



AUSTPAC RESOURCES N.L.

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30th September 2021

Unaudited Preliminary Final Report for Year Ended 30 June 2021

“Austpac Resources N.L. (ASX:APG) (Company) wishes to advise that it will be relying on the extended reporting relief set out in ASIC Corporations (Extended Reporting and Lodgment Deadlines - Listed Entities) Instrument 2020/451, and ASX’s associated class waiver ‘Extended Reporting and Lodgment Deadlines’ made under Listing Rule 18.1 (together the Reporting Relief).

COVID-19 has significantly affected and disrupted the Company’s scheduled administrative and reporting processes and its year-end audit work. The Company will immediately make a further announcement to the market if there is a material difference between its unaudited accounts released with this announcement and its audited accounts, to be released in accordance with the Reporting Relief.”

By Order of the Board

Colin ILES
CEO

AUSTPAC RESOURCES N.L.

AND CONTROLLED ENTITIES

ABN 87 002 264 057

UNAUDITED PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Technology transaction revenue		-	1,500,000
Other income		37,500	87,500
Administrative and other expenses		(563,757)	(495,955)
Amortisation of right-of-use lease	12	(169,216)	(203,353)
Employee benefits	4	8,242	(495,807)
Exploration expenditure – Nhill		(818)	(50,727)
Impairment	11	(153,490)	(596,813)
Impairment of amount receivable from ex-employee		-	(81,988)
Results from operating activities		(841,539)	(337,143)
Finance income		2,610	1,338
Finance expense		(3,214)	(15,467)
Net financing expense	2	(604)	(14,129)
Loss attributable to owners of company before tax		(842,143)	(351,272)
Income tax benefit		405,693	119,779
Loss attributable to owners of company after tax		(436,450)	(231,493)
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive loss for the period attributable to owners of company		(436,450)	(231,493)
		Cents per share	Cents per share
Basic (loss) earnings per share	6	(0.014)	(0.007)
Diluted (loss) earnings per share	6	(0.014)	(0.007)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

Consolidated Group	Share Capital	Accumulated Losses	Total Equity
	\$	\$	\$
Balance at 1 July 2019	89,660,490	(87,550,881)	2,109,609
Loss attributable to owners of company	-	(231,493)	(231,493)
Balance at 30 June 2020	89,660,490	(87,782,374)	1,878,116
Loss attributable to owners of company	-	(436,450)	(436,450)
Balance at 30 June 2021	89,660,490	(88,218,824)	1,441,666

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	7	144,306	166,696
Trade and other receivables	8	35,197	308,146
Prepayment		21,803	-
TOTAL CURRENT ASSETS		201,306	474,842
NON-CURRENT ASSETS			
Property, plant and equipment	10	21,862	65,010
Intangible assets	11	2,000,000	2,000,000
Right-of-use-assets	12	27,220	213,753
TOTAL NON-CURRENT ASSETS		2,049,082	2,278,763
TOTAL ASSETS		2,250,388	2,753,605
CURRENT LIABILITIES			
Trade and other payables	13	512,825	307,231
Interest Bearing liabilities	14	151,191	297,301
Employee benefits	15	144,706	224,777
TOTAL CURRENT LIABILITIES		808,722	829,309
NON-CURRENT LIABILITIES			
Interest Bearing liabilities	14	-	46,180
TOTAL NON-CURRENT LIABILITIES		-	46,180
TOTAL LIABILITIES		808,722	875,489
NET ASSETS		1,441,666	1,878,116
EQUITY			
Contributed equity	16	89,660,490	89,660,490
Accumulated losses		(88,218,824)	(87,782,374)
TOTAL EQUITY		1,441,666	1,878,116

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceed from Technology Revenue Transaction		-	1,500,000
Payments to suppliers and employees		(741,235)	(1,350,986)
Interest received		2,610	1,338
Interest paid		(3,578)	(15,103)
Government incentives received		37,500	-
Tax benefit received		405,693	169,780
Net cash (used in)/generated from operating activities	20	(299,010)	305,029
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangible assets:			
Mineral Technology Development		-	(457,315)
Proceeds from sale of property, plant and equipment		-	25,000
Net cash (used in) investing activities		-	(432,315)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		295,000	95,000
Proceeds from short term loan		100,000	100,000
Repayment of short term loan		(118,380)	(200,000)
Repayment of lease liabilities		-	(173,115)
Net cash generated/ (used in) from financing activities		276,620	(178,115)
NET (DECREASE)/INCREASE IN CASH HELD		(22,390)	(305,401)
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		166,696	472,097
CASH AT THE END OF THE FINANCIAL YEAR	7	144,306	166,696

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 1 Significant Accounting Policies

a) Significant Accounting Policies

Austpac Resources N.L. (the “company”) is a company domiciled in Australia. The consolidated financial report of the company for the year ended 30 June 2021 comprises the company and its subsidiaries (the “consolidated entity”). The consolidated entity is a for profit entity, and is primarily involved in the development of mineral processing technology and exploration of mineral sand deposits and gold deposits.

