralising events have overprinted the original geology.

Porphyry-style (Laramide) veins in Proterozoic granites (Scarlett prospect)

The second style of mineralization identified at the Silver Mountain Project is a set of NE-striking, gold-bearing quartz-veins. These are found locally at the Scarlett prospect within Proterozoic granitoids and display porphyry style alteration. The schematic in Figure 4 illustrates the possible source of mineralisation as the "Stockwork Quartz-Au Veining".

The Au-bearing veins occur within fracture zones and as discontinuous lenses within dilational zones and returned assay values up to 84.14 g/t Au and 2.15% Cu. The veins are inferred to be of Laramide age, a geological period when many of the major Arizona copper deposits were formed. Geochemistry points to a porphyry-style intrusive as the source of the hydrothermal fluids. The NE-SW strike of the

veins and the fractures hosting them is also characteristic of those seen in Laramide porphyry copper deposits throughout Arizona.

The Sheep Mountain copper porphyry lies about 5 kilometres to the south of the project area, and a possible porphyry intrusive just west of the Scarlett vein system (Figure 6) has been inferred from the 2013 airborne VTEM geophysics.

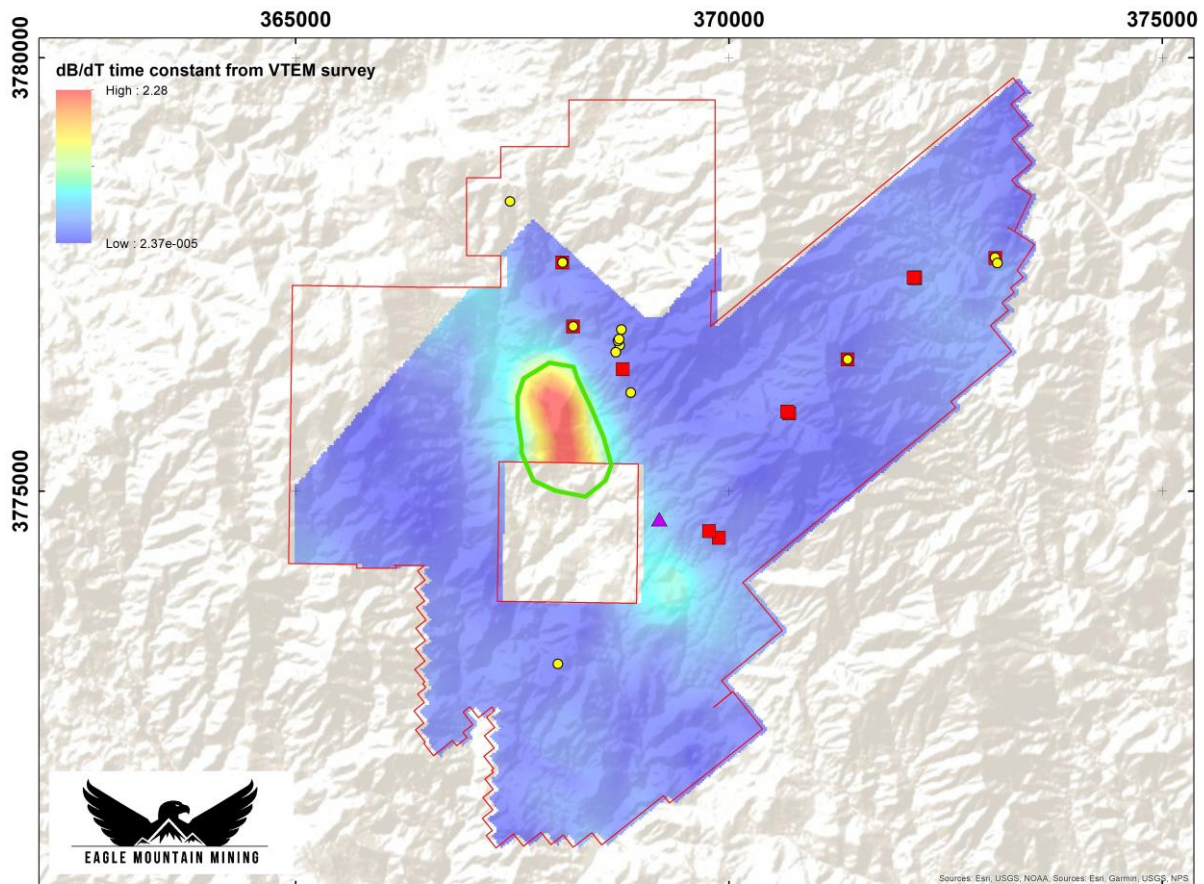


Figure 6 – VTEM Geophysical Anomaly – a potential porphyry

Laramide or mid-Tertiary quartz-carbonate breccia (Pacific Horizon prospect)

Quartz-carbonate Cu-Au-bearing breccias occur infrequently along the Pacific Horizon. These rocks are found at the waste dumps of the Pacific Mine and at other locations which were the sites of historical mining activity, such as the Buffalo, Wellington, Copper Ash and #10 mines. These breccias



contain patches of abundant chalcopyrite hosted in a massive coarse-grained carbonate breccia. The breccia found at the Pacific Mine dump assayed 4.24 g/t Au, 112 g/t Ag, and 3.54% Cu.

Although not found in outcrop, mineralised quartz-carbonate breccias are assumed to occur at depth within the mines.

These are illustrated as “Qtz-Carb Cu-Au Breccia” in the Figure 4 schematic. These breccias do not necessarily occur in the locations, size or shape illustrated. There may be unknown breccias that are buried well below surface and are yet to be discovered.

Interpretation suggests that the breccias formed during multiple episodes of brecciation, faulting and hydrothermal fluid circulation. Alteration and mineralisation at the Red Mule prospect and these quartz-carbonate breccias may have developed at the same time during mid-Tertiary detachment faulting.

The “Possible Faults” shown in the Figure 4 schematic may not be in the locations or orientation as shown, but demonstrate the relationship of the breccias to faults.

Tertiary detachment-related mineralisation (Red Mule and Scarlett prospects)

The Breakaway Zone at the Red Mule prospect is interpreted to be a significant NW-trending fault zone, moderately to steeply dipping, separating Proterozoic rocks to the east and Tertiary volcanics to the west. Hematite alteration occurs in zones up to 200 metres wide. Geophysical surveys support the geologic interpretations based on surface mapping and sampling.

The Breakaway Zone, considered to be a detachment fault, could potentially host tonnage and grades of economic value. The Figure 4 schematic illustrates the “Breakaway” as a zone running from the Pacific Horizon trend A-B section through the workings sampled along the C-D section line.

Establishing a base in Arizona and recent exploration activities

Eagle Mountain has established an operations office in Tucson, Arizona and recruited staff to support the Company's activities. The office occupies a small part of a warehouse that will house drill core, processing and storage facilities, along with equipment and supplies.

As Eagle Mountain moved closer to commencing the drill program, a great deal of work was undertaken in Arizona to facilitate the program. This included:

- Road maintenance and improvement, which was vital to provide access to the large water drill rig and ensure fast and safe commuting between the exploration camp and the project for employees and contractors
- Signing of an access agreement, which enables Eagle Mountain and its contractors to transit through a private property to the east of the Pacific Mine thus providing simple access to the eastern side of the Project area
- Establishment of an exploration camp to the south of the Silver Mountain Project. The camp is based on a private property. The landowner will provide water, power, workshops and space for

- trailers, equipment laydown and storage. The location of the camp provides efficient access to both the Pacific and Scarlett side of Silver Mountain and will save one to two hours of travel time daily when compared to the previous operations base in Crown King to the north of the project
- The signing of a water drilling contract and completion of a water well, which will provide all the water required for the drill program. The water well was drilled to a depth of 183 metres and encountered multiple water-bearing fractures. A suitable water pump was installed and a 72 hour continuous pumping test indicated a sustainable pumping rate of 136 litres/minute
 - Signing of the diamond drilling contract, mobilisation of a track mounted drill rig and establishment of the drillers camp.

The drilling program

The drilling program comprises 27 high priority drill holes, 15 along Pacific Horizon prospect and 12 for Scarlett and Red Mule prospects.

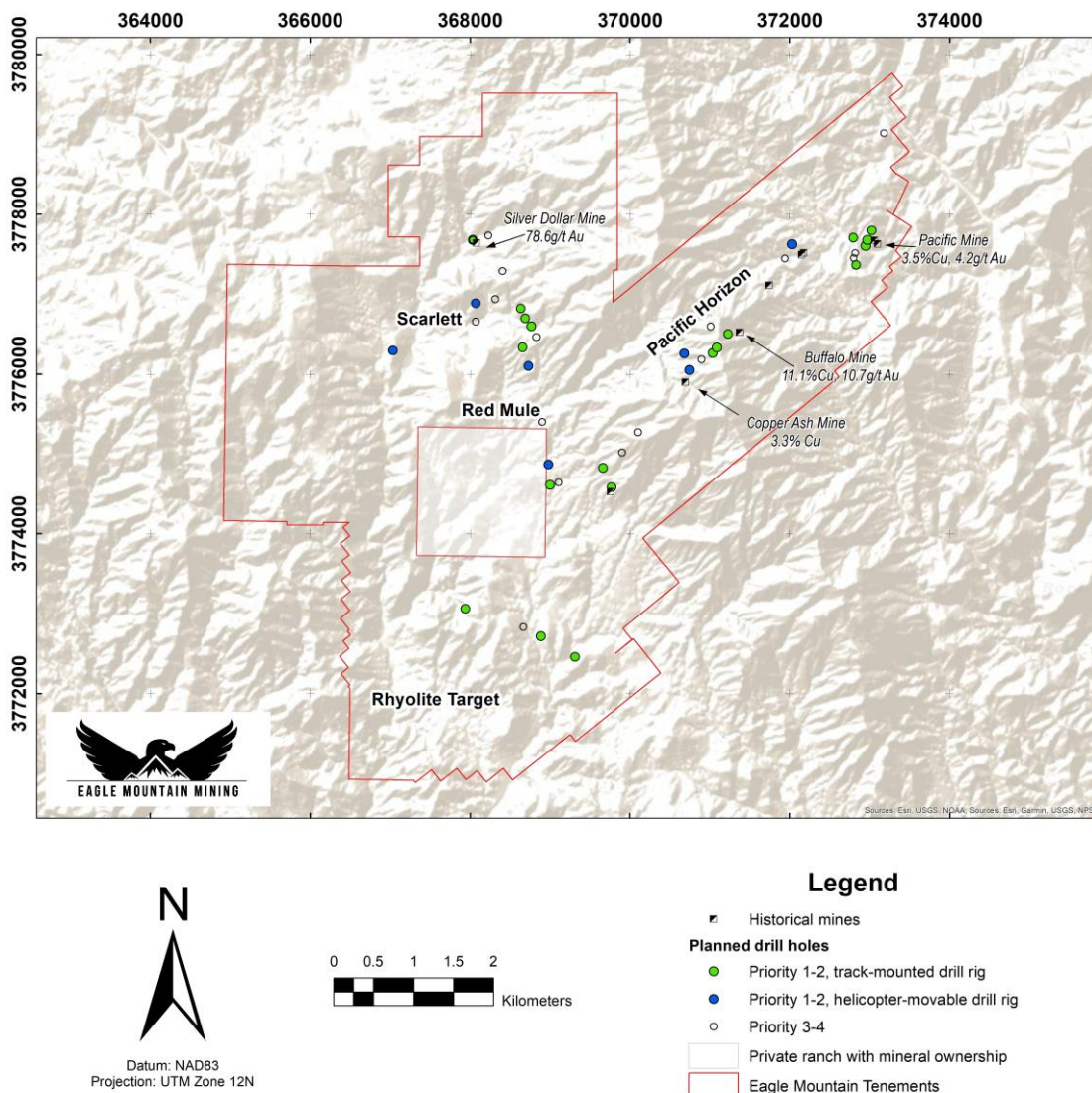


Figure 7 - Drill program showing drill locations and priority



The average hole depth across the drilling program is 232 metres, 20 holes will be drilled with a track-mounted drill rig and 7 with a helicopter to support rig and equipment moves from one drill site to the next.

