

Appendix 4D

Half year report

Name of entity

Delecta Limited

ABN or equivalent company
reference

92 009 147 924

Half-year ended ('current period')

31 December 2020

Results for announcement to the market

\$'000

Revenue from continuing operations	Up	3%	to	9,080
Loss from continuing operations after tax attributable to members	Up	50%	to	(611)
Net loss after tax for the period attributable to members	Up	50%	to	(611)
Dividends (distributions)	Amount per security		Franked amount per security	
Final dividend	None		- ¢	
Interim dividend	None		- ¢	
Previous corresponding period	None		- ¢	
Record date for determining entitlements to the dividend	N/A			

A brief explanation of the figures reported above necessary to enable the figures to be understood is contained under the heading "Review and Results of Operations" in the Directors' Report included in the attached Half Year Financial Report.

The above results should be read in conjunction with the notes and commentary contained in the attached Half Year Financial Report and the most recent Annual Financial Report.

	31 December 2020	31 December 2019
Net tangible assets per security	0.73 cents	1.1 cents

Delecta Limited
ABN 92 009 147 924

HALF-YEAR FINANCIAL REPORT

For the half-year ended 31 December 2020

Directors' Report

Your directors submit their report for the half-year ended 31 December 2020.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Bryan Hughes	(Chairman)
Malcolm Day	(Managing Director)
Hans-Rudolf Moser	
David Wheeler	

Review and Results of Operations

Group revenue from continuing operations for the half-year increased by 3% to \$9,080,000. The Group recording a net loss attributable to members of \$611,000 from operations after a \$1,104,000 write down of its exploration assets, up from a loss of \$406,000 in the corresponding prior period.

Wholesale

Sales in the period continued to increase thanks to the acquisition of new premium suppliers.

A focus on providing premium products and a premium service to suppliers and customers along with the improvement in the Australian / US Dollar exchange rate and cost savings were responsible for the increase in the profitability of the segment.

Exploration and Evaluation

The Group's investments in the Highline Cobalt – Copper project in Nevada, USA, and Sunrise Mineral's Rex Vanadium-Uranium project in Colorado, were written down during the period as, due to the prevailing low commodity prices, no substantive expenditure or exploration and evaluation of mineral resources in these areas is currently planned.

The Group is watching the relevant commodity prices closely with a view to reassessing these projects development requirements should the commodity value warrant it.

Head Office / Corporate

Head office / corporate expenditure for the half year period decreased from \$662,000 to \$608,000.

Impact of COVID-19

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly financially impacted the Group up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after reporting date. The situation continues to evolve and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

During the COVID-19 pandemic the Group has changed operational aspects of its wholesale business such as moving to remote working, where possible to ensure the safety of employees. During the period the Group received Government subsidies relating to PAYG concessions of \$50,000.

Auditor Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the directors of Delecta Limited with an independence declaration in relation to the review of the half-year financial report. This independence declaration is attached at page 3 of this report.

Rounding

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Malcolm Day', written in a cursive style.

Malcolm Day
Managing Director
Perth, 26 February 2021

Auditor's independence declaration to the directors of Delecta Limited

As lead auditor for the review of the half-year financial report of Delecta Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Delecta Limited and the entities it controlled during the financial period.



Ernst & Young



Russell Curtin
Partner
26 February 2021

Condensed Statement of Comprehensive Income
For the Half-Year ended 31 December 2020

	Notes	Consolidated	
		31 December 2020 \$'000	31 December 2019 \$'000
Continuing Operations			
Revenue	3	9,080	8,829
Cost of sales		(6,304)	(6,665)
Gross Profit		2,776	2,164
Other income	3	134	150
Other expenses		(2,415)	(2,720)
Impairment of Exploration assets	10	(1,188)	
Loss from continuing operations before income tax		(693)	(406)
Income tax expense		(9)	-
Net loss for the period		(702)	(406)
Attributable to:			
Equity holders of the parent		(611)	(406)
Non-controlling interests		(91)	-
		(702)	(406)
Other comprehensive losses			
Items that may be reclassified subsequently to profit and loss			
- Foreign currency translation		(1)	(1)
- Fair value loss on assets at fair value through other comprehensive income		(44)	(22)
Other comprehensive losses		(45)	(23)
Attributable to:			
Equity holders of the parent		(45)	-
Non-controlling interests		-	-
		(45)	-
Total comprehensive loss for the period		(747)	(429)
Attributable to:			
Equity holders of the parent		(656)	(429)
Non-controlling interests		(91)	-
		(747)	(429)