Austpac Resources N.L. principal registered office is Level 5, 37 Pitt Street, Sydney NSW 2000. The financial report was authorised for issue by the directors on 30 September 2021.

Statement of Compliance

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. The company and the consolidated entity’s financial report also complies with the International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board.

b) Basis of preparation

The financial report is presented in Australian dollars, which is the company’s functional currency. The financial report is prepared on the historical cost basis.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report.

c) Going concern

The consolidated entity has a net current asset deficiency of \$607,416 at 30 June 2021 (2020: \$354,467).

The 30 June 2021 Financial Report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the normal course of business.

The Directors believe that the consolidated entity will be able to fund future operations through funding offered by potential new investors, further shares issues to existing shareholders, the successful commercialisation of mineral technologies, the sale of surplus assets or receipt of R&D tax returns.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 1 Significant Accounting Policies (Continued)

c) Going concern (Continued)

Notwithstanding the cost containment measures, without:

- funding offered by potential new investors;
- further share issues to existing shareholders;
- successful commercialisation of mineral technologies; and
- sale of surplus assets.

or a combination of these events, the consolidated entity may not be able to continue as a going concern. These circumstances indicate there is a material uncertainty as to whether the consolidated entity will be able to continue as a going concern.

If the consolidated entity is unable to continue as a going concern, it may be required to make adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities in order to realise assets and extinguish liabilities other than in the normal course of business and at amounts different from those stated in the 30 June 2021 Financial Report.

d) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial report from the date that control commences until the date that control ceases.

In the company's financial statements, investments in subsidiaries are carried at the lower of cost or recoverable amount.

(ii) Jointly controlled operations and assets

The interest of the consolidated entity in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements the assets it controls and the liabilities that it incurs, and the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

(iii) Transactions eliminated on consolidation

All intragroup balances and transactions, including any unrealised gains or losses are eliminated on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 1 Significant Accounting Policies (Continued)

e) Foreign Currency Transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

f) Property, Plant and Equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 1 (k)). The carrying amount of property, plant and equipment is reviewed annually by directors to ensure that it is not in excess of the recoverable amount from those assets. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between proceeds from disposal and the carrying amount of the item) is recognised in the Consolidated Statement of Comprehensive Income.

Leased assets

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

Depreciation

Depreciation is charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

fixtures and fitting, and property, plant and equipment 7 years leased plant and equipment and motor vehicles 10 years

The residual value and actual lives are assessed at each reporting date.

g) Intangible Assets – Mineral Technology Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Consolidated Statement of Comprehensive Income as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Consolidated Statement of Comprehensive Income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy 1(k)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 1 Significant Accounting Policies (Continued)

g) Intangible Assets – Mineral Technology Development (Continued)

Amortisation

Mineral technology development assets are not currently being amortised as the policy applied by the consolidated entity is to amortise these assets on a systematic basis over projected revenue streams once commercial licence agreements have been agreed.

h) Intangible Assets – Exploration and Evaluation Assets

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the consolidated entity has obtained the legal rights to explore an area are recognised in the Consolidated Statement of Comprehensive Income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- (i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- (ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations, in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment, accounting policy 1(k)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

i) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value plus any directly attributable transaction costs, subsequent to initial recognition, these assets are measured at amortised cost less impairment losses (see accounting policy 1 (k)).

j) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits.

k) Impairment

The carrying amounts of the consolidated entity's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

Recoverable amounts are estimated annually for intangible assets not yet available for use. An impairment loss is recognised where the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Comprehensive Income unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the Consolidated Statement of Comprehensive Income.