The first phase of drilling at Silver Mountain will enhance Eagle Mountain's understanding of the project's potential and play an important role in driving further programs. If it is successful in identifying potential economic mineralisation, Eagle Mountain may continue drilling at that location and possibly bring in a second drill rig.

COMPETENT PERSON STATEMENT

Information in this report relating to Exploration Results is based on information compiled under the supervision of Mr Charles Bass who is an employee of the company. Mr Bass is a Fellow of the Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists. He holds shares and options in the Company. Mr Bass has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Bass consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Where the Company references previous ASX announcements, the Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements, and that the form and context in which the Competent Persons findings are presented have not been materially modified from the original reports.

Information on historical results outlined in this announcement together with JORC Table 1 information, is contained in the Independent Geologists Report within Eagle Mountain's Prospectus dated 23 January 2018. The Company confirms that it is not aware of any new information or data that materially affects the information in the original reports, and that the form and context in which the Competent Persons findings are presented have not been materially modified from the original reports.

DIRECTORS' REPORT

The Directors present their report on Eagle Mountain Mining Limited ("Eagle Mountain" or the "Company") and its controlled entities (the "Group") for the period from incorporation on 6 September 2017 to 30 June 2018.

DIRECTORS

The names and details of the Group's Directors in office during the period until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Rick Crabb - B. Juris (Hons), LLB, MBA, FAICD
(Non-Executive Chairman - Appointed 6 September 2017)



Rick Crabb holds degrees of Bachelor of Jurisprudence (Honours), Bachelor of Laws and Master of Business Administration from the University of Western Australia. He practised as a solicitor from 1980 to 2004 with Robinson Cox (now Clayton Utz) and Blakiston & Crabb (now Gilbert + Tobin) specialising in mining, corporate and commercial law, advised in relation to numerous project developments in Australia and Africa.

Rick has since focused on his public company directorships and investments. He has been involved as a director and strategic shareholder in a number of successful public companies including Gascoyne Gold Mines Ltd and Otto Energy Limited. He is currently also a director of Thundelarra Ltd and Chairman of Paladin Energy Limited. Rick was a councillor on the Western Australian Division of the Australian Institute of Company Directors from 2008 to 2017.

Charles Bass - B.Sc. Geology, M.Sc. Mining Engineering/Mineral Processing, FAICD, FAusIMM, FAIG
(Managing Director and Chief Executive Officer - Appointed 6 September 2017)



Charles Bass completed his B.Sc. in Geology at Michigan Technological University, followed by a M.Sc in Mining Engineering & Mineral Processing at Queen's University, Canada. Between his degrees Charles worked as a geologist and then Plant Metallurgist at a copper-gold mine in northern Quebec.

Charles joined AMAX Inc, an American mining company in their Head Office in 1976 and came to Perth in 1978. Between 1980 to 1981, AMAX had him work in Tuscon, Arizona at the Twin Buttes copper mine. Charles returned to Australia and established his first company, Metech Pty Ltd in late 1981.

Charles established Eagle Mining Corporation in 1992 with Tony Poli and was responsible for the deal that led to the discovery of the very successful Nimary Gold Mine. Eagle Mining Corporation won both Explorer of the Year and then Developer of the Year at Diggers and Dealers conference and was subject to a hostile takeover in 1997.

Charles then co-founded Aquila Resources Ltd with Tony Poli in 2000 and helped transition it from a gold explorer to iron ore and coal before it too was subject to a hostile \$1.4 billion takeover in 2014 at the hands of a joint bid between Baosteel and ASX listed Aurizon.



Roger Port – BA, FCA, SF Fin, FAICD
(Non-Executive Director - Appointed 6 September 2017)



Roger Port was a partner of PricewaterhouseCoopers from 1997 to 2016. He has 30 years' experience in financial analysis, company and business valuations, transaction due diligence and mergers and acquisitions and led the PricewaterhouseCoopers Perth Deals team from 2009 to 2016. He has had significant experience in the resources sector in his career and jointly led the PwC Australia Deals Energy & Mining industry group for five years.

Roger is a graduate of Macquarie University and gained a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. He is a Fellow of Chartered Accountants Australia and New Zealand, a Senior Fellow of the Financial Services Institute of Australasia and a Fellow of the Australian

Institute of Company Directors.

Roger is a board member of the Harry Perkins Institute of Medical Research, Guildford Grammar School and Guildford Grammar School Foundation.

Brett Rowe - BComm, MAcc, GAICD
(Alternate Director for Charles Bass - Appointed 6 September 2017)



Brett Rowe has over 20 years' experience in the financial services industry and is a graduate of the Australian Institute of Company Directors. He holds a Bachelor of Commerce degree and a Masters of Accounting.

Brett is a director and the chief executive officer of The Bass Group, as well as a director of The Bass Family Foundation and Silver Mountain Mining Pty Ltd. Brett is responsible for managing the global financial interests of the Bass Family, as well as The Foundation's ongoing support of education and health in disadvantaged children and youth in regional Western Australia.

Brett is also a director of the Centre for Entrepreneurial Research and Innovation Limited (CERI). CERI aims to assist the growth of WA's non-mining industry through a strong innovation base where high-knowledge start-up company formation can be accelerated. This is achieved through the co-creation of a WA-based venture capital industry.

COMPANY SECRETARY

Mark Pitts - B.Bus; FCA; GAICD
(Company Secretary - Appointed 6 September 2017)



Mark Pitts is a Partner in Corporate Advisory firm Endeavour Corporate and has over 30 years' experience in business administration and corporate compliance. Having started his career with KPMG in Perth, Mark has worked at a senior management level in a variety of commercial and consulting roles including mining services, healthcare and property development. The majority of the past 15 years has been spent working for or providing services to publicly listed companies in the resources sector.

Mark is a registered company auditor and holds a Bachelor of Business Degree from Curtin University, is a Fellow of Chartered Accountants Australia and New Zealand and is a graduate of the Australian Institute of Company Directors.



DIRECTORS' INTERESTS

As at the date of this report the Directors' interests in shares and unlisted options of the Company are as follows:

| <i>Director</i> | <i>Directors' Interests in Ordinary Shares</i> | <i>Directors' Interests in Unlisted Options</i> | <i>Options vested at the reporting date</i> |
|-------------------------------|--|---|---|
| R Crabb | 580,000 | 1,500,000 | 1,500,000 |
| C Bass | 36,910,001 | 6,000,000 | 1,500,000 |
| R Port | 400,000 | 1,500,000 | 1,500,000 |
| B Rowe (alternate for C Bass) | 500,000 | 1,000,000 | 1,000,000 |

The Directors' interests include Unlisted Options which are vested or exercisable as at the date of signing this report.

DIRECTORS' MEETINGS

The number of meetings of the Company's Directors held during the period ended 30 June 2018, and the number of meetings attended by each Director are as follows:

| <i>Director</i> | <i>Board of Directors' Meetings</i> | |
|-------------------------------|-------------------------------------|-----------------|
| | <i>Eligible to Attend</i> | <i>Attended</i> |
| R Crabb | 8 | 8 |
| C Bass | 8 | 8 |
| R Port | 8 | 8 |
| B Rowe (alternate for C Bass) | 7 | 7 |

PRINCIPAL ACTIVITIES

The Company's principal activities for the period have been the acquisition of Silver Mountain Mining Pty Ltd which holds the Silver Mountain Project in Arizona in the United States of America and preparations for an application for quotation on the Australian Securities Exchange ("ASX"). The Company commenced trading on the ASX on 16 March 2018 and since then has focussed on exploration activities at the Silver Mountain Project.

REVIEW OF OPERATIONS

Eagle Mountain Mining Limited was incorporated on 6 September 2017.

The operating loss after income tax of the Group for the period from incorporation to 30 June 2018 was \$1,681,900.

During the period the Company completed the acquisition of its Arizona based copper-gold assets by the purchase of a 100% interest in Silver Mountain Mining Pty Ltd.



SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

- On 7 December 2017 the Company completed the acquisition of Silver Mountain Mining Pty Ltd by the issue of consideration of 37,500,000 ordinary fully paid shares at 10 cents per share and 4,500,000 options over unissued shares exercisable at 30 cents per share each and expiring 3 years from the date of issue. The Directors determined that the acquisition of Silver Mountain Mining Pty Ltd was undertaken between entities which were under common control due to respective share ownership;
- On 12 December 2017 the Company issued 15,000,000 ordinary fully paid shares to pre-IPO investors at 10 cents per share;
- On 15 January 2018 the Company issued 7,000,000 options to the Directors, Alternate Director, Chief Geologist and Company Secretary and 75,000 performance share rights to the Chief Geologist; and
- On 14 March 2018, the Company was admitted to the Official List of the ASX following the successful completion of its initial public offer, pursuant to a prospectus lodged with the Australian Securities and Investments Commission on 23 January 2018. The initial public offer raised approximately \$8 million before costs associated with the offer.

Other than the matters above, no significant changes in the Group's state of affairs occurred during the financial period.

