




AUSTRALIAN MINES
LIMITED

2022
ANNUAL
REPORT





AUSTRALIAN MINES LIMITED
ABN 68 073 914 191

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2022

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DIRECTORS

Michael Ramsden Chairman

Benjamin Bell Managing Director
(Resigned 11 May 2022)

Lee (Les) Guthrie Executive Director
Interim CEO (11 May 2022 to 5 September 2022)

Michael Elias Non-Executive Director

Dominic Marinelli Non-Executive Director

CHIEF EXECUTIVE OFFICER

Michael Holmes (Appointed 5 September 2022)

COMPANY SECRETARY

Oliver Carton

REGISTERED OFFICE

Level 34, 1 Eagle Street

Brisbane, Queensland, 4000

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STOCK EXCHANGE

Australian Securities Exchange Limited

20 Bridge Street

Sydney, New South Wales, 2000

ASX Code: AUZ

AUDITORS

BDO Audit (WA) Pty Ltd

Level 9, Mia Yellagonga Tower 2

5 Spring Street

Perth, Western Australia, 6000

Telephone: +61 8 6382 4600

SHARE REGISTRY

Automic Pty Ltd

Level 5, 126 Phillip Street

Sydney, NSW 2000, Australia

Telephone: +61 2 9698 5414

SOLICITORS

Allion Partners Pty Ltd

Level 9, 863 Hay Street

Perth, Western Australia, 6000

Telephone: +61 8 9216 7100

BANKERS

National Australia Bank Limited

100 St Georges Terrace

Perth, Western Australia, 6000

Telephone: 13 22 65

Chairman's Letter



Dear Shareholder,

Australian Mines is seeking to become a cost-competitive, ethical supplier of nickel, cobalt and scandium products. The core of our strategy is developing the world class, 30-year mine life, Sconi Project in North Queensland.

The long-term demand outlook for ethically sourced nickel and cobalt products continues to increase for use in batteries as the electric vehicle and clean energy markets rapidly expand. Scandium, which also has clean energy credentials is used in alloys, ceramics, and fuel cells, and is on the US Geological Survey critical minerals list.

Over the last financial year, the company has focused considerable effort on activities related to securing project finance for the Sconi Project. The Company entered into an offtake agreement with LG Energy Solution for 100% of the projected production of nickel and cobalt from the Sconi Project over its first 6-years. LG

Energy Solution is one of the world's largest producers of advanced batteries for the electric vehicle industry.

The financial year was not without its challenges with ASIC commencing proceedings against the Company and its managing director. Subsequent to year end the Company and ASIC agreed, subject to approval by the Federal Court, to settle the proceedings by the Company making certain admissions of contraventions of its continuous disclosure obligations and paying a penalty. The disruption has weighed heavily on the share price.

The long-serving managing director of the company stepped down during the financial year. Replacing him, subsequent to the year end, the Board was very pleased to appoint Michael Holmes as Chief Executive Officer. Mr Holmes is a highly accomplished mining engineer with more than 30 years' experience. The Board welcome his strategic insights and influence in the development of the Sconi Project.

During the 2022 financial year we successfully raised \$10.9 million (before costs) through share placements and an entitlement offer.

I thank you for your continuing support as an Australian Mines' shareholder.

Yours sincerely,

Michael Ramsden

Chairman



Directors' Report

The Directors present their report together with the financial statements of the Consolidated Group comprising Australian Mines Limited (“the Company” or “Australian Mines”) and its controlled entities for the year ended 30 June 2022, and the auditor’s report thereon.

1. DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Michael Ramsden – Independent Non-Executive Chairman appointed 9 March 2011

BEC, LLB, FFIN

Michael Ramsden is a lawyer with more than 30 years’ experience as a corporate advisor. He has been involved with all forms of finance, including money markets, futures trading, lease finance, trade finance and foreign exchange.

Mr Ramsden is the Managing Director of Terrain Capital Limited in Australia, and has previously worked for international companies including CIBC Australia, JP Morgan and Scandinavian Pacific Investments Limited. He is also Vice Chairman of the Victoria Racing Club Ltd, Chairman of Cremorne Capital Ltd, Chairman of African Mahogany Australia Pty Ltd, and formerly Chairman of Terrain Australia Ltd and Director of D&D Tolhurst Ltd.

Mr Ramsden is the Chairman of the Company’s Remuneration Committee and a member of the Audit and Risk Committee.

Lee (Les) Gordon Guthrie – Interim CEO (from 11 May 2022 to 5 September 2022) and Executive Director appointed 20 November 2019

BSc, MAICD

Lee Guthrie is a corporate executive with over 40 years’ experience in the development and delivery of projects across the mining, infrastructure and energy sectors in Australia, North America, Asia and the UK.

Mr Guthrie is the Principal & Managing Director of Bedford Road Associates, an independent consultancy providing professional advice and support for the development and delivery of major capital expenditure programs, a non-executive director of DRA Global and Neometals, and was a founding contributor to the John Grill Centre for Project Leadership at the University of Sydney. He has held senior executive roles with BHP, BG Group, AKER Kvaerner and Brown and Root.

Mr Guthrie held the role of Interim CEO from 11 May 2022 to 5 September 2022. Mr Guthrie was a member of the Audit and Risk Committee during the year, but resigned from the committee upon assuming the role of Interim CEO.

1. DIRECTORS (cont.)

Michael Elias – Independent Non-Executive Director appointed 1 July 2005

BSc(Hons), FAusIMM, CPGeo

Michael Elias has more than 40 years' extensive, international experience in all aspects of nickel resource development in both laterites and sulphides, from project generation and evaluation, exploration planning and management, development studies, open cut and underground mine geology, resource/reserve estimation, and resource economics. He has been a Principal Consultant with mining consultancy CSA Global Pty Ltd since 2001.

Mr Elias previously held the positions of Chief Geologist – WA Nickel Operations and Chief Geologist – Nickel Resource Development at WMC Resources Ltd and was a director of Silver Swan Group Ltd until his resignation on 19 November 2012. Mr Elias holds a Bachelor of Science (Honours) in Geology from the University of Melbourne and is a Fellow of the Australasian Institute of Mining and Metallurgy.

Mr Elias became a member of the Audit and Risk Committee on 11 May 2022.

Dominic Marinelli – Independent Non-Executive Director appointed 9 March 2011

MBA, BEng, PGD Sc

Dominic Marinelli has over 20 years' corporate fundraising and mergers and acquisitions experience covering a wide range of industries including resources and other emerging technologies.

Mr Marinelli is a Director of Terrain Capital Limited in Australia. He holds an MBA from the Melbourne Business School, a degree in Electrical and Computer Systems Engineering from Monash University and a diploma in Nanotechnology from Leeds University.

Mr Marinelli is the Chairman of the Audit and Risk Committee and a member of the Company's Remuneration Committee.

Benjamin Bell – Managing Director appointed 23 January 2012, resigned from the board 11 May 2022

BSc, MMET, MBA

Australian Mines issued Benjamin Bell a termination of employment letter on 21 July 2022. Benjamin Bell is an experienced company executive, with a career in the Australian exploration and mining sector spanning more than two decades. He is a qualified geologist and geophysicist, with significant management and on-the-ground experience working for listed companies, government agencies and as a respected industry consultant.

2. COMPANY SECRETARY

The Company Secretary of the Company during or since the end of the financial year is:

Oliver Carton appointed 1 January 2018

Oliver Carton is a qualified lawyer with over 30 years' experience in a variety of corporate roles. He is currently a director or company secretary of a number of listed, unlisted and not for profit entities such as the Melbourne Symphony Orchestra and Australian Mines Limited. He currently runs his own consulting business and was previously a Director of the Chartered Accounting firm KPMG. Prior to that, he was a senior legal officer with ASIC.

3. ANNUAL REPORTING CALENDAR

Reporting Requirement	Date
Audited Financial Statements Year ended 30 June 2022	30 September 2022
Deadline for nomination as Director	12 October 2022
Appendix 5B and Quarterly Activities Report - quarter ended 30 September 2022	31 October 2022
Annual Report	31 October 2022
Notice of AGM	25 October 2022
AGM	23 November 2022
Appendix 5B and Quarterly Activities Report - quarter ended 31 December 2022	31 January 2023
Half-Year Report	31 March 2023
Appendix 5B and Quarterly Activities Report - quarter ended 31 March 2023	28 April 2023
Appendix 5B and Quarterly Activities Report - quarter ended 30 June 2023	31 July 2023
Audited Financial Statements Year ended 30 June 2023	29 September 2023

4. DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year is as follows:

Director	Board Meetings		Remuneration Committee		Audit & Risk Committee	
	Held	Attended	Held	Attended	Held	Attended
Michael Ramsden	12	12	0	0	4	4
Benjamin Bell	9	9	0	0	0	0
Lee Guthrie	12	12	0	0	4	3
Michael Elias	12	12	0	0	0	0
Dominic Marinelli	12	12	0	0	4	4

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Board members and senior executives of the Company. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and level of performance and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Audit & Risk Committee is required to meet at least twice per year, review annual and half-year accounts, and report to the Board of Directors. The Audit & Risk Committee also oversees the Company's risk management systems and procedures.

5. PRINCIPAL ACTIVITIES

The consolidated entity's principal activity during the course of the financial year was the pre-development of its 100%-owned Sconi Project located in North Queensland, Australia.