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 1 Significant Accounting Policies (Continued)

k) Impairment (Continued)

Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

l) Employee Benefits

Liabilities for employee entitlements for wages, salaries and annual and long service leave represent present obligations resulting from employees' services up to reporting date, based on current wage and salary rates, including related on-costs. Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in the Consolidated Statement of Comprehensive Income in the periods during which services are rendered by employees. Obligations for employee benefits that are due or are expected to be paid more than 12 months after the end of the period in which the employees render the service are inflated for future expected salaries and discounted to their present value using the appropriate Milliman discount rate.

m) Provisions

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

n) Trade and Other Payables

Trade and other payables are recognised initially at fair value plus any directly attributable costs, subsequent to initial recognition, these liabilities are measured at amortised cost.

o) Revenue

Revenue from License Fees are recognised in the profit or loss initially in proportion to the stage of completion of the transaction at the reporting date, then once completed on a straight line basis over the life of the agreement. The stage of completion is assessed by reference to surveys of work performed, when the work performed cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable in accordance with the underlying agreement.

p) Expenses

Net financing costs

Interest income and expense is recognised in the Consolidated Statement of Comprehensive Income as it accrues, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 1 Significant Accounting Policies (Continued)

q) Income Tax

Income tax on the profit/(loss) for the year presented comprises current and deferred tax. Income tax is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at balance date and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities are recognised for temporary differences between the tax values of assets and their carrying amounts in the financial statements.

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

r) Derivatives

The consolidated entity is exposed to changes in interest rates and commodity prices from its activities. The consolidated entity does not hedge these risks.

s) Segment Reporting

The consolidated entity operates in one segment only, being Mineral Sands and Mineral Sands Technology Development in Australia. The measure used by the chief operating decision maker to evaluate performance is profit/loss before tax.

t) Accounting Estimates and Judgements

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

Recoverability of intangible assets

The carrying amount of intangible assets relate to mineral technology development totalling \$2,000,000 (2020: \$2,000,000). The consolidated entity assesses intangibles which are not being amortised annually in accordance with the accounting policy in note 1(k). The ultimate recoupment of cost carried forward are dependent upon the successful development, commercialisation or sale of the respective technology.

u) Goods and Services Tax

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the consolidated statement of financial position.

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

v) New Standards/Interpretations Adopted

A number of new standards are effective after 30 June 2021 and earlier application is permitted; however, the entity has not early adopted the new or amended standards in preparing these consolidated financial statements. The Group does not expect that these new accounting standards will have a material impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 2 Financing Cost

	2021	2020
	\$	\$
Interest income	2,610	1,338
Interest expense	(3,214)	(15,467)
Net Financing expenses	<u>(604)</u>	<u>(14,129)</u>

Note 3 Auditors' Remuneration

Remuneration of the auditor of the Group for: Audit services

Audit and review of financial reports	<u>45,000</u>	<u>45,000</u>
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Note 4 Employee Benefits

Wages, salaries and leave entitlements taken	70,014	432,681
Contributions to defined contribution superannuation funds	3,182	32,249
Increase / decrease in liability for employee benefits	<u>(81,438)</u>	<u>30,877</u>
	(8,242)	495,807

Note 5 Income Tax Expense

a) The prima facie income tax benefit on pre-tax accounting loss reconciles to the income tax amount in the financial statements as follows:

Loss from ordinary activities	(842,143)	(351,272)
Prima facie income tax benefit calculated at 26% (2020: 27.5%) of taxable loss	218,957	96,600
Non-deductible items	(45,057)	(486,419)
R&D Refund	405,693	119,779
Movement in unrecognised temporary differences	(173,900)	451,191
Taxable losses not recognised	-	(61,372)
Income tax benefit	<u>405,693</u>	<u>119,779</u>

b) Franking account balance	-	-
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c) Tax losses

Unused tax losses for which no deferred tax asset has been recognised.	23,991,370	22,960,121
Potential tax benefit at 26%	6,237,756	6,314,033

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 6 Earnings Per Share

	2021	2020
	Cents per share	Cents per share
Basic loss per share (cents per share)	(0.014)	(0.007)
Diluted loss per share (cents per share)	(0.014)	(0.007)

	Number	Number
Weighted average number of shares used in the calculation of basic/diluted loss per share	3,165,662,956	3,165,662,956

Note 7 Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash at bank and on hand	144,306	166,696

Note 8 Trade and Other Receivables

Current

Share capital receivable		-	295,000
Other receivables		571,024	548,973
Impairment provision	23	(535,827)	(535,827)
		35,197	308,146

Note 9 Consolidated Entities

Name of controlled entity	Country of incorporation	Class of shares	Ownership interest	Ownership interest
			2021	2020
			%	%
Almeth Pty Ltd	Australia	Ordinary	100	100
Austpac Technology Pty Ltd	Australia	Ordinary	100	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 10 Property, Plant and Equipment