EQUITY SECURITIES ON ISSUE

| <i>Class of Security</i> | <i>30 June 2018</i> |
|---------------------------------------|---------------------|
| Ordinary fully paid shares | 92,500,001 |
| Unlisted options over unissued shares | 16,000,000 |
| Performance rights | 75,000 |

Unlisted Options over Ordinary Shares

As at the date of this report 16,000,000 unissued ordinary shares of the Company are under option as follows:

| <i>Number of Options Granted</i> | <i>Exercise Price</i> | <i>Expiry Date</i> |
|----------------------------------|-----------------------|--------------------|
| 4,500,000 ¹ | 30 cents | 7 December 2020 |
| 7,000,000 ² | 20 cents | 15 January 2023 |
| 4,500,000 ³ | 30 cents | 6 March 2021 |

¹ Offer options and vendor options issued as part consideration for the acquisition of Silver Mountain Mining Pty Ltd.

² Options issued to Directors, Alternate Director, Chief Geologist and Company Secretary.

³ Options issued pursuant to the IPO Offer.

No shares were issued during or since the end of the period as a result of the exercise of an option over unissued shares or interests.

During the financial period no options have been cancelled.

No options have been issued, vested, exercised or cancelled between 30 June 2018 and the date of this report.

Options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.



EQUITY SECURITIES ON ISSUE (Continued)

Performance Rights over Ordinary Shares

During the period ended 30 June 2018, the Company issued 75,000 performance rights to the Chief Geologist. Each performance right entitles the holder the right to acquire one ordinary share subject to satisfaction of vesting criteria. No performance rights vested, were cancelled or converted to ordinary shares during the reporting period.

No performance rights have been issued, vested, converted or cancelled between 30 June 2018 and the date of this report.

DIVIDENDS

No dividend has been paid since incorporation and no dividend is recommended for the current financial year.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group intends to undertake exploration programs at the Silver Mountain Project in Arizona in the United States of America.

Any other likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL ISSUES

The Group's operations are not regulated under any significant environmental regulation under a law of the Commonwealth of Australia, a State or a Territory. The operations and proposed activities of the Group are subject to United States Federal and Arizona State laws and regulations concerning the environment.

The Board believes that the Group has adequate systems in place for the management of its environmental requirements. The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Group are not aware of any breach of environmental legislation for the financial period under review.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS AND AUDITORS

During the period the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy. The Company has not provided any insurance for an auditor of the Company.



PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

NON-AUDIT SERVICES

The following non-audit services were provided by William Buck Consulting (WA) Pty Ltd, a related entity of the entity's auditor, William Buck Audit (WA) Pty Ltd. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

William Buck Consulting (WA) Pty Ltd received or are due to receive the following amounts for the provision of non-audit services:

| | <i>30 June 2018</i> |
|---|---------------------|
| Investigating Accountant's Report for the Initial Public Offer Prospectus | \$8,025 |

The following non-audit services were provided by William Buck (WA) Pty Ltd, a related entity of the entity's auditor, William Buck Audit (WA) Pty Ltd. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

William Buck (WA) Pty Ltd received or are due to receive the following amounts for the provision of non-audit services:

| | <i>30 June 2018</i> |
|--|---------------------|
| Preparation of General Purpose Financial Statements for Silver Mountain Mining Pty Ltd | \$5,000 |
| Accounting services for Silver Mountain Mining Pty Ltd | \$1,223 |



REMUNERATION REPORT (AUDITED)

Remuneration paid to Directors and Officers of the Company is set by reference to such payments made by other ASX listed companies of a similar size and operating in the mineral exploration industry. In addition, reference is made to the specific skills and experience of the Directors and Officers.

Details of the nature and amount of remuneration of each Director, and other Key Management Personnel if applicable, are disclosed annually in the Remuneration Report.

Remuneration Committee

The Board has adopted a formal Nomination and Remuneration Policy which provides a framework for the consideration of remuneration matters.

The Company does not have a separate remuneration committee and as such all remuneration matters are considered by the Board as a whole, with no member deliberating or considering such matter in respect of their own remuneration.

In the absence of a separate Remuneration Committee, the Board is responsible for:

1. Setting remuneration packages for Executive Directors, Non-Executive Directors and other Key Management Personnel; and
2. Implementing employee incentive and equity based plans and making awards pursuant to those plans.

Non-Executive Remuneration

The Company's policy is to remunerate Non-Executive Directors, at rates comparable to other ASX listed companies in the same industry, for their time, commitment and responsibilities.

Non-Executive Remuneration is not linked to the performance of the Company, however to align Directors' interests with shareholders' interests, remuneration may be provided to Non-Executive Directors in the form of equity based long term incentives.

1. Fees payable to Non-Executive Directors are set within the aggregate amount approved by shareholders at the Company's Annual General Meeting;
2. Non-Executive Directors' fees are payable in the form of cash and superannuation benefits;
3. Non-Executive Directors' superannuation benefits are limited to statutory superannuation entitlements; and
4. Participation in equity based remuneration schemes by Non-Executive Directors is subject to consideration and approval by the Company's shareholders.

The maximum aggregate Non-Executive Directors fees payable are currently set at \$300,000 per annum.

Executive Director and Other Key Management Personnel Remuneration

Executive remuneration consists of base salary, plus other performance incentives to ensure that:

1. Remuneration packages incorporate a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives; and
2. A proportion of remuneration is structured in a manner to link reward to corporate and individual performances.

Executives are offered a competitive level of base salary at market rates (based on comparable ASX listed companies) and are reviewed regularly to ensure market competitiveness. To date the Company has not engaged external remuneration consultants to advise the Board on remuneration matters.



REMUNERATION REPORT (AUDITED) (continued)

Incentive Plans

The Company provides long term incentives to Directors and Employees pursuant to the Company's Employee Incentive Plan.

The Board, acting in remuneration matters:

1. Ensures that incentive plans are designed around appropriate and realistic performance targets and provide rewards when those targets are achieved;
2. Reviews and approves existing incentive plans established for employees; and
3. Approves the administration of the incentive plans, including receiving recommendations for and the consideration and approval of grants pursuant to such incentive plans.

Engagement of Non-Executive Directors

Non-Executive Directors conduct their duties under the following terms:

1. A Non-Executive Director may resign from his/her position and thus terminate their contract on written notice to the Company; and
2. A Non-Executive Director may, following resolution of the Company's shareholders, be removed before the expiration of their period of office (if applicable). Payment is made in lieu of any notice period if termination is initiated by the Company, except where termination is initiated for serious misconduct.

In consideration of the services provided by Mr Rick Crabb as Non-Executive Chairman the Company will pay him a fee inclusive of statutory superannuation of \$50,000 per annum.

In consideration of the services provided by Mr Roger Port as Non-Executive Director the Company will pay him a fee inclusive of statutory superannuation of \$50,000 per annum.

Messrs Crabb and Port are also entitled to fees for other amounts as the Board determines where they perform special duties or otherwise perform extra services or make special exertions on behalf of the Company. There were no such fees paid during the financial period ended 30 June 2018.

Upon commencement of employment, Messrs Crabb and Port each received 1,500,000 unlisted options over unissued shares of the Company. An expense of \$120,000 has been recognised through the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period to 30 June 2018 in respect of the 3,000,000 options issued.

Engagement of Executive Directors

The Company has entered into an executive service agreement with Mr Charles Bass in his role as Managing Director and Chief Executive Officer on the following material terms and conditions.

Mr Bass receives a base salary inclusive of statutory superannuation of \$50,000 per annum from the commencement of the agreement until 1 June 2018, at which time the remuneration was reviewed. Mr Bass' remuneration was unchanged as a result of this review.

Either party may terminate the agreement by providing 30 days written notice to the other party. Eagle Mountain may otherwise terminate the Managing Director's employment in accordance with the Constitution or the Corporations Act. Upon termination of the agreement, Mr Bass will cease employment with Eagle Mountain as its Managing Director and Chief Executive Officer and will become a Non-Executive Director of Eagle Mountain.

Mr Bass may, subject to shareholder approval, participate in Eagle Mountain's Employee Incentive Plan and other long term incentive plans adopted by the Board. Upon commencement of his employment, Mr Bass received 1,500,000 unlisted options over unissued shares of the Company. An expense of \$60,000 has been recognised through the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period to 30 June 2018 in respect of the 1,500,000 options issued.



REMUNERATION REPORT (AUDITED) (continued)

Short Term Incentive Payments

The Non-Executive Directors set annual Key Performance Indicators (“KPIs”) for Executive Directors. The KPIs are chosen to align the reward of the individual Executives to the strategy and performance of the Company.

Performance objectives, which may be financial or non-financial, or a combination of both, are weighted when calculating the maximum short term incentives payable to Executives. At the end of the year, the Non-Executive Directors will assess the actual performance of the Executives against the set Performance Objectives. The maximum amount of the Short Term Incentive, or a lesser amount depending on actual performance achieved is paid to the Executives as a cash payment.

No Short Term incentives are payable to Executives where it is considered that the actual performance has fallen below the minimum requirement.

Shareholding Qualifications

The Directors are not required to hold any shares in Eagle Mountain under the terms of the Company's Constitution.

Group Performance

In considering the Company's performance, the Board will provide the following indices in respect of the current financial period:

| | 2018 |
|--|---------------|
| Loss for the period attributable to shareholders | \$(1,681,900) |
| Closing share price at 30 June | \$0.42 |

As an exploration entity the Board does not consider the loss attributable to shareholders as one of the performance indicators when implementing Short Term Incentive Payments.

In addition to technical exploration success, the Board considers the effective management of safety, environmental and operational matters and successful management, acquisition and consolidation of high quality landholdings, as more appropriate indicators of management performance for the financial period.

Remuneration Disclosures

The Key Management Personnel of the Company have been identified as:

| | |
|-----------------|---|
| Mr Rick Crabb | Non-Executive Chairman |
| Mr Charles Bass | Chief Executive Officer and Managing Director |
| Mr Roger Port | Non-Executive Director |
| Mr Brett Rowe | Alternate Director for Charles Bass |



REMUNERATION REPORT (AUDITED) (continued)

The details of the remuneration of each Director and member of Key Management Personnel of the Company is as follows:

| Period from 6 September 2017 to 30 June 2018 | Short Term | | Post Employment | Other Long Term | Total | Value of Equity as Proportion of Remuneration |
|--|---------------|----------------------|------------------------------|------------------------------------|----------------|---|
| | Base Salary | Short Term Incentive | Superannuation Contributions | Value of Equity Based Remuneration | | |
| | \$ | \$ | \$ | \$ | \$ | % |
| Rick Crabb | 19,026 | - | 1,807 | 60,000 | 80,833 | 74.2% |
| Charles Bass | 19,026 | - | 1,807 | 60,000 | 80,833 | 74.2% |
| Roger Port | 19,026 | - | 1,807 | 60,000 | 80,833 | 74.2% |
| Brett Rowe | - | - | - | 40,000 | 40,000 | 100.0% |
| Total | 57,078 | - | 5,421 | 220,000 | 282,499 | |

Details of Performance Related Remuneration

During the period, no short term incentive payments were paid to the Directors.