6. OPERATING AND FINANCIAL REVIEW

Australian Mines remains positioned to be one of the world's most cost-competitive suppliers of nickel and cobalt to the electric vehicle industry, once in production.

The Company's strategy is to use its mining and ore processing experience to become an important supplier of ethically derived nickel and cobalt to meet the surging demand created by the global shift towards cleaner, more sustainable energy solutions.

At the core of Australian Mines' strategy is progressing its Sconi Project in North Queensland to commercial-scale production.

Binding Offtake Agreement signed with LG Energy Solution

In August 2021 the Company executed a binding Offtake Agreement with Korean-based LG Energy Solution. The Offtake Agreement is subject to a financing Condition Precedent. On 29 June 2022 the Company announced that Australian Mines and LG Energy Solution have agreed to amend the financing Condition Precedent in the Offtake Agreement. In accordance with the amendment, if Australian Mines has not secured financing for the construction of the Sconi Project by 31 December 2022 (or such later date as the parties may agree), Australian Mines or LG Energy Solution may terminate the Offtake Agreement by providing written notice to the other party.

Subject to the satisfaction of the financing Condition Precedent the initial term of the offtake agreement with LG Energy Solution is six years, during which time LG Energy Solution is projected to purchase 71,000 dry metric tonnes of nickel and 7,000 dry metric tonnes of cobalt in the form of a mixed hydroxide precipitate (MHP). These quantities represent 100% of the projected future production of the Sconi Project during the period covered by the agreement.

Financing

Australian Mines' priority during the previous year was securing finance for the construction of the Sconi Project. Close to the end of the financial year the Company made a strategic shift in the Sconi Project financing strategy by focusing on the attainment of a strategic equity sponsor to provide funding support for the project. Discussions are underway with several potential strategic equity sponsors. If the Company is successful in obtaining funding support, a range of potential debt options, including export credit agencies (ECAs), commercial banks, and mezzanine finance will be pursued, particularly as the Sconi Project is supported by world class scale, quality and ESG parameters. The Sconi Project is also supported by an increasing global demand profile for ethically sourced nickel and cobalt battery materials, through the rapid expansion of the electric vehicle and clean energy storage markets.

6. OPERATING AND FINANCIAL REVIEW (cont.)

P-CAM

Over the past year, Australian Mines also developed potential enhancements to the Sconi production circuit, targeting the possible future production of nickel-cobalt-manganese (NCM) precursor cathode active material (P-CAM). Whilst in-house production of P-CAM, including a NCM 90/05/05 P-CAM, remains part of our longer-term thinking, further development is likely to be deferred as the Company focusses its resources and efforts on financing, constructing, and operating the core Sconi Project in North Queensland.

Similarly, whilst the results returned from Australian Mines' exploration programs during past twelve to twenty-four months have proved encouraging and warrant follow-up work, the Company will undertake exploration activities during the coming year in line with the Company's on-going commitments, but will focus primarily on the successful financing, construction, and operation of the Sconi Project.

General Economic Conditions

The Consolidated Group made a loss for the year of \$5,788,309 (2021: loss \$4,493,350). There was no impairment of exploration assets during the year (2021: nil).

A comparison of the consolidated financial performance is included in the table below.

Financials	2022 \$	2021 \$
Revenue from operating activities	-	-
Net Loss	(5,788,309)	(4,493,350)
Cash and cash equivalents	3,993,982	3,640,861

The Company's financial results demonstrate a net loss due to the Company's position of mineral explorer, rather than producer. At this point in the Company's development, whilst it incurs expenditure through the ongoing exploration of tenements, no return has been generated as the Company is yet to move into production, thus providing income.

The Company's financial condition and results of operations have not been materially impacted by COVID-19.

7. DIVIDENDS

No dividends were paid or declared by the Company during the year (2021: nil).

8. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the financial year.

9. EVENTS SUBSEQUENT TO REPORTING DATE

On 10 August 2022 the Company and ASIC agreed, subject to approval by the Federal Court, to settle proceedings brought by ASIC, by the company making certain admissions of contraventions of its continuous disclosure obligations and paying a penalty of \$450,000 in addition to ASIC's costs of \$55,550. The proceedings in question relate to certain announcements made by the Company between 19 February 2018 and 27 June 2018 with respect to the Sconi Project and the Term Sheet for an Offtake Agreement entered into between the Company and SK Innovation Co Ltd. A provision has been included in the financial statements in relation to this amount, as the settlement and penalty are subject to approval by the Federal Court.

Australian Mines issued Benjamin Bell a termination of employment letter on 21 July 2022. As a result, all shares held by him under the Loan Share Plan are subject to forfeiture.

On 5 September 2022 the board announced the appointment of Mr Michael Holmes as the new CEO effective immediately. Following this announcement Mr Lee (Les) Guthrie resumed his previous role as a non-executive director. Mr Holmes was former President and Chief Executive Officer of Toronto Stock Exchange listed OceanaGold Corporation, a mining company with 2021 revenue of US\$745 million and EBITDA of US\$330 million. He is an accomplished mining engineer with more than 30 years' experience working in Australia, New Zealand, the Philippines and North and South America. He brings to the CEO role extensive operational experience in nickel, gold, copper, lead, and zinc mines.

There have been no other events subsequent to reporting date.

10. LIKELY DEVELOPMENTS

Australian Mines is devoting its resources exclusively to developing its wholly-owned Sconi Project. Accordingly, Australian Mines has no intention to acquire additional projects at this time unless they can clearly demonstrate that they represent a sound opportunity for shareholders and complement the Company's primary focus.

11. DIRECTORS' INTERESTS

As at the date of this report, the number of shares and options in the Company held by each Director of Australian Mines Limited and other key management personnel of the Consolidated Group, including their personally-related entities, are as follows:

Specified Directors and Key Management Personnel	Shares	Listed Options	Unlisted Options
M Ramsden	7,807,888	542,973	-
B Bell	4,020,000	-	-
M Elias	1,979,980	137,690	-
D Marinelli	4,783,100	296,462	-
T Maclean	995,000	-	-
L Guthrie	-	-	-

12. SHARE OPTIONS

Unissued shares under options

On 24 June 2022 6,182,231 listed options were issued to shareholders as part of a capital raising. The options expire on 30 May 2024 and allow for the purchase of shares prior to this date at a price of \$0.14 per share.

13. REMUNERATION REPORT – AUDITED

The directors present the Company's 2022 remuneration report outlining key aspects of our remuneration policy and framework, and remuneration awarded this year. The report includes the following:

- Key management personnel covered in this report
- Overview of remuneration policies
- Principles of compensation
- Directors and executive officers' remuneration
- Terms of equity settled share-based payment transactions
- Equity instruments held by key management personnel
- Remuneration consultants
- Voting and comments made at the company's 2022 Annual General Meeting
- Loans to key management personnel
- Other key management personnel transactions

13. REMUNERATION REPORT – AUDITED (cont.)

a) Key management covered in this report

Non-executive and Executive Directors and Officers (see pages 6 to 7 for director details)

Michael Ramsden (Chairman)	Michael Elias (Non-Executive Director)
Benjamin Bell (Former Managing Director)	Dominic Marinelli (Non-Executive Director)
Michael Holmes (CEO, Appointed 5 Sep 2022)	Tim Maclean (Chief Operating Officer)
Lee (Les) Guthrie (Interim CEO, Resigned 5 Sep 2022)	

b) Overview of remuneration policies

The board remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Executive Directors and Executives with a remuneration package that reflects the person's responsibilities, duties and personal performance. An employee Loan Share Plan scheme for key Executives is in place.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to Non-Executive Directors by other companies of similar size in the mining industry.

The Board has established a Remuneration and Nomination Committee (Remuneration Committee) responsible for making recommendations to the Board on remuneration arrangements for Directors and Executives of the Company.

Assessing performance and clawback of remuneration

The Remuneration Committee is responsible for assessing performance against Key Performance Indicators (KPI) and determining Short Term Incentives (STI) and Long-Term Incentives (LTI) to be paid.

In the event of serious misconduct or a material misstatement in the company's financial statements, the remuneration committee can cancel or defer performance-based remuneration and may also claw back performance-based remuneration paid in the previous financial years.

13. REMUNERATION REPORT – AUDITED (cont.)

c) Principles of compensation

Remuneration of directors and executives is referred to as compensation throughout this report.

Compensation levels for key management personnel, and for relevant key management personnel of the Consolidated Group, are competitively set to attract and retain appropriately qualified and experienced directors and executives.

Fixed Compensation

Fixed compensation consists of base compensation as well as employer contributions to superannuation funds. Compensation levels are reviewed annually by the Remuneration Committee through a process that considers individual and overall performance of the Consolidated Group.

Short term Incentive Bonus

The Company has no scheme to pay discretionary bonuses based on short term performance. However, a bonus of \$13,259 was paid to Mr Tim Maclean during the financial year (2021: \$12,603).

Long Term Incentive Bonus

On 24 November 2017, the Directors and key management personnel were invited to participate in a Loan Share Plan. Under the Plan, the Directors were granted Performance Shares issued at market value. A limited recourse loan was provided by the Group to allow the Directors to purchase the Performance Shares pursuant to the terms of the loan agreement.