	Plant & Equipment	Total
Movement in property, plant and equipment		
	\$	\$
Cost		
Balance at 1 July 2019	212,337	212,337
Acquisitions	-	-
Disposals	-	-
Balance at 30 June 2020	212,337	212,337
Balance at 1 July 2020	212,337	212,337
Acquisitions	-	-
Written down	(91,660)	(91,660)
Reversal of Write down	-	-
Balance at 30 June 2021	120,677	120,677
Depreciation and impairment losses		
Balance at 1 July 2019	120,785	120,785
Depreciation for the year	26,542	26,542
Balance at 30 June 2020	147,327	147,327
Balance at 1 July 2020	147,327	147,327
Written down	(75,054)	(75,054)
Depreciation for the year	26,542	26,542
Balance at 30 June 2021	98,815	98,815
Carrying amounts		
At 30 June 2019	91,552	91,552
At 30 June 2020	65,010	65,010
At 30 June 2020	65,010	65,010
At 30 June 2021	21,862	21,862

The consolidated entity leases motor vehicles under finance lease agreements had fully repaid during the financial year ended 30 June 2021. At 30 June 2021 the net carrying amount of the leased motor vehicles, classified under plant and equipment was \$21,862 (2020: \$65,010). The leased equipment secures lease obligations (note 17).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 11 Intangible Assets

	Mineral Technology Development	Total
	\$	\$
Balance at 1 July 2019	2,000,000	2,000,000
Expenditure	596,813	596,813
Impairment	(596,813)	(596,813)
Balance at 30 June 2020	<u>2,000,000</u>	<u>2,000,000</u>
Balance at 1 July 2020	2,000,000	2,000,000
Expenditure	153,490	153,490
Impairment	(153,490)	(153,490)
Balance at 30 June 2021	<u>2,000,000</u>	<u>2,000,000</u>

Austpac Resources N.L. mineral technology development relates to the Newcastle Zinc Iron Recovery Plant (NZIRP). The ultimate recoupment of costs carried forward are dependent upon the successful development and commercialisation of the technology and licencing of the technology.

The recoverable amount of mineral technology development assets was based on a fair value model. Key assumptions used in the valuation of the mineral technology development assets include cash flow estimates of both product and licence cash inflows and a terminal value based on a 2.5% growth rate. A discount rate of 22% (post tax) was used to discount these cash flows.

Note 12 Right-Of-Use Assets

Below table shows the amortisation schedule for Right-of-use asset, which is recognised by adopting AASB 16. The value of the asset is assessed based on lease commitment for the year ended 2020 to 2022.

Year	Beginning Balance	Amortisation	Adjustment	Ending Balance
	\$	\$	\$	\$
2020	417,106	(203,353)	-	213,753
2021	213,753	(169,216)	(17,317)	27,220
2022	27,220	(27,220)	-	-

The lease commitment has been adjusted for \$17,317 to reflect an early termination of the office lease.

Note 13 Trade and Other Payables

	2021	2020
	\$	\$
Trade payables and accrued expenses	363,830	269,742
Other payables	11,995	19,489
Related party payable – directors and consultant fee	137,000	18,000
	<u>512,825</u>	<u>307,231</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 14 Interest Bearing Liabilities

This note provides information about the contractual terms of the consolidated entity's loans and borrowings. For more information about the consolidated entity's exposure to interest rates, see note 22.

	Note	2021	2020
		\$	\$
Current Liabilities			
Loans from related party – director		100,000	-
Insurance premium funding		23,971	-
Unsecured Loans		-	100,000
Lease liabilities	17	27,220	197,301
		151,191	297,301
Non-Current Liabilities			
Lease liabilities	17	-	46,180

Note 15 Employee Benefits

Current

Liability for long service leave		54,780	184,015
Liability for annual leave		543,765	494,601
Less ex-employee's entitlement for amounts owed to the company.	23	(453,839)	(453,839)
		144,706	224,777

Note 16 Contributed Equity

		2021	2020
		\$	\$
Issued and paid up Capital			
3,165,662,956 (2020: 3,165,662,956) ordinary shares	16a	88,930,361	88,867,990
*Reclassified paid up capital		-	62,371
Adjusted fully paid shares paid up capital		88,930,361	88,930,361
73,012,926 (2020: 73,012,926) employees partly paid shares	16b	730,129	792,500
* Reclassified employees partly paid up capital		-	(62,371)
Adjusted employees partly paid shares paid up capital		730,129	730,129
		89,660,490	89,660,490

*Investigations have uncovered that an excess of \$62,371 was wrongly classified in paid up capital for employees partly paid shares in previous years as those employees partly paid shares were paid up to 1 cent per partly paid shares.