Equity Based Remuneration

During the financial period ended 30 June 2018 the following options were granted to Directors or Key Management Personnel of the Company following shareholder approval at a general meeting on 15 January 2018:

| Period from 6 September 2017 to 30 June 2018 | Number of options | Fair value of options |
|--|-------------------|-----------------------|
| | | \$ |
| Rick Crabb | 1,500,000 | 60,000 |
| Charles Bass | 1,500,000 | 60,000 |
| Roger Port | 1,500,000 | 60,000 |
| Brett Rowe | 1,000,000 | 40,000 |
| Total | 5,500,000 | 220,000 |

The fair value of options issued as remuneration is allocated to the relevant vesting period of the options. Options are provided at no initial cost to the recipients.

No options were exercised by Key Management Personnel during the financial period.



REMUNERATION REPORT (AUDITED) (continued)

Exercise of Options Granted as Remuneration

During the period, no ordinary shares were issued in respect of the exercise of options previously granted as remuneration to Directors or Key Management Personnel of the Company.

Equity instrument disclosures relating to key management personnel

Option holdings

Key Management Personnel have the following interests in unlisted options over unissued shares of the Company.

| Period from 6 September 2017 to 30 June 2018 Name | Balance at start of the period | Received during the period as remuneration | Other changes during the period | Balance at the end of the period | Vested and exercisable at the end of the period ² |
|--|--------------------------------|--|---------------------------------|----------------------------------|--|
| <i>Directors</i> | | | | | |
| Rick Crabb | - | 1,500,000 | - | 1,500,000 | 1,500,000 |
| Charles Bass | - | 6,000,000 ¹ | - | 6,000,000 | 6,000,000 |
| Roger Port | - | 1,500,000 | - | 1,500,000 | 1,500,000 |
| Brett Rowe | - | 1,000,000 | - | 1,000,000 | 1,000,000 |

¹ Includes 4,500,000 consideration options issued in part consideration for the acquisition of Silver Mountain Mining Pty Ltd.

² Options exercisable at the end of the period are subject to ASX escrow restrictions.

Share holdings

The number of shares in the Company held during the financial period by key management personnel of the Company, including their related parties are set out below. There were no shares granted during the reporting period as compensation.

| Period from 6 September 2017 to 30 June 2018 Name | Balance at start of the period | Received during the period as remuneration | Other changes during the period | Balance at the end of the period |
|--|--------------------------------|--|---------------------------------|----------------------------------|
| <i>Directors</i> | | | | |
| Rick Crabb | - | - | 580,000 | 580,000 |
| Charles Bass | - | - | 36,910,001 | 36,910,001 |
| Roger Port | - | - | 400,000 | 400,000 |
| Brett Rowe | - | - | 500,000 | 500,000 |



REMUNERATION REPORT (AUDITED) (continued)

Loans made to key management personnel

No loans were made to key personnel, including personally related entities during the financial period.

Other transactions with key management personnel

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

- During the reporting period the Company issued 37,500,000 ordinary fully paid shares at 10 cents per share and 4,500,000 options over unissued shares, exercisable at 30 cents each and expiring 3 years from the date of grant to Silver Mountain Mining Nominee Pty Ltd, an entity associated with a Director Mr Charles Bass, in consideration for the acquisition of the issued capital of Silver Mountain Mining Pty Ltd (refer note 24).
- During the period an amount of \$85,447 owing by the Group to Silver Mountain Mining Nominee Pty Ltd, an entity associated with Mr Charles Bass, was repaid in full.
- The Company has entered into a lease agreement with Elk Mountain Mining Limited ("Elk"), an entity associated with Mr Charles Bass, for the lease of the Company's administration offices in Perth, Western Australia (refer note 20 for details of commitments under the lease agreement). During the period the Company incurred a total of \$48,421 in respect of rent, outgoings and car parking pursuant to the lease agreement. During the period the Company received an amount of \$61,950 in respect of a lease incentive paid by Elk.

Other than the above, there were no other transactions with key management personnel.

End of Remuneration Report

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, William Buck Audit (WA) Pty Ltd, to provide the Directors of the Group with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on the following page and forms part of this Directors' report for the period ended 30 June 2018.

This report has been made in accordance with a resolution of the Board of Directors.

Charles Bass
Director

Dated at Perth this 24th day of August 2018

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF EAGLE MOUNTAIN MINING LIMITED

I declare that, to the best of my knowledge and belief during the period ended 30 June 2018 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

CM

Conley Manifis
Director

Dated this 24th day of August 2018

**CHARTERED ACCOUNTANTS
& ADVISORS**

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South Perth WA 6951

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Period Ended 30 June 2018

| | Notes | Period from 6 September 2017 to 30 June 2018 A\$ |
|--|-------|---|
| Continuing Operations | | |
| Other Revenue | 4 | 28,151 |
| Administration and other costs | | (363,599) |
| Employee expenses | | (122,149) |
| Employee expenses - equity based | | (287,500) |
| Depreciation expense | | (50,038) |
| Exploration and evaluation costs | | (886,765) |
| Loss before income tax | | <u>(1,681,900)</u> |
| Income tax expense | 5 | - |
| Loss after income tax from continuing operations | | <u>(1,681,900)</u> |
| Other comprehensive income (loss) net of income tax | | |
| Other comprehensive income to be re-classified to profit or loss in subsequent periods net of income tax | 14a | 219,494 |
| Gain/(loss) on foreign currency exchange | | - |
| Total comprehensive income (loss) for the period | | <u><u>(1,462,406)</u></u> |
| Basic and diluted loss per share | 25 | cents <u>(3.3)</u> |

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

| | Note | 30 June 2018 A\$ |
|---|------|-------------------------|
| Current Assets | | |
| Cash and cash equivalents | 6 | 6,795,421 |
| Trade and other receivables | 7 | 59,719 |
| Total Current Assets | | <u>6,855,140</u> |
| Non-Current Assets | | |
| Exploration and evaluation expenditure – Land | 8 | 1,104,495 |
| Property, plant and equipment | 9 | 463,576 |
| Total Non-Current Assets | | <u>1,568,071</u> |
| TOTAL ASSETS | | <u>8,423,211</u> |
| Current Liabilities | | |
| Trade and other payables | 10 | 54,818 |
| Borrowings | 11 | 10,331 |
| Total Current Liabilities | | <u>65,149</u> |
| Non-Current Liabilities | | |
| Borrowings | 11 | 34,531 |
| Total Non-Current Liabilities | | <u>34,531</u> |
| TOTAL LIABILITIES | | <u>99,680</u> |
| NET ASSETS | | <u><u>8,323,531</u></u> |
| Equity | | |
| Issued capital | 13 | 11,952,582 |
| Option capital | | 4,500 |
| Reserves | 14 | (1,951,651) |
| Accumulated losses | | (1,681,900) |
| TOTAL EQUITY | | <u>8,323,531</u> |

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Period Ended 30 June 2018

| | Issued capital A\$ | Option capital A\$ | Foreign currency translation reserve A\$ | Share based payment reserve A\$ | Common control reserve A\$ | Accumulated losses A\$ | Total A\$ |
|--|-----------------------|--------------------------|--|--|-------------------------------------|------------------------------|------------------|
| Balance at 6 September 2017 | - | - | - | - | - | - | - |
| Loss for the period | - | - | - | - | - | (1,681,900) | (1,681,900) |
| Other comprehensive income for the period net of income tax | - | - | 219,494 | - | - | - | 219,494 |
| Total comprehensive loss for the period | - | - | 219,494 | - | - | (1,681,900) | (1,462,406) |
| Recognised on completion of common control transaction (note 14c,24) | - | - | - | - | (3,014,276) | - | (3,014,276) |
| Issue of shares (note 13) | 13,250,000 | - | - | - | - | - | 13,250,000 |
| Capital raising costs (note 13) | (1,297,418) | - | - | - | - | - | (1,297,418) |
| Issue of options | - | 4,500 | - | 843,131 | - | - | 847,631 |
| Balance at 30 June 2018 | 11,952,582 | 4,500 | 219,494 | 843,131 | (3,014,276) | (1,681,900) | 8,323,531 |

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



CONSOLIDATED STATEMENT OF CASH FLOWS

For the Period Ended 30 June 2018

| | Note | Period from 6 September 2017 to 30 June 2018 A\$ |
|---|------|---|
| Cash Flows from Operating Activities | | |
| Payments to suppliers and employees | | (450,421) |
| Payments for exploration and evaluation | | (890,613) |
| Interest received | | 15,615 |
| Net cash used in operating activities | 15 | <u>(1,325,419)</u> |
| Cash Flows from Investing Activities | | |
| Cash recognised on acquisition of subsidiary | | 36,079 |
| Payments for purchase of fixed assets | | <u>(456,715)</u> |
| Net cash used in investing activities | | <u>(420,636)</u> |
| Cash Flows from Financing Activities | | |
| Proceeds from the issue of shares and options | | 9,504,500 |
| Payments for share issue costs | | (885,787) |
| Loan repayments | | <u>(89,013)</u> |
| Net cash generated by financing activities | | <u>8,529,700</u> |
| Net increase (decrease) in cash held | | 6,783,645 |
| Cash and cash equivalents at the beginning of the period | | - |
| Effect of foreign exchange on cash and cash equivalents | | 11,776 |
| Cash and cash equivalents at the end of the period | 6 | <u>6,795,421</u> |

The above statement of cash flows should be read in conjunction with the accompanying notes.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

These consolidated financial statements and notes represent those of Eagle Mountain Mining Limited and its controlled entities (the "Group"). Eagle Mountain Mining Limited is a public limited liability company, incorporated and domiciled in Australia.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial statements for the period from 6 September 2017 to 30 June 2018 were approved and authorised for issue by the Board of Directors on 24 August 2018.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) *Basis of Preparation*

These general purpose financial statements for the reporting period ended 30 June 2018 have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements and notes comply with International Financial Reporting Standards.

The financial report has been prepared on an accruals basis and is based on historical cost and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(i) *Going Concern*

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

(ii) *Basis of Consolidation*

The financial information comprises the financial information of Eagle Mountain and entities (including special purpose entities) controlled by Eagle Mountain (its subsidiaries).

Control is achieved when Eagle Mountain:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Eagle Mountain reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The financial information of subsidiaries is prepared for the same reporting period as Eagle Mountain, 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. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the Group. Total comprehensive income of subsidiaries is attributed to the owners of Eagle Mountain and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date Eagle Mountain gains control until the date when Eagle Mountain ceases to control the subsidiary.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Basis of Consolidation (Continued)

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/permitted by the applicable Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(iii) New Accounting Standards for Application in Future Periods

Application of new and revised Accounting Standards

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial period.