Earnings per share		
From operations		
Basic loss per share	(0.07) cents	(0.06) cents
Diluted loss per share	(0.07) cents	(0.06) cents

The Condensed Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position
As at 31 December 2020

	Notes	Consolidated	
		31 December 2020 \$'000	30 June 2020 \$'000
Current assets			
Cash and cash equivalents		1,836	1,722
Trade and other receivables		2,237	2,329
Inventories		2,953	2,100
Financial assets at fair value through OCI	4	495	539
Prepayments and deposits		934	938
Total current assets		8,455	7,628
Non-current assets			
Property, plant and equipment		248	184
Right of use asset		727	798
Exploration and evaluation		2	908
Deferred tax asset		16	15
Total non-current assets	5	993	1,905
Total assets		9,448	9,533
Current liabilities			
Trade and other payables		982	990
Share placement funds received in advance		-	440
Current tax liabilities		17	6
Lease liabilities		156	121
Provisions		223	182
Total current liabilities		1,378	1,739
Non-current liabilities			
Lease liabilities		625	704
Provisions		114	116
Total non-current liabilities		739	820
Total liabilities		2,117	2,559
Net assets		7,331	6,974
Equity			
Contributed equity	7	71,229	70,497
Reserves	8	370	143
Accumulated losses		(64,277)	(63,666)
Equity attributable to equity holders of the parent		7,322	6,974
Non-controlling interests		9	-
Total equity		7,331	6,974

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Cash Flow Statement
For the Half-Year ended 31 December 2020

	Consolidated	
	31 December 2020 \$'000	31 December 2019 \$'000
Cash flows from operating activities		
Receipts from customers	10,376	9,232
Payments to suppliers	(9,189)	(7,856)
Payments to employees	(1,195)	(1,299)
Interest received	1	2
Borrowing costs	(16)	-
Net cash flows used in operating activities	(23)	(79)
Cash flows from investing activities		
Payment for purchases of property, plant and equipment	(104)	(25)
Security deposits refunded	31	-
Exploration & Evaluation expenditure	(112)	-
Net cash flows used in investing activities	(185)	(25)
Cash flows from financing activities		
Share placement funds received	367	-
Principal repayment of lease liability	(44)	(90)
Net Cash flows from financing activities	323	(90)
Net increase in cash held	115	(36)
Cash and cash equivalents at beginning of period	1,722	637
Exchange rate adjustment	(1)	-
Cash and cash equivalents at end of period	1,836	601

The Cash Flow Statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the Half-Year ended 31 December 2020

Consolidated	Issued Capital \$'000	Accumulated losses \$'000	Other Reserves \$'000	Non- controlling interest	Total equity \$'000
At 30 June 2019	70,118	(63,368)	541	-	7,291
Loss for the period	-	(406)	-	-	(406)
Other comprehensive income/(loss)	-	-	(23)	-	(23)
Total comprehensive income/(loss) for the half -year	-	(406)	(23)	-	(429)
At 31 December 2019	70,118	(63,774)	518	-	6,862

At 30 June 2020	70,497	(63,666)	143	-	6,974
Profit/(loss) for the period	-	(611)	-	(91)	(702)
Other comprehensive income	-	-	(45)	-	(45)
Total comprehensive income/(loss) for the half -year	-	(611)	(45)	(91)	(747)
Issue of share capital	732	-	-	-	732
Issue of share options	-	-	272	-	272
Equity attributable to non-controlling interest	-	-	-	100	100
At 31 December 2020	71,229	(64,277)	370	9	7,331

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Half- Year Financial Statements

31 December 2020

1 CORPORATE INFORMATION

The financial report of Delecta Limited for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the directors on 26 February 2021. Delecta Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange and German Stock Exchange.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of Preparation

This general purpose condensed financial report for the half-year ended 31 December 2020 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2020 and considered together with any public announcements made by Delecta Limited during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations of the ASX listing rules.