Effect on restatement

There is no effect on the Company's paid up capital and the Company's total equity. The paid up capital for fully paid shares increased by \$62,371 whilst the paid up capital for employees partly paid shares reduced by the same amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 16 Contributed Equity (Continued)

a) Movement in ordinary share capital

		Number of shares	Share capital \$
2020			
1 July 2019	Opening balance	3,165,662,956	88,867,990
	Reclassified paid up capital	-	62,371
	No movement during the year	-	-
30 June 2020	Balance at end of year	3,165,662,956	88,930,361
2021			
1 July 2020	Opening balance	3,165,662,956	88,930,361
	No movement during the year	-	-
30 June 2021	Balance at end of year	3,165,662,956	88,930,361

b) Movement in employees partly paid share

		Number of shares	Share capital \$
2020			
1 July 2019	Opening balance (i)	73,012,926	792,500
	Reclassified employees partly paid up capital	-	(62,371)
	No movement during the year	-	-
30 June 2020	Balance at end of year	73,012,926	730,129
2021			
1 July 2020	Opening balance	73,012,926	730,129
	No movement during the year	-	-
30 June 2021	Balance at end of year	73,012,926	730,129

(i) Adjustment to Opening balance

The opening balance as at 1 July 2019 included 74,200,000 employees partly paid shares. This figure was misstated as 1,187,074 employees partly paid shares were paid in full on 29 July 2014. Accordingly, the correct number of employees partly paid shares as at 1 July 2019 was:

- Previously reported number of shares, including employees partly paid shares 74,200,000
- Less: Number of employees partly paid shares paid in full on 29 July 2014 (1,187,074)
- Restated Opening balance as at 1 July 2019 73,012,926

Information in relation to employees partly paid shares

	Employees partly paid shares	
	2021	2020
Forfeited, auctioned, and held in trust	53,550,000	53,550,000
Forfeited but not auctioned or cancelled	7,200,000	7,200,000
4.75 cents employees partly paid 1.00 cent shares which would be forfeited on 22 November 2021, unless paid in full before that time	12,262,926	12,262,926
Total employees partly paid shares	73,012,926	73,012,926

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 16 Contributed Equity (Continued)

Terms and Conditions

Ordinary Shares

Holders of fully paid ordinary shares are entitled to receive dividends if declared and are entitled to one vote per share at shareholders meetings.

Employees Partly Paid Shares

Holders of employees partly paid shares under the Austpac Resources N.L. Employee Share Purchase plan shares are not entitled to the same rights as ordinary shareholders. Until the unpaid issue price is paid, employees partly paid shares do not carry any voting rights at shareholders meetings, including entitlements to dividends if declared. The employees partly paid shares also carry restrictions on their transfer until the unpaid issue price is paid in full, except for transfers to an associate of a participant.

Dividends

No dividends were declared or paid during the financial year ended 30 June 2021 or 30 June 2020.

Note 17 Lease Liabilities

	Consolidated					
	2021			2020		
	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
Within one year	-	-	-	29,670	2,151	27,519
Between one and five years	-	-	-	-	-	-
Total	-	-	-	29,670	2,151	27,519

The consolidated entity's motor vehicle lease liabilities had fully repaid during the financial year ended 30 June 2021.

	2021	2020
	\$	\$
Operating Leases		
Leases as lessee		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	27,220	197,301
Between one and five years	-	46,180
Balance at end of year	27,220	243,481

The consolidated entity leases property at Kooragang Newcastle and office property in Sydney. The lease at Kooragang Newcastle had ended during the year ended 30 June 2021.