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet mandatory, have not been early adopted by the Group for the reporting period ended 30 June 2018.

The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations most relevant to the Group are set out below:

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 "Financial Instruments: Recognition and Measurement". AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ("OCI"). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ("ECL") model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures.

The Group does not expect any material impact from the ultimate adoption of AASB 9.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 "Leases" and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a "right-of-use" asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a "right-of-use" asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted (Continued)

Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019. Management has reviewed the impact and recognises there will be a material change in relation to the accounting treatment for its office leases. Whilst this will result in recognising both an asset and liability, it will not materially impact the overall net asset position, nor will it affect any financial covenants for financiers (for which there presently are none).

(b) *Exploration, Evaluation and Development Expenditure*

Exploration and evaluation expenditure is generally written off in the year incurred, except for acquisition of exploration properties which is capitalised and carried forward.

When production commences, any accumulated costs for the relevant area of interest which have been capitalised and carried forward will be amortised over the life of the area according to the rate of depletion of the economically recoverable resources. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to the area of interest. The carrying value of any capitalised expenditure is assessed by the Directors each reporting period to determine if any provision should be made for the impairment of the carrying value. The appropriateness of the Group's ability to recover these capitalised costs has been assessed at the end of each reporting period and the Directors are satisfied that the value is recoverable.

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at an overall level whenever facts and circumstances suggest that the carrying amount of the assets may exceed recoverable amount. An impairment exists when the carrying amount of the assets exceeds the estimated recoverable amount. The assets are then written down to their recoverable amount. Any impairment losses are recognised in the income statement.

(c) *Trade and Other Receivables*

Trade receivables to be settled within 60 days are carried at amounts due. The collectability of debts is assessed at the end of the reporting period based on the length of time a debt has been outstanding, the past default experience of the debtor and an analysis of the debtor's current financial position, and a specific provision is made for any doubtful accounts.

(d) *Interest Income*

Interest income is recognised as it accrues.

(e) *Foreign Currency Transactions*

Foreign currency transactions are translated into the functional currency of the Group which is Australian dollars at the rates of exchange prevailing at the dates of the transaction. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the consolidated statement of profit or loss and other comprehensive income.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. The chief operating decision maker has been identified as the Board of Directors, taken as a whole. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the Board of Directors.

(g) Financial Instruments

Financial instruments in the scope of AASB 139 "Financial Instruments: Recognition and Measurement" are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial instruments are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial instruments after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial period end.

All regular way purchases and sales of financial assets are recognised on the trade date being the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

(iii) Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the profit or loss.

(iv) Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(h) Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date. Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost.

(i) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment of Assets

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from the other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generated unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation increase.

(k) Property, Plant and Equipment

Property, plant and equipment assets are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for the assets to be capable of operating in the manner intended by the Group's management.

Property, plant and equipment assets are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses. Depreciation is recognised on a diminishing value basis to write down the cost less estimated residual value of the assets.

Leasehold improvements are capitalised and subsequently amortised over the term of the respective lease.

The following depreciation rates are applied to property, plant and equipment on the diminishing value basis:

- Motor vehicles: 25%
- Other property, plant and equipment: 20-50%

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Taxation

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit and loss is the tax payable on the taxable income using applicable income tax rates enacted or substantially enacted as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Where temporary differences exist in relation to investments in subsidiaries and associates, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

(n) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(o) Provisions and Contingencies

Provisions are recognised when the Group has a legal or constructive obligation, as a result of a past event, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(p) Share Based Payment Transactions

The Group recognises the fair value of options granted to Directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the consolidated statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

The Group provides benefits to employees (including Directors) of the Group in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees (including Directors) is measured by reference to fair value at the date they are granted. The fair value is determined using the Black Scholes option pricing model.

(q) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Period Ended 30 June 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) **Critical Accounting Estimates and Judgments**

In preparing the financial information the Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

(i) **Significant accounting judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Acquisition of Silver Mountain Mining Pty Ltd

On 7 December 2017 Eagle Mountain acquired a 100% interest in the issued capital of Silver Mountain, an entity which controls the Silver Mountain Project located in Arizona in the United States of America.

Eagle Mountain acquired the entire share capital of Silver Mountain from an entity associated with Mr Charles Bass. Mr Bass was a Director holding an interest in the entire shareholding of Eagle Mountain. As such, the Directors considered the acquisition to be a common control transaction. Accordingly, the excess in fair value of consideration given over the net assets acquired was allocated to a common control reserve.

(ii) **Significant accounting estimates and assumptions**

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Key Estimates – Impairment of Capitalised Exploration and Evaluation Expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Key Estimates – Share Based Payment Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Fair values of share options are determined using the Black Scholes model. Should the assumptions used in these calculations differ, the amounts recognised could significantly change.

Key Estimates – Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the Directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the Directors' understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the Directors' best estimate, pending an assessment by the ATO.

Key Judgment – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation. At the current stage of the Group's development and its current environmental impact the Directors believe such treatment is reasonable and appropriate.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly unforced transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(t) Comparative Information

No comparative information has been included as the Company was incorporated on 6 September 2017.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

2. RELATED PARTY TRANSACTIONS

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

- During the reporting period the Company issued 37,500,000 ordinary fully paid shares at a deemed price of 10 cents per share and 4,500,000 options over unissued shares exercisable at 30 cents each and expiring 3 years from the date of grant to Silver Mountain Mining Nominee Pty Ltd, an entity associated with a Director Mr Charles Bass, in consideration for the acquisition of the issued capital of Silver Mountain Mining Pty Ltd (refer note 24).
- During the period an amount of \$85,447 owing by the Group to Silver Mountain Mining Nominee Pty Ltd, an entity associated with Mr Charles Bass, was repaid in full.
- The Company has entered into a lease agreement with Elk Mountain Mining Limited ("Elk"), an entity associated with Mr Charles Bass, for the lease of the Company's administration offices in Perth, Western Australia (refer note 20 for details of commitments under the lease agreement). During the period the Company incurred a total of \$48,421 in respect of rent, outgoings and car parking pursuant to the lease agreement. During the period the Company received an amount of \$61,950 in respect of a lease incentive paid by Elk.

3. REMUNERATION OF AUDITORS

| | Period from 6 September 2017 to 30 June 2018 A\$ |
|--|---|
| Audit and review of the financial statements | 17,500 |
| Other services | 14,248 |
| Total | 31,748 |

The auditor of Eagle Mountain Mining Limited is William Buck Audit (WA) Pty Ltd. During the reporting period William Buck Audit (WA) Pty Ltd and its related entities provided non-audit services amounting to \$14,248 to members of the Eagle Mining Group.

4. LOSS FROM ORDINARY ACTIVITIES

| | Period from 6 September 2017 to 30 June 2018 A\$ |
|--|---|
| Other revenue | |
| Interest received | 28,151 |
| Total other revenue from ordinary activities | 28,151 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

5. INCOME TAX EXPENSE

| | Period from 6 September 2017 to 30 June 2018 A\$ |
|--|---|
| Current tax: | |
| Current income tax charge/(benefit) | - |
| Current income tax benefit not recognised | - |
| Deferred tax: | |
| Relating to origination and reversal of timing differences | (355,304) |
| Deferred tax benefit not recognised | 355,304 |
| | <u>-</u> |
| | <u>-</u> |
| (a) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows: | |
| Loss before tax | (1,681,900) |
| The prima facie tax on loss from ordinary activities attributable to parent entity before income tax: | |
| Prima facie tax (benefit) on loss from ordinary activities before income tax at 27.5% | (462,523) |
| <i>Add/(Less) tax effect of:</i> | |
| Exploration costs not deducted for tax | 243,860 |
| Non deductible share based payments | 79,063 |
| Share issue costs deducted | 48,718 |
| Deferred tax asset not brought to account | 90,882 |
| Income tax attributable to entity | <u>-</u> |
| <i>b) Deferred tax – Balance Sheet</i> | |
| <i>Liabilities</i> | |
| Prepaid expenses | 8,802 |
| Accrued income | 3,447 |
| | <u>12,249</u> |
| <i>Assets</i> | |
| Revenue losses available to offset against future taxable income | 172,680 |
| Deductible equity raising costs | 194,873 |
| | <u>367,553</u> |
| | <u>355,304</u> |
| Net deferred tax asset not recognised | <u>-</u> |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

5. INCOME TAX EXPENSE (CONTINUED)

| | Period from 6 September 2017 to 30 June 2018 A\$ |
|---|---|
| <u>c) Deferred tax – Income Statement</u> | |
| <i>Liabilities</i> | |
| Prepaid expenses | (8,802) |
| Accrued income | (3,447) |
| <i>Assets</i> | |
| Deductible equity raising costs | 194,873 |
| Increase in tax losses carried forward | 172,680 |
| Deferred tax benefit/(expense) movement for the period not recognised | <u>355,304</u> |

The deferred tax benefit of tax losses not brought to account will only be obtained if:

- (i) The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the tax losses to be realised;
- (ii) The Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) No changes in tax legislation adversely affect the Company realising the benefit from the deduction of the losses.

6. CASH AND CASH EQUIVALENTS

| | 30 June 2018 A\$ |
|------------------|---------------------|
| Cash at bank | 2,058,849 |
| Deposits at call | 4,736,572 |
| Total | <u>6,795,421</u> |

Included in cash at bank of \$2,058,849 are amounts held in US dollar denominated bank accounts equivalent to \$1,895,194 as at 30 June 2018.