The shares were purchased at a market rate of \$0.116 per share (adjusted to \$1.16 following the 1 for 10 consolidation that occurred on 10 January 2022). The plan shares are divided into multiple tranches and subject to service period vesting conditions.

As a result of the plan 69,550,000 shares were issued (adjusted to 6,955,000 shares following the 1 for 10 consolidation that occurred on 10 January 2022). The fair value of the shares was estimated at the date of grant using the Black-Scholes model. Refer to note 12 for further details. All of the 6,955,000 shares have vested and at the end of the reporting period 6,915,000 were in a holding lock to secure the loan granted to the holders to purchase them.

Further details around the structure of the Loan Share Plan can be found in the following table.

13. REMUNERATION REPORT – AUDITED (cont.)

c) Principles of compensation (cont.)

	Directors	Key Management Personnel
Grant Date	24 November 2017	24 November 2017
Number of Shares (pre the 1 for 10 consolidation that occurred on 10 January 2022)	59,600,000	9,950,000
Share Price at Grant Date (pre the 1 for 10 consolidation that occurred on 10 January 2022)	\$0.116 The issue price was calculated as 1.3 times the 5-day volume weighted average price of the Company's shares up to the issue date.	\$0.116 The issue price was calculated as 1.3 times the 5-day volume weighted average price of the Company's shares up to the issue date.
Vesting Conditions	The Performance Shares are divided into 2 tranches and subject to the following vesting conditions: (i) 1/2 for service to the Company as an Eligible Person until 1 June 2018 (ii) 1/2 for service to the Company as an Eligible Person until 1 June 2019	The Performance Shares are divided into 3 tranches and subject to the following vesting conditions: (iii) 1/3 for service to the Company as an Eligible Person until 1 June 2018 (iv) 1/3 for service to the Company as an Eligible Person until 1 June 2019 (v) 1/3 for service to the Company as an Eligible Person until 1 June 2020
Lapse of Performance Shares	Performance Shares will be forfeited in the following circumstances: • Employment, office or contractual relationship with the Company ceases; • Relevant vesting conditions are not satisfied by the relevant time; • The Director acts fraudulently or dishonestly or in breach of their obligations to the Group; or • They become insolvent. If the Performance Shares are forfeited and sold pursuant to the Plan Rules, the proceeds will first be applied against the respective loan and any surplus applied in accordance with the Plan Rules.	Performance Shares will be forfeited in the following circumstances: • Employment, office or contractual relationship with the Company ceases; • Relevant vesting conditions are not satisfied by the relevant time; • The Director acts fraudulently or dishonestly or in breach of their obligations to the Group; or • They become insolvent. If the Performance Shares are forfeited and sold pursuant to the Plan Rules, the proceeds will first be applied against the respective loan and any surplus applied in accordance with the Plan Rules.
Loan Arrangements	Under the Loan Agreement, the Group will lend the Directors the funds required to purchase the Performance Shares. No interest will be payable on the loan and it is a limited recourse loan.	Under the Loan Agreement, the Group will lend the Key Management Personnel the funds required to purchase the Performance Shares. No interest will be payable on the loan and it is a limited recourse loan.

13. REMUNERATION REPORT – AUDITED (cont.)

c) Principles of compensation (cont.)

Consequences of Performance on Shareholder Wealth

In considering the Consolidated Group's performance and benefits for shareholder wealth, the Remuneration Committee takes into account profitability and share price movements when setting the total amount of any bonuses. No performance bonuses were paid in the current financial year.

	2022	2021	2020	2019	2018
Loss for the Year	\$5,788,309	\$4,493,350	\$3,523,194	\$9,795,806	\$5,322,775
Change in Share Price	(73%)	182%	(62%)	(76%)	493%

Service Contracts - Executive Director

The Company entered into a service agreement contract with Executive Director, Mr Benjamin Bell, effective from 1 July 2012. Mr Bell's contract was renewed effective 1 July 2017 and his fixed remuneration package was \$325,000 per annum including superannuation. Effective 1 July 2018 the package increased to \$400,000. Mr Bell resigned as an Executive Director on 11 May 2022 with a package decreased to \$385,000, and on 21 July 2022 Australian Mines issued Mr Bell a termination of employment letter, which terminated his employment in accordance with the terms of his agreement.

The Company entered into a service agreement contract with Interim CEO, Mr Lee (Les) Guthrie on 11 May 2022. The remuneration payable to Mr Lee (Les) Guthrie was \$1,600 per day comprising base salary and superannuation. The agreement was terminated on 5 September 2022 upon the appointment of Mr Michael Holmes as CEO.

At any time, contracts of employment may be terminated by the Company forthwith if the Executive Director (amongst other items) breaches duties connected with the performance of services; enters bankruptcy; engages in misconduct; or is of ill health or unsound mind. Under such circumstances the Company will pay an amount equal to the aggregate of unpaid salary, annual leave and long service leave accrued to the date of termination.

The Company provides insurance for the Executive Director for any liability arising from statute or common law and public indemnity insurance in respect of shareholder or third-party actions.

The Remuneration Committee undertakes to review Directors' remuneration on an annual basis to take into account changes to the cost of living and changes in the scope of the Directors' roles and responsibilities. If warranted the Board may approve bonus payments up to a reasonable limit for exceptional performance to the Executive Director.



13. REMUNERATION REPORT – AUDITED (cont.)

c) Principles of compensation (cont.)

Service Contracts - Executive Officers

The Company entered into an executive employment agreement with Tim Maclean as Chief Operating Officer effective 17 July 2017. Mr Maclean has been employed on a salary of \$286,250 per annum inclusive of superannuation. The agreement includes an invitation to participate in the Loan Share Plan whereby the executive can apply for shares. The contract has no defined term however either party may terminate this agreement by providing three months written notice in accordance with the agreement.

At any time, contracts of employment may be terminated by the Company forthwith if the Executive Officer (amongst other items) breaches duties connected with the performance of services; engages in misconduct; or becomes incapacitated. Under such circumstances the Company will pay an amount equal to the aggregate of unpaid salary, annual leave and long service leave accrued to the date of termination.

The remuneration of executive officers will be reviewed annually by the Company in conjunction with a performance review. If warranted the Company may approve bonus payments however, they are under no obligation to pay a bonus each year.

Non-Executive Directors

Total remuneration for all Non-Executive Directors is not to exceed \$800,000 per annum, excluding options and other share-based incentives which are approved separately at a general meeting. Non-executive Directors' fees are set with reference to fees paid to other Non-Executive Directors of comparable companies and Mr M Elias and Mr D Marinelli and are presently paid \$70,000 (2021: \$70,000) per annum each. In addition to the payments made under the interim CEO service contract outlined above, Mr L Guthrie is paid \$70,000 per annum in relation to his role as a non-executive director (2021: \$70,000). The Non-Executive Chairman received a fee of \$105,000 (2021: \$105,000) per annum. There has been no movement in Non-Executive Director's fees for FY2022.

Directors' fees cover all main board activities and membership of committees. The directors have participated in the Employees Loan Share Plan and received an allotment of shares as detailed in note 12.

d) Directors' and executive officers' remuneration

Details of the nature and amount of each major element of the remuneration of each Director of the Consolidated Group and other key management personnel of the Consolidated Group are shown on the following table.

13. REMUNERATION REPORT – AUDITED (cont.)

Directors and Executive Officers	Year	SHORT TERM			Fringe Benefits (B)
		Non-Executive Directors' Fees	Executive Salaries	Bonus	
		\$	\$	\$	
Non-Executive Directors					
Mr M Ramsden	2022	95,455	-	-	-
	2021	95,890	-	-	-
Mr M Elias	2022	63,636	-	-	-
	2021	63,927	-	-	-
Mr D Marinelli	2022	63,636	-	-	-
	2021	63,927	-	-	-
Executive Directors					
Mr L Guthrie (A)	2022	63,636	18,909	-	-
	2021	63,927	-	-	-
Mr B Bell (B)(C)(D)	2022	-	374,329	18,822	5,526
	2021	-	378,306	-	6,599
Total Compensation Directors	2022	286,363	393,238	18,882	5,526
	2021	287,671	378,306	-	6,599
Executive Officers					
Mr T Maclean	2022	-	262,682	13,259	-
	2021	-	252,056	12,603	-
Total Compensation Executive Officers	2022	-	262,682	13,259	-
	2021	-	252,056	12,603	-

- (A) Les Guthrie was appointed as interim CEO on 11 May 2022 and as such has non-executive and executive components to his remuneration for the year.
- (B) Non-monetary fringe benefits of \$5,526 were provided as compensation to Benjamin Bell during the 2022 financial year (2021: \$6,599).
- (C) Other long-term benefits include movements in the annual and long service leave provisions. In addition to the regular movements for leave accruals, Benjamin Bell also received a pay out of his accrued entitlements during the 2021 financial year, being \$60,214 long service leave and \$51,750 annual leave.
- (D) Benjamin Bell resigned as an Executive Director on 11 May 2022.