During the year ended 30 June 2021, \$169,216 was recognised as an expense in the Consolidated Statement of Comprehensive Income in respect of operating leases (2020: \$203,353).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 18 Key Management Personnel Disclosures

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors: Mr T. Cuthbertson (Chairman)
 Mr G. Hiller
 Executive director: Mr C. Iles
 Executive: Mr M.J. Turbott (Terminated 13 August 2020)
 Company Secretary: Mr N. Gaston (Resigned 3 July 2020)
 Mr K. Lee (Appointed 3 July 2020)

	Year	Directors Fees	Short Term		Non-Monetary Benefits	Other Long Term	Post Employment Super-annuation Contributions	Total
			Salaries	Consulting Fees				
		\$	\$	\$	\$	\$	\$	\$
Directors								
Mr T. Cuthbertson	2021	12,000	-	36,000	-	-	-	48,000
	2020	41,000	-	17,500	-	-	-	58,500
Mr C. Iles	2021	12,000	-	84,000	-	-	-	96,000
	2020	31,000	-	39,675	-	-	-	70,675
Mr G. Hiller	2021	12,000	-	49,200	-	-	-	61,200
	2020	31,000	-	21,550	-	-	-	52,550
Total	2021	36,000	-	169,200	-	-	-	205,200
	2020	103,000	-	78,725	-	-	-	181,725
Key Management Personnel								
Mr M.J. Turbott	2021	-	23,303	-	-	-	2,048	25,351
	2020	-	180,000	-	10,658	15,721	18,000	224,379
Mr N. Gaston	2021	-	-	-	-	-	-	-
	2020	-	-	434,450	13,478	-	-	447,928
Mr K. Lee	2021	-	-	96,000	-	-	-	96,000
	2020	-	-	-	-	-	-	-
Total	2021	-	23,303	96,000	-	-	2,048	121,351
	2020	-	180,000	434,450	24,136	15,721	18,000	672,307

Key management personnel receive additional benefits as non-cash benefits, as part of the terms and conditions of their employment relating to motor vehicle leases.

Notsag Pty Limited, a company which provides corporate, financial, underwriting and guarantee services, employs Mr N. Gaston and provides his services as company secretary. Mr Gaston resigned on 3 July 2020. Notsag Pty Limited did not receive any fees during the financial year ended 30 June 2021 (2020: \$181,200). Notsag Pty Limited did not receive any fees for capital raising services in the financial year ending 30 June 2021 (2020: \$253,250).

As at 30 June 2021 \$35,000 (2020: \$Nil) is outstanding to Mr Lee for 2021 for services fees as company secretary and are included in the remuneration table above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 18 Key Management Personnel Disclosures (Continued)

The outstanding accrual for Directors and consultant fees is set out in the table below.

Directors and consultant fees accrual

	Opening balance 01.07.2020	Accrual/(paid) current year	Converted to shares	Closing balance 30.06.2021
Directors				
Mr T. Cuthbertson	6,000	36,000	-	42,000
Mr C. Iles	7,350	36,650	-	44,000
Mr G. Hiller	6,000	45,000	-	51,000
	19,350	117,650	-	137,000

Austpac Resources N.L. engaged Mr T. Cuthbertson, Mr C. Iles and Mr G. Hiller for the provision of consultancy services on a need's basis. The terms and conditions of the services are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The details of the transactions are as follows:

		2021 \$	2020 \$
Mr T. Cuthbertson	Consultancy Fees	36,000	17,500
Mr C. Iles	Consultancy Fees	84,000	39,675
Mr G. Hiller	Consultancy Fees	49,200	21,550

Equity Instruments

Movement in shares

The movement during the reporting period in the number of ordinary shares of Austpac Resources N.L. held, directly, indirectly or beneficially, by each key management personnel, including their personally-related entities is as follows:

	2021				2020			
	Held at 1 July 2020	Purchases	Sold	Held at 30 June 2021	Held at 1 July 2019	Purchases	Sold	Held at 30 June 2020
Ordinary Shares								
Mr T. Cuthbertson	17,666,667	-	-	17,666,667	17,666,667	-	-	17,666,667
Mr M. Turbott (i)	6,554,859	-	(6,554,859)	-	8,338,192	-	(1,783,333)	6,554,859
Mr N. Gaston (ii)	2,437,687	-	-	2,437,687	10,437,687	-	(8,000,000)	2,437,687
Employees Partly Paid Shares	Held at 1 July 2020	Subscribed	Forfeited	Held at 30 June 2021	Held at 1 July 2019	Subscribed	Forfeited	Held at 30 June 2020
Mr T. Cuthbertson	1,500,000	-	-	1,500,000	2,500,000	-	(1,000,000)	1,500,000
Mr M. Turbott (i)	2,812,926	-	-	2,812,926	4,812,926	-	(2,000,000)	2,812,926
Mr N. Gaston (ii)	2,000,000	-	-	2,000,000	2,800,000	-	(800,000)	2,000,000

(i) Mr Turbott terminated 13 August 2020.