Included in deposits at call of \$4,736,572 are the following:

| Deposit type and currency denomination | Maturity Date | Interest Rate | A\$ Equivalent at 30 June 2018 |
|--|---------------|---------------|--------------------------------|
| Term deposit (A\$) | 5 July 2018 | 1.98% | 1,000,000 |
| Term deposit (A\$) | 5 July 2018 | 2.40% | 2,000,000 |
| Term deposit (US\$) | 2 July 2018 | 1.70% | <u>1,736,572</u> |
| | | | <u>4,736,572</u> |

7. TRADE AND OTHER RECEIVABLES

| | 30 June 2018 A\$ |
|-------------------------------|---------------------|
| GST receivable | 5,220 |
| Accrued income | 12,534 |
| Prepaid expenses and deposits | 41,965 |
| Total | <u>59,719</u> |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

8. EXPLORATION AND EVALUATION EXPENDITURE – LAND

| | 30 June 2018 A\$ |
|--|---------------------|
| Movement during the period | |
| Carrying value – beginning of period | - |
| Recognised on acquisition of Silver Mountain Mining Pty Ltd ¹ | 969,897 |
| Effect of movement in foreign exchange rates | 134,598 |
| Carrying value – end of the period | 1,104,495 |

¹Capitalised exploration asset acquisition costs recognised on acquisition of Silver Mountain Mining Pty Ltd. Exploration and evaluation expenditure – land is held by Silver Mountain Mining LLC, which is a 100% owned US based subsidiary of Silver Mountain Mining Pty Ltd.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

9. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold improvements A\$ | Office equipment and furniture A\$ | Field equipment and vehicles A\$ | Total A\$ |
|--|----------------------------------|---|---|-----------------|
| Cost at the beginning of the period | - | - | - | - |
| Additions | 306,122 | 74,491 | 129,741 | 510,354 |
| Recognised on acquisition of Silver Mountain Mining Pty Ltd ¹ | - | 2,998 | 16,272 | 19,271 |
| Cost at the end of the period | 306,122 | 77,489 | 146,013 | 529,625 |
| Accumulated depreciation at the beginning of the period | - | - | - | - |
| Depreciation charged in the period | - | (7,392) | (12,683) | (50,589) |
| Recognised on acquisition of Silver Mountain Mining Pty Ltd ¹ | - | (1,679) | (13,781) | (15,460) |
| Accumulated depreciation at the end of the period | - | (9,071) | (26,464) | (66,049) |
| Net book value at the beginning of the period | - | - | - | - |
| Net book value at the end of the period | 306,122 | 68,418 | 119,549 | 463,576 |

¹Net book value of property, plant and equipment recognised by the Group on completion of acquisition of Silver Mountain Mining Pty Ltd. Assets with a net book value of A\$65,573 held by Silver Mountain Mining Operations Inc. are pledged as security in respect of vehicle loan liabilities (refer note 11).

10. TRADE AND OTHER PAYABLES

| | 30 June 2018 A\$ |
|--------------------------------------|---------------------|
| Current | |
| Trade creditors and accrued expenses | 38,775 |
| Other creditors | 1,419 |
| Employee and payroll liabilities | 14,624 |
| Total | 54,818 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

11. BORROWINGS

| | 30 June 2018 A\$ |
|--|---------------------|
| Current | |
| Vehicle loan amounts due within one year | 10,331 |
| Non-Current | |
| Vehicle loan amounts due after one year | 34,531 |

Vehicle loan amounts are secured over assets with a net book value of A\$65,573 held by Silver Mountain Mining Operations Inc. (refer note 9).

12. OPTIONS AND EQUITY BASED PAYMENTS

| <u>Options</u> | <u>Number</u> |
|---|---------------|
| Options on issue at 6 September 2017 | - |
| Consideration options issued ¹ | 4,500,000 |
| Remuneration options issued ² | 7,000,000 |
| Offer options ³ | 4,500,000 |
| Options on issue at 30 June 2018 | 16,000,000 |

¹During the reporting period the Company issued 4,500,000 options over unissued shares exercisable at 30 cents each and expiring 3 years from the date of grant in part consideration for the acquisition of Silver Mountain Mining Pty Ltd (refer note 14b and note 24).

²The Company issued 7,000,000 options over unissued shares, exercisable at 20 cents each and expiring 5 years from the date of grant to officers and employees of the Company following shareholder approval received on 15 January 2018.

³The Company issued 4,500,000 options over unissued shares exercisable at 30 cents each and expiring 6 March 2021 pursuant to the Initial Public Offer prospectus dated 23 January 2018.

| | No. | Weighted Average Exercise Price (cents) |
|---|------------|--|
| Options outstanding at the start of the period | - | - |
| Options granted during the period | 16,000,000 | 25.6 |
| Options exercised during the period | - | - |
| Options cancelled and expired unexercised during the period | - | - |
| Options outstanding at the end of the period | 16,000,000 | 25.6 |

Basis and assumptions used in the valuation of options

The options issued during the year were valued using the Black-Scholes option valuation methodology, using the following inputs:

| Date granted | Number of options granted | Exercise price (cents) | Expiry date | Risk free interest rate used | Volatility applied | Value of Options |
|--------------|---------------------------|------------------------|-------------|------------------------------|--------------------|------------------|
| 7 Dec 2017 | 4,500,000 | 30 | 7 Dec 2020 | 1.95% | 87.5% | \$144,000 |
| 15 Jan 2018 | 7,000,000 | 20 | 15 Jan 2023 | 1.95% | 87.5% | \$280,000 |
| 6 Mar 2018 | 4,500,000 | 30 | 6 Mar 2021 | 1.95% | 85% | \$411,631 |
| | | | | | | \$835,631 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

12. OPTIONS AND EQUITY BASED PAYMENTS (CONTINUED)

Historical volatility for comparable listed exploration companies has been used as the basis for determining expected share price volatility. An expense of \$280,000 has been recognised through the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2018 in respect of the issue of the 7,000,000 options granted as remuneration on 15 January 2018.

Weighted average contractual life

The weighted average contractual life for unexercised options is 34.9 months.

Performance Rights

During the period the Company issued 75,000 performance rights to an employee on the following terms:

| Number of Performance Rights | Vesting Date | Expiry Date | Value of Performance Rights |
|------------------------------|--------------|-------------|-----------------------------|
| 25,000 | 1 Dec 2018 | 1 Dec 2025 | \$2,500 |
| 25,000 | 1 Dec 2019 | 1 Dec 2026 | \$2,500 |
| 25,000 | 1 Dec 2020 | 1 Dec 2027 | \$2,500 |
| | | | \$7,500 |

The performance rights were granted on 15 January 2018 and valued at 10 cents per right based on the determined underlying value of the Company's shares. An expense of \$7,500 has been recognised through the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2018 in respect of the issue of the 75,000 performance rights granted as remuneration.

13. ISSUED CAPITAL

| | Period 6 September 2017 to 30 June 2018 | | |
|---|--|------------|------------|
| | <i>Issue price</i> | Shares | A\$ |
| Balance at 6 September 2017 | | - | - |
| Shares issued on incorporation | \$0.20 | 1 | - |
| Shares issued to acquire Silver Mountain Mining Pty Ltd (note 24) | \$0.10 | 37,500,000 | 3,750,000 |
| Shares issued to pre-IPO investors | \$0.10 | 15,000,000 | 1,500,000 |
| Shares issued to IPO investors | \$0.20 | 40,000,000 | 8,000,000 |
| Less: share issue costs – share based (refer note 12) | - | - | (411,631) |
| Less: share issue costs – cash * | - | - | (885,787) |
| Balance at 30 June 2018 | | 92,500,001 | 11,952,582 |

* No deferred tax asset has been recognised in respect of the share issue costs as at the date of the financial report it is not probable that it will be realised (refer Note 5).

The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia. The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

14. RESERVES

| | As at 30 June 2018 |
|--|---|
| | A\$ |
| Foreign currency translation reserve | 219,494 |
| Share based payments reserve | 843,131 |
| Common control reserve | (3,014,276) |
| | <u>(1,951,651)</u> |
| Movements: | |
| | Period 6 September 2017 to 30 June 2018 |
| | A\$ |
| a) Foreign currency translation reserve | |
| Balance 6 September 2017 | - |
| Exchange gains/(losses) for the period | <u>219,494</u> |
| Balance 30 June 2018 | <u>219,494</u> |
| Foreign currency translation reserve | |
| The foreign currency translation reserve records unrealised exchange gains and losses on translation of controlled entities accounts during the period. | |
| | Period 6 September 2017 to 30 June 2018 |
| | A\$ |
| b) Share based payments reserve | |
| Balance 6 September 2017 | - |
| Fair value of options and performance rights issued during the period (note 12, 24) | <u>843,131</u> |
| Balance 30 June 2018 | <u>843,131</u> |
| Share based payments reserve | |
| The share based payments reserve has been used to recognise the fair value of options and performance rights issued and vested but not exercised as at the end of the reporting period. | |
| | Period 6 September 2017 to 30 June 2018 |
| | A\$ |
| c) Common control reserve | |
| Balance 6 September 2017 | - |
| Common control transactions during the period | <u>(3,014,276)</u> |
| Balance 30 June 2018 | <u>(3,014,276)</u> |
| Common control reserve | |
| The amount recognised in the common control reserve represents the excess in fair value consideration given, over the net assets acquired, on the acquisition of Silver Mountain Mining Pty Ltd from Silver Mountain Mining Nominees Pty Ltd on 7 December 2017 (refer note 24). | |

On 7 December 2017 the Directors determined that the acquisition was undertaken between entities which were under common control due to respective share ownership.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

15. CASH FLOW INFORMATION

| | Period 6 September 2017 to 30 June 2018 A\$ |
|--|--|
| Reconciliation of cash flows from operating activities with loss after income tax | |
| Loss after income tax | (1,681,900) |
| Non-cash items included in profit or loss | |
| Depreciation expense | 50,038 |
| Share based payment expense | 287,500 |
| Changes in assets and liabilities: | |
| (Increase)/decrease in receivables | 2,660 |
| (Increase)/decrease in prepayments | (25,771) |
| (Decrease)/increase in accounts payable and accruals | 54,588 |
| (Increase)/decrease in accrued income | (12,534) |
| Net cash outflows from Operating Activities | (1,325,419) |

16. SEGMENT INFORMATION

AASB 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group operates in one segment, being exploration for mineral resources. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group.

Following acquisition of Silver Mountain Mining Pty Ltd on 7 December 2017, the Group operates in Australia and United States of America.

Information regarding the non-current assets by geographical location is reported below. No segment information is provided for United States of America in relation to revenue and profit or loss for the period ended 30 June 2018.

Reconciliation of Non-Current Assets by geographical location

| | 30 June 2018 A\$ |
|--------------------------|---------------------|
| Australia | 295,541 |
| United States of America | 1,272,530 |
| | 1,568,071 |

17. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

18. KEY MANAGEMENT PERSONNEL

(a) Directors and key management personnel

The following persons were directors of Eagle Mountain Mining Limited during the financial period:

- (i) *Chairman – Non-Executive*
Rick Crabb
- (ii) *Executive Director*
Charles Bass, Managing Director
- (iii) *Non-Executive Director*
Roger Port
Brett Rowe (as Alternate Director to Charles Bass)

There were no other persons employed by or contracted to the Company during the financial period, having responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

(b) Key management personnel compensation

A summary of total compensation paid to key management personnel during the period is as follows:

| | Period 6 September 2017 to 30 June 2018 A\$ |
|--------------------------------------|--|
| Total short-term employment benefits | 57,078 |
| Total equity-based payments | 220,000 |
| Total post-employment benefits | 5,421 |
| | 282,499 |

19. CONTINGENT ASSETS AND LIABILITIES

The Group has an exploration service agreement with Dragon's Deep Exploration, Inc., an Arizona corporation ("Dragon").