POST EMPLOYMENT			SHARE-BASED PAYMENTS			
Super-annuation Contribution	Termination and Retirement Benefits	Other Long-Term Benefits (C)	Shares Issued	TOTAL	Proportion of remuneration performance based	Value of share-based payments as a proportion of remuneration
\$	\$	\$	\$	\$	%	%
9,545	-	-	-	105,000	0	0
9,110	-	-	-	105,000	0	0
6,364	-	-	-	70,000	0	0
6,073	-	-	-	70,000	0	0
6,364	-	-	-	70,000	0	0
6,073	-	-	-	70,000	0	0
8,255	-	1,455	-	92,255	0	0
6,073	-	-	-	70,000	0	0
23,568	-	14,325	-	436,570	4	0
21,694	-	141,585	-	548,184	0	0
54,096	-	15,780	-	773,825	2	0
49,023	-	141,585	-	863,184	0	0
23,568	-	24,375	-	323,884	4	0
21,694	-	19,232	-	305,585	4	0
23,568	-	24,375	-	323,884	4	0
21,694	-	19,232	-	305,585	4	0

13. REMUNERATION REPORT – AUDITED (cont.)

e) Equity instruments held by key management personnel

Movement in shares

The movement during the reporting period in the number of ordinary shares held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Name	Held at 1 July 2021	Purchases	Sales / Other Changes	Held at 30 June 2022
Directors				
M Ramsden	72,094,670	618,419	(64,905,201)	7,807,888
B Bell	66,093,067	-	(62,073,067)	4,020,000
M Elias	18,422,897	137,690	(16,580,607)	1,979,980
D Marinelli	44,866,368	296,462	(40,379,730)	4,783,100
L Guthrie	-	-	-	-
KMP				
T Maclean	9,950,000	-	(8,955,000)	995,000

The other changes in the number of ordinary shares held by key management personal outlined above include the reduction in shares as a result of the one for ten share consolidation approved by shareholders on 17 December 2021.

Movement in options

The movement during the reporting period in the number of options held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Name	Held at 1 July 2021	Purchases	Sales / Other Changes	Held at 30 June 2022
Directors				
M Ramsden	-	542,973	-	542,973
B Bell	-	-	-	-
M Elias	-	137,690	-	137,690
D Marinelli	-	296,462	-	296,462
L Guthrie	-	-	-	-
KMP				
T Maclean	-	-	-	-

f) Voting and comments made at the company's 2022 Annual General Meeting

The Company received 59.50% "for" votes on its remuneration report for the 2022 financial year at the Annual General Meeting held on 17 December 2021. As company received more than 25% votes against the approval of the Remuneration Report, the company has recorded its first strike in accordance with the *Corporations Act 2001*.

13. REMUNERATION REPORT – AUDITED (cont.)

g) Loans to key management personnel

A limited recourse loan has been provided to Directors to allow them to purchase performance shares pursuant to the terms of the Loan Share Plan, detailed at note 12. No interest is payable on the loan and repayment is due upon forfeiture or sale of the shares. Details of the shares and loans can be found below:

Name	Issue Date	Shares Issued	Issue Price	Loan Balance
Michael Ramsden	24 Nov 2014	700,000	\$0.07	\$49,000
Dominic Marinelli	24 Nov 2014	700,000	\$0.07	\$49,000
		1,400,000		\$98,000
Michael Ramsden	24 Nov 2017	860,000	\$1.16	\$997,600
Michael Elias	24 Nov 2017	520,000	\$1.16	\$603,200
Dominic Marinelli	24 Nov 2017	520,000	\$1.16	\$603,200
Benjamin Bell	24 Nov 2017	4,060,000	\$1.16	\$4,709,600
Tim MacLean	24 Nov 2017	995,000	\$1.16	\$1,154,200
		6,955,000		\$8,067,800

The above figures have been adjusted for the 1 for 10 share consolidation that occurred on 10 January 2022.

All shares relating to the above loans were granted and vested prior to the beginning of the financial year. There were no Loan Share Plan shares provided to key management personnel that were granted, vested or forfeited in the 2022 financial year. See note 12 for further details of movements in the share plan loans.

h) Other key management personnel transactions

Mr Bell resigned as an Executive Director on 11 May 2022 and on 21 July 2022 Australian Mines issued Mr Bell a termination of employment letter.

The Company entered into a service agreement contract with Interim CEO, Mr Lee (Les) Guthrie on 11 May 2022, which was terminated on 5 September 2022 upon the appointment of Mr Michael Holmes as CEO.

The terms and conditions of the transactions with key management personnel were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Apart from the details disclosed in the Remuneration Report, no director has entered into a contract with the Consolidated Group since the end of the previous financial year and there were no contracts involving directors' interests existing at year end.

This is the end of the Audited Remuneration Report.

14. CORPORATE GOVERNANCE

The Consolidated Group's corporate governance policies and practices are set out in pages 68-77.

15. ENVIRONMENTAL REGULATIONS

The Consolidated Group conducts mining and exploration activities on mineral tenements. The right to conduct these activities is granted, subject to environmental conditions and requirements and as such is governed by a range of environmental legislation. The Directors have considered the requirements of the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. As the Company has not yet commenced construction of the Sconi Project, the Company is not yet subject to the public reporting requirements of the NGER Act. The Consolidated Group aims to ensure a high standard of environmental care is achieved and, as a minimum, to comply with relevant environmental regulations. To the best of the Directors knowledge, the Company has adequate systems in place to ensure compliance with the requirements of the applicable legislation and is not aware of any material breach of those requirements during the financial year and up to the date of the Directors' Report.

In addition, Australian Mines is the first mineral resources company to be certified a Carbon Neutral Organisation under the Australian Government's Climate Active programme. Meeting the Climate Active Carbon Neutral Standard demonstrates the Company's carbon neutral status is based on best practice, international standards and emissions reductions.

16. FINANCIAL REPORTING

The Directors have declared, in writing to the Board that the Company's financial statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

17. INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has entered into Director and Officer Protection Deeds (Deed) with each Director and the Company Secretary (officers). Under the Deed, the Company indemnifies the officers to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the officers in connection with the officers being an officer of the Company, the employment of the officer with the Company or a breach by the Company of its obligations under the Deed.

Also pursuant to the Deed, the Company must insure the officers against liability and provide access to all Board papers relevant to defending any claim brought against the officers in their capacity as officers of the Company.

The Company has paid insurance premiums during the year of \$197,079 (2021: \$126,540) in respect of liability for any current and future Directors, Company Secretary, executives and employees of the Company.

18. NON-AUDIT SERVICES

There was no work performed in the current year (BDO Reward 2021: \$13,121 plus GST).

19. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 26 and forms part of this Directors' Report for the year ended 30 June 2022.

20. ROUNDING OFF

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the Directors.



Lee Guthrie

Director

Dated: 29th September 2022

Auditor's Independence Declaration



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Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF AUSTRALIAN MINES LIMITED

As lead auditor of Australian Mines Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Mines Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Phillip Murdoch', with a long horizontal flourish extending to the right.

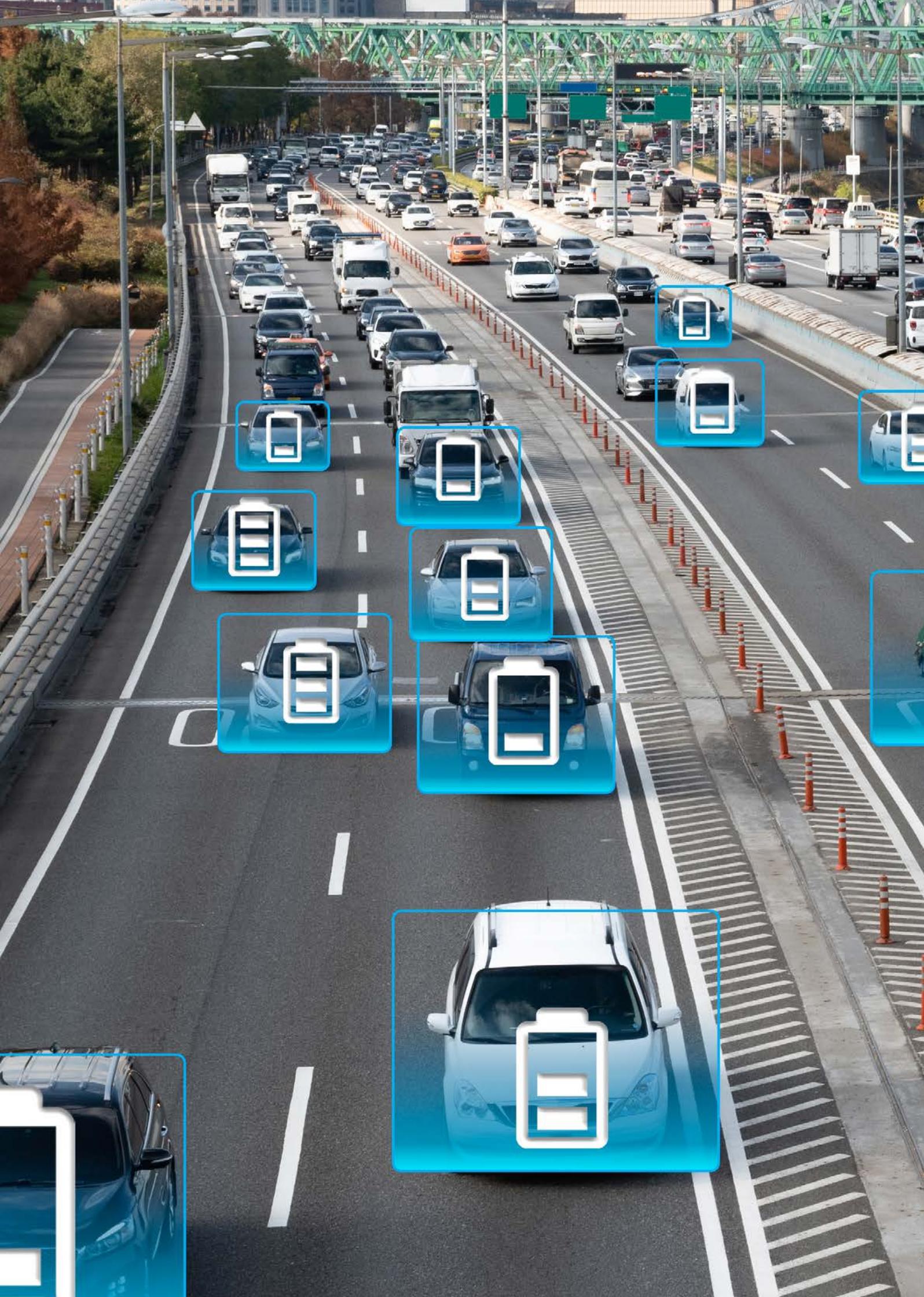
Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth

29 September 2022



Consolidated Statement of Profit or Loss And Other Comprehensive Income For the Year Ended 30 June 2022

	Notes	2022 \$000	2021 \$000
Other Income		-	63
Net Other income		-	63
Personnel expenses	4	(1,303)	(950)
Share based payment expense	12	(29)	(30)
Exploration expenditure	5	(1,079)	(349)
Depreciation and amortisation	5	(190)	(235)
Impairment Loss	5	-	(1,135)
Corporate overheads and indirect expenses	5	(3,189)	(1,536)
Share of loss of associate accounted for using the equity method	5	-	(323)
Results from operating activities		(5,790)	(4,558)
Finance Income		2	2
Net finance income		2	2
Loss before income tax		(5,788)	(4,493)
Income tax expense	7	-	-
Loss after income tax		(5,788)	(4,493)
Total comprehensive loss for the period		(5,788)	(4,493)
Loss per share attributable to the ordinary equity holders of the Company			
Basic loss per share (cents)	8	(1.35)	(1.15)
Diluted loss per share (cents)	8	(1.35)	(1.15)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying Notes.

Consolidated Statement of Financial Position As at 30 June 2022

	Notes	2022 \$000	2021 \$000
CURRENT ASSETS			
Cash and cash equivalents	9	3,994	3,641
Trade and other receivables		142	32
TOTAL CURRENT ASSETS		4,136	3,673
NON-CURRENT ASSETS			
Exploration and evaluation assets	11	37,791	33,091
Intangibles		17	11
Property, plant and equipment		271	452
TOTAL NON-CURRENT ASSETS		38,079	33,554
TOTAL ASSETS		42,215	37,227
CURRENT LIABILITIES			
Trade and other payables		342	364
Provisions		721	139
Lease Liability		181	164
TOTAL CURRENT LIABILITIES		1,244	667
NON-CURRENT LIABILITIES			
Lease Liability		-	181
TOTAL NON-CURRENT LIABILITIES		-	181
TOTAL LIABILITIES		1,244	848
NET ASSETS		40,971	36,379
EQUITY			
Contributed equity	13	102,115	91,904
Reserves	13	4,250	4,081
Accumulated losses	14	(65,394)	(59,606)
TOTAL EQUITY		40,971	36,379

The Consolidated Statement of Financial Position
is to be read in conjunction with the accompanying Notes.

Consolidated Statement of Changes in Equity For the Year Ended 30 June 2022

	Notes	Issued Capital \$000	Accumulated Losses \$000	Share Option Reserve \$000	Share Based Payment Reserve \$000	Total Equity \$000
Contributions by and distribution to members						
Opening balance at 1 July 2021		91,904	(59,606)	494	3,587	36,379
Adjustment to Opening balances						-
Total comprehensive income for the period:						
(Loss) for the year	14	-	(5,788)	-	-	(5,788)
Other comprehensive (loss)/income		-	-	-	-	-
Total comprehensive loss for the period		-	(5,788)	-	-	(5,788)
Transactions with owners, recorded directly in equity:						
Share based payment transactions	13	-	-	-	169	169
Shares issued during the year	13	10,911	-	-	-	10,911
Transaction costs from issue of shares	13	(700)	-	-	-	(700)
Total transactions with owners, recorded directly in equity		10,211	-	-	169	10,380
Closing balance at 30 June 2022		102,115	(65,394)	494	3,756	40,971

The Consolidated Statement of Changes in Equity
is to be read in conjunction with the accompanying Notes.

Consolidated Statement of Changes in Equity For the Year Ended 30 June 2021

	Notes	Issued Capital \$000	Accumulated Losses \$000	Share Option Reserve \$000	Share Based Payment Reserve \$000	Total Equity \$000
Contributions by and distribution to members						
Opening balance at 1 July 2020		88,107	(55,113)	494	3,557	37,045
Adjustment to Opening balances						-
Total comprehensive income for the period:						
(Loss) for the year	14	-	(4,493)	-	-	(4,493)
Other comprehensive (loss)/income		-	-	-	-	-
Total comprehensive loss for the period		-	(4,493)	-	-	(4,493)
Transactions with owners, recorded directly in equity:						
Share based payment transactions	13	-	-	-	30	30
Shares issued during the year	13	5,902	-	-	-	5,902
Transaction costs from issue of shares	13	(341)	-	-	-	(341)
Reduction in capital (i)		(1,764)	-	-	-	(1,764)
Total transactions with owners, recorded directly in equity		3,797	-	-	30	3,827
Closing balance at 30 June 2021		91,904	(59,606)	494	3,587	36,379

- (i) On 23 March 2021 shareholders approved a reduction of Australian Mines Limited's share capital by way of an in-specie distribution of Norwest Minerals Limited shares. On the 31 March 2021 implementation date Australian Mines Limited shareholders received 1 Norwest Minerals Limited share for every 189 Australian Mines Limited shares held.

The Consolidated Statement of Changes in Equity
is to be read in conjunction with the accompanying Notes.

Consolidated Statement of Cash Flows For the Year Ended 30 June 2022

	Notes	2022 \$000	2021 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments to suppliers and employees		(3,847)	(1,823)
Interest received		1	2
Sundry income		1	55
Net cash (used in) operating activities	10	(3,845)	(1,766)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation		(5,799)	(3,154)
Payments for exploration acquisitions		-	(5)
Intangibles		(6)	(6)
Payments for property, plant and equipment		(9)	(8)
Net cash (used in) investing activities		(5,814)	(3,173)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue (net of costs)	13	10,211	5,562
Lease payments		(199)	(224)
Net cash provided by financing activities		10,012	5,338
Net increase in cash held		353	399
Cash at the beginning of the financial year		3,641	3,242
Cash at the end of the financial year	9	3,994	3,641

The Consolidated Statement of Cash Flows
is to be read in conjunction with the accompanying Notes.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

1. REPORTING ENTITY

Australian Mines Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is Level 34, 1 Eagle Street, Brisbane, Queensland. The consolidated financial statements of the Company for the financial year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the 'Consolidated Group') and the Consolidated Group's interest in jointly controlled entities.

The Consolidated Group is a for-profit entity and is primarily involved in the exploration for cobalt, nickel and scandium in Australia.

The consolidated financial statements were authorised for issue by the directors on 29 September 2022.

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') (including interpretations) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

b) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the Consolidated Group.

c) Going concern

The financial statements have been prepared on the basis that the group is a going concern and therefore, contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

During the period the group recorded a net loss after tax of \$5,788,309 (2021: \$4,493,350) and had net cash outflows from operating activities of \$3,844,532 (2021: \$1,765,595). At balance date the group has working capital of \$2,891,695 (2021: \$3,006,006).

The Group's ability to continue as a going concern is principally dependent upon its ability to secure funds by raising capital from equity markets or by other means, and by managing cash flows in line with available funds, and/or the successful development of its exploration assets.

These conditions indicate a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

2. BASIS OF PREPARATION (cont.)

c) Going concern (cont.)

The Directors are confident of the ability of the Company to raise capital as and when needed. The Directors are satisfied there are sufficient funds to meet the Group's working capital requirements as at the date of this report. The Directors have reviewed the business outlook and the assets and liabilities of the Group and are of the opinion that the going concern basis of accounting is appropriate as they believe the Group will continue to be successful in securing the additional funds as and when the need to raise funds arises.

Should the entity not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

d) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: non-derivative financial instruments measured at fair value through profit or loss.

Certain comparative amounts have been reclassified to conform to current year presentation.

e) Use of judgements and estimates

The preparation of the consolidated financial statements 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. These accounting policies have been consistently applied by each entity in the Consolidated Group.

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 and in any future period affected.

Judgements made by management that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3(k).

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

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

All other accounting policies applied by the Group in this consolidated financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2022, except for those discussed in Notes below.

b) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see note 3(e)). The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Mining property and development assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable and subsequent costs to develop the mine to the production phase.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

b) Property, plant and equipment (cont.)

(ii) Subsequent costs

The Consolidated Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Consolidated Group and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income as an expense as incurred.