Except as disclosed below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Except as noted elsewhere in this financial report, the carrying amount of financial assets and financial liabilities are considered to materially approximate their fair values.

(b) New Accounting Standards and Interpretations

Since 1 July 2020, the Group has adopted all the Standards and Interpretations mandatory for annual reporting periods beginning on or after 1 July 2020. These include:

- *Conceptual Framework for Financial Reporting*;
- *AASB 2019-1 Amendments to Australian Accounting Standards — References to the Conceptual Framework*;
- *AASB 2018-6 Amendments to Australian Accounting Standards — Definition of a Business*;
- *AASB 2019-3 Amendments to Australian Accounting Standards — Interest Rate Benchmark Reform*; and
- *AASB 2018-7 Amendments to Australian Accounting Standards — Definition of Material*

Adoption of these Standards and Interpretations were considered and incorporated into the Group's policies but they did not have a material effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new standards or interpretations that are not mandatorily effective.

Notes to the Half- Year Financial Statements (continued)

31 December 2020

3 REVENUE AND EXPENSES FROM CONTINUING OPERATIONS

	Consolidated	
	for the half-year ended 31 December 2020 \$'000	for the half-year ended 31 December 2019 \$'000
Revenue		
Sales and services revenue	9,079	8,827
Finance income	1	2
	9,080	8,829
Other Income		
Foreign exchange gain	-	5
Sundry income	134	145
	134	150

Cost of Sales and Other expenses are stated after charging the following items:		
Depreciation of fixed assets	33	37
Amortisation of leasehold improvements	6	4
Amortisation of right of use asset	82	67
Foreign exchange loss	74	-
Interest paid on right of use assets	15	15
Costs associated with terminated American Vanadium Pty Ltd agreement, ASX re-compliance and withdrawn prospectus	-	330

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI

	As at 31 December 2020 \$'000	As at 30 June 2020 \$'000
Listed		
11,000,000 Ordinary shares in European Lithium Limited		
Opening fair value	539	946
Fair value loss for the period	(44)	(407)
	495	539

At 31 December 2020 the group's investment in European Lithium Limited was re-valued to market value with the movement being recorded in other comprehensive income.

This is a level 1 measurement basis on the fair value hierarchy.

Notes to the Half- Year Financial Statements (continued)

31 December 2020

5 OPERATING SEGMENTS

Identification of Reportable Segments

The Group has identified its operating segments based on its internal reports and used by the executive team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the manner in which the product is sold, whether retail or wholesale, and the nature of the services provided. Discrete financial information about each of these operating businesses is reported to the executive management team on a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the manner in which the products or services are sold or provided as these are the sources of the Group's major risks and have the most effect on the rates of return.

Types of Products and Services

Wholesale

The wholesale segment divisions are those divisions that sell adult products directly to wholesale customers in Australia and New Zealand.

Exploration and evaluation

The exploration and evaluation segment pursue mining exploration activities in areas where the Group holds the right to tenure.

Accounting Policies and Inter-segment Transactions

The accounting policies used by the Group in reporting segments are the same as those contained in note 2 to the financial statements and in prior periods except as detailed below:

Corporate Charges

Non-segmental expenses, such as head office expenses and expenses that are not directly attributable to a segment and not considered part of the core operations of any segment, are not allocated to operating segments by way of corporate charges and include:

- Head office employee expenses and directors fees
- Head office employee travel and accommodation expenses
- Company secretarial and listing expenses
- Group legal fees

The following table presents the revenue and profit information relating to continuing business segments for the half-year periods ended 31 December 2020 and 31 December 2019:

Notes to the Half- Year Financial Statements (continued)
31 December 2020

5 OPERATING SEGMENTS (CONTINUED)

	Continuing Wholesale \$'000	Exploration & Evaluation \$'000	Total \$'000
31 December 2020			
Segment Revenue			
Sales to and other revenue from external customers	9,079	-	9,079
Unallocated interest income			1
Total revenue per the statement of comprehensive income			9,080
Segment Result			
Segment Results	1,218	(1,225)	(7)
Unallocated items			
- Corporate expenses			(608)
- Foreign exchange loss			(88)
- Interest income			1
- Non-controlling interests			91
Net loss per the statement of comprehensive income			(611)
	Continuing Wholesale \$'000	Exploration & Evaluation \$'000	Total \$'000
31 December 2019			
Segment Revenue			
Sales to and other revenue from external customers	8,827	-	8,827
Unallocated interest income			2
Total revenue per the statement of comprehensive income			8,829
Segment Result			
Segment Results	278	(121)	128
Unallocated items			
- Corporate expenses			(662)
- Foreign exchange gain			5
- Interest income			2
Net income/(loss) per the statement of comprehensive income			(534)

Notes to the Half- Year Financial Statements (continued)

31 December 2020

5 OPERATING SEGMENTS (CONTINUED)

	Wholesale	Exploration & evaluation	Total
31 December 2020	\$'000	\$'000	\$'000
Assets and Liabilities			
Segment Assets	7,001	2	7,003
Unallocated assets			
- Available for sale assets			495
- Cash and cash equivalents			1,836
- Other			114
Total assets			9,448
Segment liabilities	2,078	-	2,078
Unallocated liabilities			38
Total liabilities			2,116
30 June 2020	Wholesale	Exploration & evaluation	Total
	\$'000	\$'000	\$'000
Assets and Liabilities			
Segment Assets	6,233	909	7,141
Unallocated assets			
- Financial assets at fair value through OCI			539
- Cash and cash equivalents			1,722
- Other			142
Total assets			9,544
Segment liabilities	2,064	-	2,064
Unallocated liabilities			507
Total liabilities			2,571

Geographical areas

The Group's geographical areas are determined based on the location of the Group's assets.

The following tables present revenue, expenditure and certain asset information regarding geographical areas for the respective periods:

	Continuing	New	United	Total
31 December 2020	Australia	Zealand	States of America	
	\$'000	\$'000	\$'000	\$'000
Revenue				
Sales to external customers	8,473	606	-	9,079
Finance income	1	-	-	1
Total segment revenue	8,474	606	-	9,080

5 OPERATING SEGMENTS (CONTINUED)

6 DIVIDENDS PAID AND PROPOSED

7 ISSUED CAPITAL

	Number of shares	\$'000
Movements in ordinary shares on issue		
At 1 July 2020	795,996,205	70,497
Issued during the half-year	212,625,000	732
At 31 December 2020	1,008,621,205	71,297

Notes to the Half- Year Financial Statements (continued)

31 December 2020

8 RESERVES

	At 31 December 2020 \$'000	At 30 June 2020 \$'000
Option premium reserve	387	115
Foreign currency translation	(238)	(237)
Share based payments	210	210
Financial Assets at Fair-Value through Other Comprehensive Income	11	55
	370	143

9 CONTINGENT ASSETS AND LIABILITIES

There has been no material change in any contingent liabilities or contingent assets since the last annual reporting date, 30 June 2020.

10 EXPLORATION AND EVALUATION ASSETS

	At 31 December 2020 \$'000	At 30 June 2020 \$'000
Carrying amount at beginning of period	908	917
Additions	282	-
Impairment	(1,188)	(9)
	2	908

The recoverability of the carrying amount of the exploration and evaluation asset is dependent on the successful development and commercial exploitation, or alternatively the sale of the respective area of interest. The balance of exploration and evaluation assets written off in the current period relates to the Highline Cobalt-Copper project and the Rex Vanadium-Uranium project. As a result of prevailing commodity prices, it is currently not practicable for Delecta to commit to ongoing exploration activities at these projects. Delecta intends to re-commence exploration at the projects should commodity prices recover.

11 SUBSEQUENT EVENTS

On 20 January 2020, the Company announced that it had executed a mining lease and option to purchase agreement to acquire the Speedway Gold Project in Utah, USA.

No other matter or circumstance has arisen since the end of the half-year that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in subsequent financial years.

Directors' Declaration

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

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2020 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Malcolm Day
Managing Director

Perth, 26 February 2021

Report on the half-year financial report to the members of Delecta Limited

Conclusion

We have reviewed the accompanying half-year financial report of Delecta Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Russell Curtin
Partner
Perth
26 February 2021