Included in this agreement is a performance bonus payable to Dragon consisting of cash together with shares in Eagle Mountain Mining Limited (shares at market price, escrowed as required by the appropriate exchange) within 10 days of the events detailed below:

| Criteria | Cash Bonus | Shares of Value |
|---|-------------|-----------------|
| Minimum of 24 holes completed by the Group with 70% success within 24 months of first drilling ¹ | US\$50,000 | US\$150,000 |
| Commencement of a preliminary feasibility study in respect of any land covered by any mining claims or permits held by Silver Mountain Mining LLC and located in Arizona, USA. ² | US\$100,000 | US\$200,000 |

1. Success defined as a minimum 40 gram-metre zone (Au equivalent) within each drill hole for 70% of non-condemnation holes drilled.
2. The milestone satisfaction date is the date on which the Company announces to the Australian Securities Exchange that it has commenced a pre-feasibility study on the relevant mining claims or permits. "Pre-feasibility Study" is as defined in the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition).

Other than the above, the Group has no contingent assets or liabilities outstanding at the end of the period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

20. COMMITMENTS

(a) Exploration Expenditure

In order to maintain the current tenure status of its exploration assets, the Group has certain obligations and minimum expenditure requirements with respect to unpatented claims and Arizona state exploration permits located in Arizona in the United States of America, as follows:

| | 30 June 2018 A\$ |
|--|---------------------|
| Within 1 year | 178,548 |
| After 1 year but not more than 5 years | 665,715 |
| Total | 844,263 |

(b) Operating lease commitments

The Company has entered into a 5 year lease commencing 1 January 2018 in respect of its offices at 22 Stirling Highway, Nedlands. The initial lease cost, inclusive of estimated outgoings, is A\$79,650 per annum, with a 2% increase applied annually, and a 3 year lease for exploration offices in Arizona at an initial lease cost of US\$42,000 per annum. Operating lease commitments are as follows:

| | 30 June 2018 A\$ |
|--|---------------------|
| Due within 1 year | 137,272 |
| Due after 1 year but not more than 5 years | 395,948 |
| Due after more than 5 years | - |
| | 533,220 |

(c) Asset acquisition

The Group has no commitments for asset acquisitions at 30 June 2018.

21. FINANCIAL RISK MANAGEMENT

The Group has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Company's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board of Directors has the overall responsibility for the risk management framework and has adopted a Risk Management Policy.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

Trade and other receivables

The nature of the business activity of the Group does not result in trading receivables. The receivables that the Group does experience through its normal course of business are short term and the most significant recurring by quantity is receivable from the Australian Taxation Office. The risk of non-recovery of receivables from this source is considered to be negligible.

Cash deposits

The Directors believe any risk associated with the use of predominantly one bank is addressed through the use of at least an A-rated bank as a primary banker. Except for this matter the Group currently has no significant concentrations of credit risk.

(b) Liquidity risk

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

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Company's current and future operations, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) *Market risk*

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

Interest rate risk

The Group has significant cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the Group requires the cash assets to be sufficiently liquid to cover any planned or unforeseen future expenditure, which prevents the cash assets being committed to long term fixed interest arrangements, the Group does mitigate potential interest rate risk by entering into short to medium term fixed interest investments.

Equity risk

The Group has no direct exposure to equity risk.

Foreign exchange risk

The Group holds a significant amount of cash assets in US dollar denominated bank accounts and bank deposits. The Group is also significantly exposed to foreign exchange risk through transactions and arrangements in respect of its US based operations.

Other than the above, the Group does not have any direct contact with foreign exchange fluctuations other than their effect on the general economy.

The Group seeks to mitigate foreign exchange risk by considering capital requirements and foreign exchange rates when undertaking treasury transactions, such as utilising US dollar denominated term deposits.

22. FINANCIAL INSTRUMENTS

Credit risk

The Directors do not consider that the Group's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made (refer note 21(a)).

Impairment losses

The Directors do not consider that any of the Group's financial assets are subject to impairment at the reporting date. No impairment expense or reversal of impairment charge has occurred during the reporting period.

Interest rate risk

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

| | Carrying amount (\$) |
|----------------------------------|----------------------|
| | 2018 |
| Fixed rate instruments | |
| Financial liabilities | (44,862) |
| Variable rate instruments | |
| Financial assets | 6,795,421 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

22. FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

| | Profit or loss | | Equity | |
|---------------------------|----------------|-------------|-------------|-------------|
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| 2018 | | | | |
| Variable rate instruments | 67,954 | (67,954) | 67,954 | (67,954) |

Foreign exchange risk

At the reporting date the Australian dollar equivalent of amounts recognised by the Group in US dollars were as follows:

| | Carrying amount (\$) |
|------------------------------|----------------------|
| | 2018 |
| Financial assets | |
| Cash at bank | 1,895,194 |
| Deposits at call | 1,736,572 |
| | <u>3,631,766</u> |
| Financial liabilities | |
| Trade and other payables | 25,359 |
| Borrowings | 44,862 |
| | <u>70,401</u> |

Cash flow sensitivity analysis for foreign exchange

A change in foreign exchange rates of 5% at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

| | Profit or loss | | Equity | |
|-----------------------|----------------|-------------|-------------|-------------|
| | 5% increase | 5% decrease | 5% increase | 5% decrease |
| 2018 | | | | |
| Financial assets | - | - | 181,588 | (181,588) |
| Financial liabilities | 3,520 | (3,520) | 3,520 | (3,520) |

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements (refer note 21(b)):

| Consolidated | Carrying amount | Contractual cash flows | < 6 months | 6-12 months | 1-2 years | 2-5 years | > 5 years |
|--------------------------|-----------------|------------------------|---------------|--------------|---------------|---------------|-----------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 2018 | | | | | | | |
| Trade and other payables | 54,818 | 54,818 | 54,818 | - | - | - | - |
| Borrowings | 44,862 | 48,378 | 5,571 | 5,571 | 11,142 | 26,094 | - |
| | <u>99,680</u> | <u>103,196</u> | <u>60,389</u> | <u>5,571</u> | <u>11,142</u> | <u>26,094</u> | <u>-</u> |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

22. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position are as follows:

| | Consolidated | |
|---------------------------|-----------------------|------------------|
| | 2018 | |
| | Carrying amount \$ | Fair value \$ |
| Cash and cash equivalents | 6,795,421 | 6,795,421 |
| Trade and other payables | (54,818) | (54,818) |
| Borrowings | (44,862) | (44,862) |
| | <u>6,695,741</u> | <u>6,695,741</u> |

The Group's policy for recognition of fair values is disclosed at note 1(s)

23. CONTROLLED ENTITIES

Eagle Mountain Mining Limited is the ultimate parent entity of the Group.

The following were controlled entities at the period end date and have been included in the consolidated financial statements.

| Name | Country of Incorporation | Percentage Interest Held 2018 | Date acquired/incorporated |
|--|--------------------------|-------------------------------------|-------------------------------|
| Silver Mountain Mining Pty Ltd | Australia | 100% | 7 December 2017 |
| Silver Mountain Mining LLC | United States of America | 100% | 7 December 2017 |
| Silver Mountain Mining Operations Inc | United States of America | 100% | 18 January 2018 |

Silver Mountain Mining LLC and Silver Mountain Mining Operations Inc are both 100% owned subsidiaries of Silver Mountain Mining Pty Ltd.

The following amounts are payable by subsidiary companies to the parent company Eagle Mountain Mining Limited at the reporting date:

| Name | Amount due to Eagle Mountain Mining Limited A\$ |
|---------------------------------------|---|
| Silver Mountain Mining Pty Ltd | 69,562 |
| Silver Mountain Mining LLC | 528,472 |
| Silver Mountain Mining Operations Inc | 1,168,897 |

The loans to subsidiary companies are non-interest bearing and the Directors of Eagle Mountain Mining Limited do not intend to call for repayment within 12 months.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

24. ACQUISITION OF SILVER MOUNTAIN MINING PTY LTD

During the period the Company acquired a 100% interest in the share capital of Silver Mountain Mining Pty Ltd ("SMM"), from Silver Mountain Mining Nominee Pty Ltd, an entity associated with a Director Mr Charles Bass. The acquisition was completed on 7 December 2017.

Silver Mountain Mining Pty Ltd is the holder of the Silver Mountain Project located in Arizona in the United States of America.

Consideration given by the Company in respect of the acquisition of SMM was:

| Details | Number | Fair value A\$ |
|--|------------|----------------------|
| Ordinary fully paid shares (refer note 13) | 37,500,000 | 3,750,000 |
| Options exercisable at 30 cents each and expiring 3 years from the date of issue (refer note 12) | 4,500,000 | 144,000 ¹ |
| | | <u>3,894,000</u> |

¹The options given in consideration were valued using the Black Scholes valuation model using the following inputs:

| | |
|---|---------|
| Underlying share price at date of valuation | \$0.10 |
| Option exercise price | \$0.30 |
| Period to expiry | 3 years |
| Volatility | 87.5% |
| Risk free rate | 1.95% |

The net assets of the Silver Mountain Mining Pty Ltd group acquired by the Company on 7 December 2017 were:

| Details | Net asset value A\$ |
|---|---------------------|
| Cash assets | 36,079 |
| Other receivables and prepaid expenses | 24,075 |
| Property, plant and equipment | 3,810 |
| Capitalised exploration acquisition costs | 969,897 |
| Trade and other payables | (68,690) |
| Loan | (85,447) |
| | <u>879,724</u> |

The difference between the fair value of the consideration given by the Company, and the underlying net asset value of the SMM group as at the date of acquisition amounting to \$3,014,276 has been recognised in the Common Control Reserve (refer note 14c).

25. LOSS PER SHARE

| | |
|---|--------------------|
| Loss used in calculation of loss per share | \$(1,681,900) |
| Weighted average number of shares used in the calculation of loss per share | 51,744,967 |
| Basic and diluted loss per share | <u>(3.3 cents)</u> |

Options and performance rights to acquire ordinary shares granted by the Company and not exercised at the reporting date are included in the determination of diluted loss per share, to the extent that they are considered dilutive.

There are 16,000,000 options and 75,000 performance rights on issue at 30 June 2018 that have not been considered in calculating diluted loss per share as they are not considered to be dilutive.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2018

26. PARENT ENTITY INFORMATION

| | Parent 30 June 2018 A\$ |
|--|----------------------------------|
| Assets | |
| Current assets | 6,250,600 |
| Non-current assets ¹ | 2,102,390 |
| Total Assets | 8,352,990 |
| Liabilities | |
| Current liabilities | 29,459 |
| Non-current liabilities | - |
| Total Liabilities | 29,459 |
| Net Assets | 8,323,531 |
| Equity | |
| Issued capital | 11,952,582 |
| Option capital | 4,500 |
| Reserves | 866,206 |
| Accumulated losses | (4,499,757) |
| Total Equity | 8,323,531 |
| Loss for the period ¹ | (4,499,757) |
| Other comprehensive income | 23,075 |
| Total comprehensive loss for the period | (4,476,682) |

¹The Company has recognised a provision against the investment in subsidiary holdings to the extent that parent company net assets exceed those of the Group.