(iii) Depreciation

With the exception of freehold land and mining property and development assets, depreciation is charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the estimated life of the asset, using rates per annum as set out below:

	2022	2021
Buildings	33%	33%
Plant & equipment	33%	33%
Leased plant & equipment	25%	25%

Land is not depreciated, while buildings on mining tenements are given a short life. Exploration and development costs for reserves not yet in production are not amortised.

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

c) 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 Group has obtained the legal rights to explore an area are recognised in the Statement of Profit or Loss and Other 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 sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment note, accounting policy note 3(e)). 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.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

c) Exploration and evaluation assets (cont.)

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 exploration and evaluation assets to mining property and development assets within property, plant and equipment.

d) Financial instruments

(i) Recognition, initial measurement and derecognition

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

(ii) Classification and subsequent measurement

Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:

- The contractual cash flow characteristics of the financial assets; and
- The entity's business model for managing the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

d) Financial instruments (cont.)

(ii) Classification and subsequent measurement (cont.)

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income (Equity instruments)

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Financial assets at fair value through profit or loss (FVPL)

Financial assets, not measured at amortised cost or at fair value through other comprehensive income, are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

d) Financial instruments (cont.)

(ii) Classification and subsequent measurement (cont.)

Impairment

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Comparative information

The Company has applied AASB9 Financial Instruments retrospectively but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

e) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Consolidated Group on terms that the Consolidated Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

e) Impairment (cont.)

(i) Non-derivative financial assets (cont.)

Financial assets measured at amortised cost

The Consolidated Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Consolidated Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

f) Employee benefits

(i) Long-term service benefits

The Consolidated Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates and is discounted using the rates attached to the Commonwealth Government bonds at the reporting date which have maturity dates approximating to the terms of the Consolidated Group's obligations.

(ii) Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

(iii) Share-based payment transactions

The Share Loan Plan allows Consolidated Group directors and key management personnel to acquire shares of the Company. The fair value of shares granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and recorded over the period during which the employees become unconditionally entitled to the shares. The fair value of the shares granted is measured using a Black-Scholes model, taking into account the terms and conditions upon which the shares were granted.

(iv) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

g) Provisions

A provision is recognised in the Statement of Financial Position when the Consolidated Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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, where appropriate, the risks specific to the liability.

h) Finance income and expenses

Finance income comprises interest income on funds invested and fair value gains on financial assets at fair value through profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

i) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Profit or Loss and Other 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 substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

i) Income tax (cont.)

Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable (payable) equal in amount to the tax liability (asset) assumed. The inter-entity receivable/(payable) is at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

j) 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 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.

k) Accounting estimates and judgments

Management discussed with the Board the development, selection and disclosure of the Consolidated Group's critical accounting policies and estimates and the application of these policies and estimates.

Note 15 contains detailed analysis of the interest rate and liquidity risk of the Consolidated Group.

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

The significant estimates and judgements are as follows:

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

k) Accounting estimates and judgments (cont.)

(i) Fair Value of Share Based Payment Transactions

The fair value of the employee option plan and loan share plan are measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instrument, risk-free interest rate.

(ii) Impairment of exploration and evaluation assets

The ultimate recoupment of the value of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively sale, of the underlying mineral exploration properties. The Consolidated Group undertakes at least on an annual basis, a comprehensive review for indicators of impairment of those assets. Should an indicator of impairment exist, there is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key issues that are considered in this review include:

- Recent drilling results and reserves and resources estimates;
- Environmental issues that may impact the underlying tenements;
- The estimated market value of assets at the review date;
- Independent valuations of the underlying assets that may be available;
- Fundamental economic factors such as the cobalt, scandium and nickel price, exchange rates and current and anticipated operating costs in the industry; and

Information used in the review process is rigorously tested to externally available information as appropriate. In addition, an allocation of the costs of acquired mineral rights to individual projects was performed during the year. This allocation process required estimates and judgement as to the value of these projects acquired.

The fair value of exploration assets is based on fair value less costs to sell, using a multiples of exploration method. The impairment of mining tenements is assessed in accordance with accounting policy note 3(d).

l) Segment reporting

An operating segment is a component of the Consolidated Group that engages in business activities of which it may earn revenue and incur expenses. Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

m) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity 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.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

n) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

o) New and amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

p) New accounting standards and interpretations not yet adopted

No standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application.

q) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Share-based payment transactions

The fair value of the employee share options and loan share plan are measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

r) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

s) Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

4. PERSONNEL EXPENSES

	2022 \$000	2021 \$000
Wages and salaries	1,214	917
Salary recharge	(589)	(517)
Non-executive directors fees	330	340
Bonus	55	-
Other associated personnel expenses	51	29
Contributions to superannuation funds	136	101
Increase in leave liability	106	80
	1,303	950
Employee Share Based Payment		
Employee share-based payment expenses (note 12)	29	30
	29	30

5. OTHER EXPENSES

	2022 \$000	2021 \$000
Depreciation and amortisation of:		
Plant and equipment	190	235
	190	235
Exploration expenditure not capitalised:		
Exploration	1,079	349
	1,079	349
Impairment of Norwest Minerals:		
Impairment Loss	-	1,135
	-	1,135
Share of loss of associate accounted for using the equity method:		
Share of loss - associates	-	323
	-	323
Corporate overheads and indirect expenses		
Insurance	197	149
Travel and Accommodation	215	48
Legal Fees	289	10
Accounting, Tax and Audit Services	131	170
Share Registry Services	245	101
Conferences	14	1
Investor Relations Fees	498	244
Advisors and Consultants	117	176
Recruitment	54	62
Fines & Penalties	450	-
Other Fees and Services	674	293
General Administration	305	282
	3,189	1,536

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

6. AUDITOR'S REMUNERATION

	2022 \$	2021 \$
Audit services		
BDO Audit (WA) Pty Ltd - Audit and review of financial reports	49,312	47,225
Non-Audit services		
BDO Reward (WA) Pty Ltd - Remuneration Benchmarking review	-	13,121
	49,312	60,346

7. INCOME TAX EXPENSE

	2022 \$000	2021 \$000
Current tax	(1,901)	(1,320)
Deferred tax - origination and reversal of temporary differences	174	(9)
Adjustment for prior periods	-	(232)
Current year losses for which no deferred tax asset was recognised	1,727	1,561
Total income tax in statement of profit or loss and other comprehensive income	-	-
Deferred tax included in income tax expense comprises:		
Decrease/(Increase) in deferred tax assets	14	(205)
Increase in deferred tax liabilities	160	196
Deferred tax - origination and reversal of temporary differences	174	(9)
Numerical reconciliation between tax expense and pre-tax profit		
Loss for the period	(5,789)	(4,493)
Income tax benefit using the domestic	(1,737)	(1,348)
Corporate tax rate of 30% (2021: 30%)		
Increase in income tax expense due to:		
Non-deductible expenses	10	19
Adjustment recognised for prior periods	-	(232)
Tax losses not brought to account	1,727	1,561
Income tax expense	-	-

The deductible temporary differences and tax losses do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Consolidated Group can utilise the benefits from.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

8. LOSS PER SHARE

	2022 \$000	2021 \$000
Loss per share from total operations		
Loss after income tax attributable to the ordinary shareholders of the Company	(5,788)	(4,493)
Basic loss per share (cents)	(1.35)	(1.15)
Diluted loss per share (cents)	(1.35)	(1.15)

The calculation of basic loss per share at 30 June 2022 was based on the operating loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2022 of 430,108,133 (2021: 390,637,540), calculated as follows:

	2022	2021
Number of ordinary shares		
Issued ordinary shares at 1 July (i)	396,147,171	362,601,034
Share Placement (i)	72,566,670	33,546,137
Issued ordinary shares at 30 June	468,713,841	396,147,171
Weighted average number of ordinary shares for year ending 30 June	430,108,133	390,637,540

(i) Adjusted for ten for one share consolidation. See note 13 for further details.

Diluted Earnings per Share

The calculation of diluted earnings per share at 30 June 2022 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2022 of 430,108,133 (2021: 390,637,540). There were no options that were considered dilutive.

9. CASH AND CASH EQUIVALENTS

	2022 \$000	2021 \$000
Bank balances	3,994	3,641
Cash and cash equivalents in the statement of cash flows	3,994	3,641

Refer to note 15 for Financial Risk Management

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

10. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2022 \$000	2021 \$000
Cash flows from operating activities:		
Net (loss)	(5,788)	(4,493)
Add/(less) items classified as investing/financing activities:		
Depreciation and amortisation	190	235
Exploration expenditure	101	-
Investment in associate	-	323
Impairment loss	-	1,135
R&D refund	409	-
Salary recharge	589	517
Share-based payment expense	169	30
Lease Interest	35	55
Movement in operating assets and liabilities:		
Decrease/(increase) in receivables	(110)	469
Increase/(decrease) in payables	(22)	56
Increase/(decrease) in provisions	582	(91)
Net cash used in operating activities	(3,845)	(1,766)

The increase in provisions includes \$450,000 of penalties and \$55,000 of legal fees relating to the ASIC settlement announced on 10 August 2022, which is currently subject to approval from the Federal Court.