(ii) Mr Gaston resigned 3 July 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 18 Key Management Personnel Disclosures (Continued)

The above equity holdings include directors' entitlements arising under the consolidated entity Employee Share Purchase Plan and participation in the Shareholder Share Purchase Plan announced in September 2016. No shares were granted as compensation in 2021.

Options and rights over equity instruments

No options were granted since the beginning of the financial year.

Apart from the details disclosed in this note, no other Director has entered into a material contract with the company or the consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

Loan to Company

Kore Management Services Pty Limited ("the Lender"), of which the Company Chairman Terry Cuthbertson has an interest, provided the Company with a loan facility of \$200,000. The loan is an unsecured loan with 10% interest per annum. \$100,000 has been drawn on 28 June 2021. This loan with interest, is to be repaid within three business days:

- After 12 months from the date of drawdown, that is, 28 June 2022 on the \$100,000 drawn on 28 June 2021.
- If there is a change in management and directors and the Lender does not agree with those changes.

The \$100,000 loan is included in Current Liabilities.

Wholly owned group

Details of interests in wholly owned controlled entities are set out in Note 9.

Note 19 EVENTS SUBSEQUENT TO REPORTING DATE

The Directors are not aware of any other material subsequent events which affect the financial position of the company after 30 June 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 20 Reconciliation of Cash Flows from Operating Activities

Reconciliation of operating profit after income tax to net cash flows from operating activities.	2021	2020
	\$	\$
(Loss) for the year	(436,450)	(231,493)
Adjustments for:		
Depreciation	26,542	26,542
Impairment Expense	153,490	596,813
Non-recovery of receivable of ex-employee	-	81,988
Share capital receivables	(295,000)	-
Non-cash/operating items	(122,619)	(183,236)
Operating (loss) before changes in working capital and provisions	(674,037)	290,614
Decrease in receivables	251,146	306,634
Increase/(decrease) in payables / provisions	123,881	(292,219)
Net cash (used in)/generated from operating activities	(299,010)	305,029

Note 21 Fair Value of Financial Assets and Liabilities

Fair values versus carrying amounts

The Consolidated Entity's accounting policies and disclosures may require the measurement of fair values for both financial and non- financial assets and liabilities. The Consolidated Entity has an established framework for fair value measurement. When measuring the fair value of an asset or a liability, the Consolidated Entity uses market observable data where available.

Fair values are categorised into different levels in a fair value hierarchy based on the following valuation techniques:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability can be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Consolidated Entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Financial assets and liabilities are stated at cost. The fair values together with the carrying amounts shown in the consolidated statement of financial position are as follows:

	Carrying amount	Fair value	Fair value hierarchy level	Carrying amount	Fair value	Fair value hierarchy level
	2021	2021		2020	2020	
Consolidated	\$	\$		\$	\$	
Trade and other receivables	35,197	35,197	1	308,146	308,146	1
Cash and cash equivalents	144,306	144,306	1	166,696	166,696	1
Interest bearing liabilities	151,191	151,191	2	343,481	343,481	2
Trade and other payables	512,825	512,825	2	307,231	307,231	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 21 Fair Value of Financial Assets and Liabilities (Continued)

Estimation of fair values

The following summarises the major methods and assumptions used in estimating fair values of financial instruments:

1. **Receivables/payables**
For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value, if the effect of discounting is material.
2. **Leases**
The fair value is estimated at the present value of future cash outflows. Future cash flows are discounted using appropriate market rates.

Note 22 Financial Risk Management

Overview

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

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

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

Credit Risk

Credit risk is the risk of financial loss to the consolidated entity and to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the consolidated entity's receivables from customers.

Presently, the consolidated entity undertakes technology development and exploration and evaluation activities exclusively in Australia. At the balance date there were no significant concentrations of credit risk.

Cash and cash equivalents

The consolidated entity's limits its exposure to credit risk by only investing in cash deposits with major banks.

Trade and other receivables

The consolidated entity and the company are exposed to credit risk in relation to receivables recorded on the consolidated statement of financial position.

The company and consolidated entity have established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables and investments. The directors do not expect any counterparty to fail to meet its obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 22 Financial Risk Management (Continued)

Exposure to credit risk

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

	2021	2020
	\$	\$
Financial assets		
Cash and cash equivalents	144,306	166,696
Trade and other receivables	35,197	308,146
<i>Guarantees</i>		

The consolidated entity's policy is not to provide financial guarantees.