DIRECTORS' DECLARATION

In the opinion of the Directors of Eagle Mountain Mining Limited ("the Company")

- (a) the financial statements and notes set out on pages 28 to 54 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the period ended on that date of the Group.
- (b) the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, The Corporations Act 2001 and the Corporations Regulations 2001.
- (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
- (d) the financial statements comply with International Financial Reporting Standards as set out in note 1.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial period ended 30 June 2018.

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

Signed at Perth this 24th day of August 2018.

Charles Bass
Managing Director

Eagle Mountain Mining Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Eagle Mountain Mining Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the period ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Independent auditor's report to members (cont'd.)

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.

| CARRYING VALUE OF EXPLORATION COSTS - LAND | |
|--|--|
| Area of focus Refer also to notes 1(b) and 8 | How our audit addressed it |
| <p>The Group has incurred exploration costs in relation to exploration activities for Copper and Gold in the surrounding area of the Bradshaw Mountains of Yavapai County of Arizona, USA. Exploration and evaluation expenditure is generally written off in the year incurred, except for acquisition of exploration properties which is capitalised and carried forward. There is a risk that accounting criteria associated with the capitalisation of exploration and evaluation expenditure - land may not be appropriate and that capitalised costs exceed the value in use.</p> <p>An impairment review is only required if an impairment trigger is identified. Due to the nature of the resources industry, indicators of impairment applying the value in use model could include:</p> <ul style="list-style-type: none"> — Viability of the projects — Changes to exploration plans and permits — Loss of rights to tenements — Changes to reserve estimates — Costs of extraction and production | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> — A review of the directors' assessment of the recognition criteria for the capitalisation of exploration expenditure. — Evaluation of whether there are any indicators of impairment to capitalised costs. — Assessing the viability of the 26 patented mining claims and 209 unpatented mining claims, capitalised as <i>Exploration and Evaluation Expenditure – Land</i>, and whether there were any indicators of impairment to those costs capitalised at the reporting date. <p>We assessed the adequacy of the Group's disclosures in respect of the transactions.</p> |

Independent auditor's report to members (cont'd.)

| SHARE BASED PAYMENTS | |
|--|--|
| Area of focus Refer also to notes 1(p) and 12 | How our audit addressed it |
| <p>The Group has entered into a number of share-based payment arrangements during the period. These are outlined in note 12.</p> <p>The above arrangements required significant judgments and estimations by management, including the following:</p> <ul style="list-style-type: none"> — The evaluation of the grant date of each arrangement, and the evaluation of the fair value of the underlying share price of the Company as at the grant date; — The evaluation of key inputs into the Black Scholes option pricing model, including the significant judgment of the forecast volatility of the share option over its exercise period. <p>The results of these share-based payment arrangements materially affect the disclosures.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Evaluating the fair values of share-based payment arrangements by understanding and documenting the assumptions used. In determining the grant dates, we evaluated what were the most appropriate dates based on the terms and conditions of the share-based payment arrangements. — For the specific application of the Black Scholes model, we assessed the competence of third party advisors in preparing these calculations. We retested some of the assumptions used in the model and recalculated those fair values using volatility applied in the model to be appropriately reasonable and within industry norms. <p>We also reconciled the vesting of the share-based payment arrangements to disclosures made in both the key management personnel compensation note and the disclosures in the Remuneration Report.</p> |

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the period ended 30 June 2018 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.

Independent auditor's report to members (cont'd.)

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Independent auditor's report to members (cont'd.)

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 26 of the directors' report for the period ended 30 June 2018.

In our opinion, the Remuneration Report of Eagle Mountain Mining Limited, for the period ended 30 June 2018, 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.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

CM

Conley Manifis
Director

Dated this day 24th of August 2018



ASX ADDITIONAL INFORMATION

Pursuant to the Listing Requirements of the Australian Securities Exchange, the shareholder information set out below was applicable as at 3 October 2018.

A. Distribution of Equity Securities

Analysis of numbers of shareholders by size of holding:

Ordinary Fully Paid Shares

| Distribution | Number of shareholders | Securities held |
|-------------------|------------------------|-------------------|
| 1 – 1,000 | 5 | 2,424 |
| 1,001 – 5,000 | 41 | 108,141 |
| 5,001 – 10,000 | 74 | 687,360 |
| 10,001 – 100,000 | 262 | 12,699,756 |
| More than 100,000 | 97 | 79,002,320 |
| Totals | 479 | 92,500,001 |

There are 10 shareholders holding less than a marketable parcel of ordinary shares.

B. Substantial Shareholders

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

| Holder of Relevant Interest | Issued Ordinary Shares | |
|--|------------------------|-------------|
| | Number of shares | % of shares |
| Silver Mountain Mining Nominee Pty Ltd | 36,650,001 | 39.62% |

C. Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are listed below:

| Shareholder Name | Ordinary Shares - Quoted | |
|--|--------------------------|---------------|
| | Number of shares | % of Shares |
| Silver Mountain Mining Nominee Pty Ltd | 36,650,001 | 39.62% |
| Merrill Lynch (Australia) Nominees Pty Ltd | 2,501,100 | 2.70% |
| JP Morgan Nominees Australia Limited | 2,500,000 | 2.70% |
| Aralad Management Pty Ltd | 2,000,000 | 2.16% |
| Prospect AG Trading Pty Ltd | 1,250,000 | 1.35% |
| Zero Nominees Pty Ltd | 1,250,000 | 1.35% |
| Tirumi Pty Ltd | 1,123,200 | 1.21% |
| Far East Enterprises Pty Ltd | 1,100,000 | 1.19% |
| Dr Salim Cassim | 1,000,000 | 1.08% |
| Flue Holdings Pty Ltd | 1,000,000 | 1.08% |
| GAB Superfund Pty Ltd | 1,000,000 | 1.08% |
| Merriwee Pty Ltd | 1,000,000 | 1.08% |
| Alitime Nominees Pty Ltd | 835,000 | 0.90% |
| Kero Investments Pty Ltd | 805,000 | 0.87% |
| GAB Superannuation Fund Pty Ltd | 750,000 | 0.81% |
| Monslit Pty Ltd | 750,000 | 0.81% |
| Rowley Super Investments Pty Ltd | 750,000 | 0.81% |
| Ocean View WA Pty Ltd | 720,001 | 0.78% |
| HSBC Custody Nominees (Australia) Limited | 708,312 | 0.77% |
| Burprestid Pty Ltd | 645,000 | 0.71% |
| Total | 58,337,614 | 63.06% |



ASX ADDITIONAL INFORMATION

D. Unquoted Securities

Options over Unissued Shares

| Number of Options | Exercise Price | Expiry Date | Number of Holders |
|------------------------|----------------|-----------------|-------------------|
| 4,500,000 ¹ | 30 cents | 7 December 2020 | 1 |
| 4,500,000 ² | 30 cents | 6 March 2021 | 17 |
| 7,000,000 ³ | 20 cents | 15 January 2023 | 6 |
| 16,000,000 | | | |

¹ Options issued to a vendor to the initial public offer

² Options issued pursuant to the initial public offer prospectus

³ Options issued to directors, officers and employees

Performance Rights

| Number of Rights | Expiry Date | Number of Holders |
|------------------|-----------------|-------------------|
| 25,000 | 1 December 2025 | 1 |
| 25,000 | 1 December 2026 | 1 |
| 25,000 | 1 December 2027 | 1 |
| 35,000 | 1 July 2026 | 2 |
| 35,000 | 1 July 2027 | 2 |
| 35,000 | 1 July 2028 | 2 |
| 180,000 | | |

E. Voting Rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

There are no voting rights in respect of options over unissued shares.

F. Restricted Securities

There are 23,929,226 ordinary fully paid shares on issue which are subject to escrow agreements, as follows:

- 6,435,000 shares restricted until 12 December 2018; and
- 17,494,226 shares restricted until 16 March 2020.

There are 14,500,000 unlisted options on issue that are subject to escrow agreements, as follows:

- 3,966,000 options restricted until 6 March 2019; and
- 10,534,000 options restricted until 16 March 2020.

G. Use of Funds

Pursuant to the requirements of ASX Listing Rule 4.10.19 the Company has used all funds raised from its Initial Public Offer (IPO) in a manner that is consistent with the prospectus and objectives outlined in the IPO document.



ASX ADDITIONAL INFORMATION

Schedule of Mineral Tenure

Eagle Mountain mineral licences as at 3 October 2018, all of which are located in the State of Arizona, United States of America

| Prospect & Tenure type | Claim Reference (Tenement) | Percentage interest held |
|---|--|--------------------------|
| Pacific Horizon | | |
| Patented Claims <i>(26 individual claims)</i> | Empire, Copper Ash, Palestine, Buffalo, Little Pittsburg, Austin, Wellington, Eagle, Number Ten, Number Eleven, Number Twelve, Number Thirteen, Noonday, South Noonday, Dudley, Comet, Alameda, Virginia, Mars, Ashland, Oakland, Sunnyside, Cuprite, Azurite, Yavapai and Jumbo | 100% |
| Unpatented Claims <i>(150 individual claims)</i> | SMM#1-14, SMM#17-145, SMM#147, SMM#149, SMM#151, SMM#155, SMM#157, SMM#159, SMM#161 | 100% |
| Exploration Permit <i>(1 individual permit)</i> | 08-117371 | 100% |
| Scarlett | | |
| Unpatented Claims <i>(92 individual claims)</i> | SCA#1-15, SCA#57-133 | 100% |
| Exploration Permit <i>(2 individual permits)</i> | 08-117369, 08-117373 | 100% |
| Red Mule | | |
| Unpatented Claims <i>(98 individual claims)</i> | SMM#146, SMM#148, SMM#150, SMM#152, SMM#153, SMM#154, SMM#158, SMM#160, SMM#162-207, SMM#210-212, SCA#16-56 | 100% |
| Exploration Permit <i>(2 individual permits)</i> | 08-117370, 08-117372 | 100% |
| Rhyolite Target | | |
| Unpatented Claims <i>(84 individual claims)</i> | SMMSO#001 - #084 | 100% |
| Exploration Permit <i>(1 individual permit)</i> | 00003866 | 100% |

A stylized graphic of a mountain range. The mountains are represented by overlapping, jagged shapes in various shades of orange and brown, creating a sense of depth and texture. The background is a solid white color.

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