11. EXPLORATION AND EVALUATION ASSETS

	2022 \$000	2021 \$000
Exploration and Evaluation		
Opening balance	33,091	30,640
Acquisition of tenements	-	5
Expenditure incurred for year	6,188	3,205
Expenditure expensed	(1,079)	(349)
R&D Refund	(409)	(410)
Exploration costs carried forward	37,791	33,091

The 2021 research and development tax offset of \$409,325 was received 18 January 2022.

The ultimate recoupment of costs carried forward for mineral properties in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

12. SHARE BASED PAYMENTS

During the prior financial year, the Company Secretary was invited to apply for 10,000,000 pre-consolidation shares under a loan share plan. A limited recourse loan was provided to allow the Company Secretary to purchase the shares for \$0.025 per pre-consolidation share. The limited recourse loan plan shares are divided into 4 tranches vesting on 1 July each year from 2021 to 2024. The shares are subject to service period vesting conditions.

Shares issued pursuant to Loan Share Plan (Pre-consolidation)

Name	Issue Date	Shares Issued	Issue Price	Loan Balance
Michael Ramsden	28-Nov-14	7,000,000	\$0.007	\$49,000
Michael Elias (i)	28-Nov-14	7,000,000	\$0.007	\$0
Dominic Marinelli	28-Nov-14	7,000,000	\$0.007	\$49,000
Benjamin Bell (ii)	28-Nov-14	13,000,000	\$0.007	\$0
Michael Ramsden	24-Nov-17	8,600,000	\$0.116	\$997,600
Michael Elias	24-Nov-17	5,200,000	\$0.116	\$603,200
Dominic Marinelli	24-Nov-17	5,200,000	\$0.116	\$603,200
Benjamin Bell (iii)	24-Nov-17	40,600,000	\$0.116	\$4,709,600
Tim MacLean	24-Nov-17	9,950,000	\$0.116	\$1,154,200
Oliver Carton	14-Dec-20	10,000,000	\$0.116	\$1,160,000
		113,550,000		\$9,325,800

- (i) On 5/7/2021 Non-Executive director Michael Elias repaid the \$49,000 loan advanced to him in 2014 for the purchase of 7,000,000 Australian Mines shares at \$0.007.
- (ii) On 13/5/2022 Ex-Managing Director Benjamin Bell sold the 1,300,000 shares issued to him under the 2014 Loan Share Plan. Following the 1 for 10 share consolidation approved by shareholders on 17 December 2021, the number of shares issued under this plan were reduced from 13,000,000 to 1,300,000. The \$91,000 loan advanced to him in relation to these shares has been recognised in other debtors at 30 June 2022, due to the terms of the Loan Share Plan which require repayment of the loan amount upon the sale of the Loan Share Plan shares.
- (iii) Benjamin Bell's employment with Australian Mines was terminated in July 2022. As a result, all shares held by him under the Loan Share Plan are subject to forfeiture. See note 18 for further details on events subsequent to the reporting period.

The fair value of the Loan Share Plan was calculated using the Black-Scholes pricing model per the table below. The value of the shares has been expensed on a proportionate basis for each period from grant date to vesting date. The proportion of the value of the shares that has been expensed during the year to 30 June 2022 and accounted for in the share-based payment reserve is \$28,855.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

Tranche	Grant Date	Number Issued	Value Per Right (\$)	Probability	Condition	Total Value (\$)	Vesting Period (Years)	Value Vested	Value Vested Current Period (\$)	Value Not Vested (\$)
Company Secretary Shares (Pre-consolidation)										
1	14/12/2020	2,500,000	\$0.00559	100%	Service Period	13,984	1	13,984	70	0
2	14/12/2020	2,500,000	\$0.00768	100%	Service Period	19,198	2	19,164	12,424	34
3	14/12/2020	2,500,000	\$0.00921	100%	Service Period	23,021	3	13,952	9,045	9,069
4	14/12/2020	2,500,000	\$0.01038	100%	Service Period	25,956	4	11,284	7,316	14,672
		10,000,000				82,159		58,384	28,855	23,775

The above fair value calculation was based on the following inputs:

	Company Secretary Oliver Carton
Share price at date granted	\$0.016
Risk free rate	0.35%
Volatility factor	100%
Exercise Price	\$0.025
Time to maturity	4 years
Expected dividend yield	0%

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

13. CAPITAL AND RESERVES

	2022		2021	
	\$	No.	\$	No.
Issued and paid up capital				
Ordinary shares, fully paid	102,115,529	468,713,841	91,904,488	3,961,453,850
Reconciliation of contributed equity				
Balance at beginning of 1 July	91,904,488	3,961,453,850	88,106,976	3,625,992,479
Shares issued during the year:				
Share placement @ \$0.015	-	-	679,688	45,312,500
Share placement @ \$0.018	-	-	5,222,680	290,148,871
Costs of capital raising	-	-	(340,840)	-
Reduction in capital	-	-	(1,764,015)	-
Share placement @ \$0.019 (i)	6,500,000	342,105,264	-	-
Share consolidation (ii)	-	(3,873,201,417)	-	-
Share placement @ \$0.115 (iii)	3,700,000	32,173,913	-	-
Share rights issue @ \$0.115 (iv)	710,966	6,182,231	-	-
Costs of capital raising	(699,925)	-	-	-
Balance at end of year	102,115,529	468,713,841	91,904,488	3,961,453,850

The Company does not have authorised capital or par value in respect of its issued shares.

- (i) On 4 August 2021 Australian Mines Limited raised \$6.5 million via a fully committed Share Placement of 342,105,264 shares at an issue price of \$0.019 per share.
- (ii) On 17 December 2021 shareholders approved a 1 for 10 consolidation of Australian Mines Limited's share capital. On the 21 December 2021 implementation date, the total number of ordinary shares on issue was reduced by 3,873,201,417 to bring into effect the consolidation.
- (iii) On 27 May 2022 Australian Mines Limited raised \$3.7 million via a fully committed Share Placement of 32,173,913 shares at an issue price of \$0.115 per share.
- (iv) On 24 June 2022 Australian Mines Limited raised \$710,966 via a rights issue of 6,182,231 shares and 6,182,231 listed options at an issue price of \$0.115 per share.

	2022 \$000	2021 \$000
Share Option Reserve		
Balance at beginning of year	494	494
Options issued	-	-
Balance at end of year	494	494
Share Based Payments Reserve		
Balance at beginning of year	3,587	3,557
Director share loan transactions	140	-
Share based payment employees/director's transactions	29	30
Balance at end of year	3,756	3,587
Total Reserves	4,250	4,081

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

13. CAPITAL AND RESERVES (cont.)

The Share Option Reserve represents the cost of options issued to shareholders.

The Share Based Payment Reserve represents the fair value of share options granted. The estimate of fair value of the services received is based on the Black-Scholes model. The calculated fair value is based on parameters as set out in note 12.

14. ACCUMULATED LOSSES

	2022 \$000	2021 \$000
Balance at beginning of year	59,606	(55,113)
Net (loss) for the year	(5,788)	(4,493)
Accumulated losses at end of year	(65,394)	(59,606)

15. FINANCIAL RISK MANAGEMENT

Overview

The Consolidated Group has exposure to the following risks from its use of financial instruments:

- a) Interest rate risk
- b) Liquidity risk
- c) Credit risk

This note presents information about the Consolidated Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk of the management framework. The Board is responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Consolidated Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Consolidated Group's activities.

The Consolidated Group does not enter into financial instruments for trade or speculative purposes. However, in the normal course of its business, it is exposed to interest rate and liquidity risks, credit risk and foreign currency risk.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

17. FINANCIAL RISK MANAGEMENT (cont.)

(a) Interest rate risk

	Weighted Average Interest Rate	6 Months or Less \$000	6 to 12 Months \$000	1 to 5 Years \$000	Non- interest Bearing \$000	Total \$000
2022						
<i>Financial assets</i>						
Trade and other receivables		-	-	-	142	142
Cash and cash equivalents	6.26%	3,994	-	-	-	3,994
	(variable)	3,994	-	-	142	4,136
<i>Financial liabilities</i>						
Trade and other payables		-	-	-	342	342
Lease Liability	10%	90	91	-	-	181
	(fixed)	90	91	-	342	523
2021						
<i>Financial assets</i>						
Trade and other receivables		-	-	-	32	32
Cash and cash equivalents	6.26%	3,641	-	-	-	3,641
	(variable)	3,641	-	-	32	3,673
<i>Financial liabilities</i>						
Trade and other payables		-	-	-	364	364
Lease Liability	10%	82	82	181	-	346
	(fixed)	82	82	181	364	710

(b) Liquidity risk

Liquidity risk is the risk that the Consolidated Group will encounter difficulty in meeting the obligations associated with its financial liabilities. The Consolidated Group manages its liquidity risk by monitoring cashflows using monthly cashflow forecasts and by paying creditors on 30-day terms.