Liquidity risk

Liquidity risk is the risk that the consolidated entity and the company will not be able to meet its financial obligations as they fall due. The consolidated entity'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 consolidated entity's reputation.

The consolidated entity and the company manage liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The consolidated entity does not have any external borrowings.

The company anticipates a need to raise additional capital in the next 12 months to meet forecast operational, construction and exploration activities. The decision on how the company will raise future capital will depend on market conditions existing at that time.

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

Consolidated	Less than 6 Months	6-12 Months	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total contractual cash flows	Carrying amount liabilities
	\$	\$	\$	\$	\$	\$	\$
2021							
Lease liabilities	27,220	-	-	-	-	27,220	27,220
Trade and other payables	512,825	-	-	-	-	512,825	512,825
2020							
Lease liabilities	112,410	84,891	46,180	-	-	243,481	243,481
Trade and other payables	307,231	-	-	-	-	307,231	307,231

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 consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The consolidated entity is not exposed to currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currencies of consolidated entity, which is the Australian dollar (AUD).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 22 Financial Risk Management (Continued)

The consolidated entity has not entered into any derivative financial instruments.

Exposure to currency risk

The consolidated entity and the company are not exposed to currency risk and at balance date the consolidated entity and the company holds no financial assets or liabilities which are exposed to foreign currency risk.

Interest rate risk

The consolidated entity is exposed to interest rate risk on cash investments, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The consolidated entity does not use derivatives to mitigate these exposures.

The consolidated entity adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short term deposits bearing interest income at commercial rates.

Profile

At the reporting date the interest rate profile of the consolidated entity's and the company's interest-bearing financial instruments

	2021	2020
	\$	\$
Fixed rate instruments		
Financial assets (surplus cash invested)	144,306	166,696
Financial liabilities (plant and equipment leases)	-	29,670

Fair value sensitivity analysis for fixed rate instruments

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

Commodity Price Risk

The consolidated entity operates primarily in mineral sands and steel industry waste recycling technology development and in exploration and evaluation and accordingly the consolidated entity's financial assets and liabilities are subject to minimal commodity price risk.

Capital Management

The consolidated entity's objectives when managing capital are to safeguard the consolidated entity's ability to continue as a going concern, in order to maintain a strong capital base sufficient to maintain future technology development and exploration of projects. In order to maintain or adjust the capital structure, the consolidated entity may issue new shares or sell assets to reduce debt. The consolidated entity's focus has been to raise sufficient funds through equity to fund technology development and exploration and evaluation activities. The consolidated entity monitors capital on the basis of the gearing ratio, however there are no external borrowings at 30 June 2021.

The consolidated entity provides employees with opportunities to participate in the Austpac Resources N.L. Staff Share Purchase Plan.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Note 23 Contingent Liabilities

An ex-employee has served the Company a letter of demand for redundancy and other payments. The Company disputes the claims, and the Directors are of the view that there are no reasonable grounds for the ex-employee for such a claim. (2020: Nil)

Included in Receivables, an amount of \$535,827 is owed by the ex-employee. Included in Current Liabilities is a provision of \$453,839 for the ex-employee's holiday pay and long service leave. The company is of the view that it is unlikely that \$535,827 owed by the ex-employee is capable of being recovered from the ex-employee. Accordingly, the Company has made provisions for the netting of amounts owed and the non-recovery of the net difference payable to the Company \$81,988.

There are no other material contingent liabilities for the year ended 30 June 2021.

Note 24 Parent Entity Disclosures

As at, and throughout, the financial year ended 30 June 2021 the parent entity of the Group was Austpac Resources N.L.

	2021	2020
	\$	\$
Result of parent entity		
Loss for the year	(436,450)	(231,493)
Other comprehensive income	-	-
Total comprehensive loss for the period	<u>(436,450)</u>	<u>(231,493)</u>
Financial position of parent entity at year end		
Current assets	201,306	474,842
Non-current assets	2,049,082	2,278,763
Total assets	<u>2,250,388</u>	<u>2,753,605</u>
Current liabilities	808,722	829,309
Non-current liabilities	-	46,180
Total liabilities	<u>808,722</u>	<u>875,489</u>
Net Assets	<u>1,441,666</u>	<u>1,878,116</u>
Equity		
Share capital	89,660,490	89,660,490
Accumulated losses	(88,218,824)	(87,782,374)
Total equity	<u>1,441,666</u>	<u>1,878,116</u>

Subsequent Events

The Directors are not aware of any other material subsequent events which affect the financial position of the company after 30 June 2021.