The following are the Consolidated Group's contractual maturities of financial liabilities, including estimated interest payments:

	Carrying Amount \$000	Contractual Cash Flows \$000	6 Months or Less \$000	6 to 12 Months \$000	1 to 5 Years \$000
2022					
Trade and other payables	342	342	342	-	-
Lease Liability	181	181	90	91	-
	523	523	432	91	-
2021					
Trade and other payables	364	364	364	-	-
Lease Liability	345	345	82	82	181
	709	709	446	82	181

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

15. FINANCIAL RISK MANAGEMENT (cont.)

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and it arises principally from the Group's cash held at banks and trade receivables. The Consolidated Group lodges its cash deposits with international banks of good standing.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date was as follows:

	Carrying Amount 2022 \$000	Carrying Amount 2021 \$000
Cash at bank	3,994	3,641
Other Debtors	142	32
	4,136	3,673

	2022 \$000	2021 \$000
<i>Credit Rating</i>		
Cash at Bank	3,994	3,641
S&P Global Ratings' rating AA-		

(d) Capital management

The Consolidated Group monitors its capital performance and reviews its adequacy at regular intervals to ensure it is achieving a reasonable return on capital. There are no externally imposed capital requirements. The directors monitor the market capitalisation and net assets of the Consolidated Group to ensure performance is maintained for shareholders.

(e) Fair values

The fair values of significant financial assets and liabilities approximates the carrying amounts shown in the Statement of Financial Position.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

16. CONTINGENT LIABILITIES AND COMMITMENTS

On the 8th February 2022 the Company executed a compensation agreement with the landowners of a portion of the land covered by the Sconi Mining Lease. Under the agreement the Company is required to pay a compensation amount of \$6,750,000 to the landowners within 90 days of financial close of the Sconi Project. For the purpose of the agreement, financial close means the date the company has access to the financial assistance required to begin the Sconi Project and all approvals and authorisations required for the Sconi Project to proceed have been granted.

The Company does not currently have access to financial assistance to begin the Sconi Project. As such the compensation amount of \$6,750,000 is only a possible obligation and has not been recognised as a liability.

In accordance with the agreement with Jervois Mining Ltd for the Flemington project, a royalty of 1.5% of gross sales is payable on all proceeds from the sale of products. At this time, it is not possible to quantify the value of this royalty.

Upon commercial production from the Sconi Project, it is agreed that a final issue of \$2.5 million Australian Mines Limited shares (or cash at the option of Metallica Minerals Ltd) is payable to Metallica Minerals Ltd. Also under the agreement royalty and payment obligations agreed are:

- a) a royalty of \$1.00 per tonne for the first 5 million tonnes of ore produced and \$2.00 per tonne for production in excess of 5 million tonnes on the Bell Creek tenements, payable to International Royalty Corporation ("IRC"); and
- b) a royalty of \$1.00 per tonne for the first 500,000 tonnes of ore produced and \$1.50 for production in excess of 500,000 tonnes of ore on the Minnamoolka tenement, that was payable to Auriongold Exploration Pty Limited (now deregistered).

These have not been recognised as a liability as both the \$2.5 million and royalty obligations are contingent upon commencement of commercial production which at this point in time, is only a possible obligation.

The Company's mining tenements are subject to native title applications. At this stage it is not possible to quantify the impact (if any) that native title may have on the operations of the Company.

There are no other contingent liabilities.

There are no commitments outstanding as at the end of the reporting period.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

17. CONSOLIDATED ENTITIES

	Country of Incorporation	Ownership Interest	
		2022	2021
Parent entity			
Australian Mines Limited	Australia		
Subsidiaries			
Flemington Mining Operations Pty Ltd	Australia	100%	100%
Sconi Mining Operations Pty Ltd	Australia	100%	100%
Auzrnd Pty Ltd	Australia	100%	100%
AML Advanced Materials Limited	UK	100%	100%
EOS Resources Pty Ltd	Australia	100%	N/A

18. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 10 August 2022 the Company and ASIC agreed, subject to approval by the Federal Court, to settle proceedings brought by ASIC, by the company making certain admissions of contraventions of its continuous disclosure obligations and paying a penalty of \$450,000 in addition to ASIC's costs of \$55,550. The proceedings in question relate to certain announcements made by the Company between 19 February 2018 and 27 June 2018 with respect to the Sconi Project and the Term Sheet for an Offtake Agreement entered into between the Company and SK Innovation Co Ltd. A provision has been included in the financial statements in relation to this amount, as the settlement and penalty are subject to approval by the Federal Court.

Australian Mines issued Benjamin Bell a termination of employment letter on 21 July 2022. As a result, all shares held by him under the Loan Share Plan are subject to forfeiture.

On 5 September 2022 the board announced the appointment of Mr Michael Holmes as the new CEO effectively immediately. Following this announcement Mr Lee (Les) Guthrie resumed his previous role as a non-executive director. Mr Holmes was former President and Chief Executive Officer of Toronto Stock Exchange listed OceanaGold Corporation, a mining company with 2021 revenue of US\$745 million and EBITDA of US\$330 million. He is an accomplished mining engineer with more than 30 years' experience working in Australia, New Zealand, the Philippines and North and South America. He brings to the CEO role extensive operational experience in nickel, gold, copper, lead, and zinc mines.

There have been no other events subsequent to reporting date.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

19. SEGMENT INFORMATION

The Company operates in one reportable segment, being mining in Australia. The Board of Directors review internal management reports on a regular basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

Management has determined based on the reports reviewed by the Board of Directors and used to make strategic decisions, that the Group operates in one single reportable geographical segment being Australia. Such structural organisation is determined by nature of risks and returns associated with each business segment and define management structure as well as the internal reporting system. As a result, no additional segment information is provided.

20. PARENT ENTITY DISCLOSURES

	2022 \$000	2021 \$000
NET ASSETS		
Current Assets	4,135	3,661
Non-Current Assets	38,079	33,566
Total Assets	42,215	37,227
Current Liabilities	1,244	667
Non-Current Liabilities	-	181
Total Liabilities	1,244	848
Net Assets	40,971	36,379
EQUITY		
Contributed equity	102,116	91,904
Share option reserves	4,250	4,081
Accumulated losses	(65,395)	(59,606)
Total Equity	40,971	36,379
(Loss) attributable to equity holders of the Company	(5,789)	(4,493)

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

21. RELATED PARTIES

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

Non-Executive Directors

Mr M Ramsden - Chairman

Mr M Elias

Mr D Marinelli

Executive Director

Mr B Bell – Managing Director (resigned 11 May 2022)

Mr L Guthrie – Interim CEO (appointed 11 May 2022)

Key Management Personnel

Mr T Maclean

The key management personnel compensation included in 'personnel expenses' (see Note 4) is as follows:

	2022 \$000	2021 \$000
Short-term employee benefits	980	1,049
Post-employment benefits	78	71
Long term benefits	40	49
	1,098	1,169

Individual directors and executives' compensation disclosures

Information regarding individual directors and executives' compensation and some equity instruments disclosures permitted by Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the Remuneration Report section of the Directors' Report.

Other key management personnel transactions

The terms and conditions of the transactions with key management personnel were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

See note 12 and the Remuneration Report for details of the Loan Share Plan provided to key management personnel.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

21. RELATED PARTIES (cont.)

The aggregate amounts recognised during the year relating to key management personnel were as follows:

		2022 \$	2021 \$
Related Party Transactions			
Mr M Ramsden	Reimbursements (i)	3,010	-
		3,010	-

(i) The group reimbursed Terrain Capital Unit Trust for Mr M Ramsden's travel costs associated with his role as a director of Australian Mines. No amounts were owing to Terrain Capital Unit Trust at 30 June 2022.

Apart from the details disclosed in the Remuneration Report, no director has entered into a contract with the Consolidated Group since the end of the previous financial year and there were no contracts involving directors' interests existing at year end.

Directors' Declaration

- 1 In the opinion of the Directors of Australian Mines Limited ('the Company'):
 - (a) the consolidated financial statements and notes and the remuneration disclosures contained in the Remuneration report in the Directors' Report, as set out in section 13, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Consolidated Group as at 30 June 2022 and its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian accounting interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements.
 - (b) the consolidated financial report also complies with International Reporting standards as disclosed in note 2(a).
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

- 2 The directors have been given the declaration required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer for the financial year ended 30 June 2022.

Dated at Perth the 29th day of September 2022.

Signed in accordance with a resolution of the directors:



Lee Guthrie

Director

Independent Auditor's Report



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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Australian Mines Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Mines Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies 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 2022 and of its financial performance for the year 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, 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.

Material uncertainty related to going concern

We draw attention to Note 2(c) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.



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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of Exploration and Evaluation Expenditure

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 30 June 2022 the Group held a significant carrying value of capitalised exploration and evaluation expenditure as disclosed in Note 3(c) and 11.</p> <p>As the carrying value of these exploration and evaluation assets represent a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>Judgement is applied in determining the treatment of exploration expenditure in accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. In particular:</p> <ul style="list-style-type: none"> • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and <p>Whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves exist; • Verifying, on a sample basis, evaluation expenditure capitalised during the year for compliance with recognition and measurement criteria of AASB 6; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 3(c) and 11.



Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of 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 the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 19 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Australian Mines Limited, for the year ended 30 June 2022, 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.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'P. Murdoch', is written over a horizontal line. The letters 'BDO' are written in small, light grey text above the signature.

Phillip Murdoch

Director

Perth

29 September 2022

Corporate Governance Statement 2021-2022

Australian Mines Limited ("The Company") and its Board are committed to achieving and demonstrating high standards of corporate governance. This statement sets out the main corporate governance practices of the Company during the financial year, providing disclosure in accordance with the Corporate Governance Principles and Recommendations as published by the ASX Corporate Governance Council. All these practices, unless otherwise stated, were in place for the entire year. Disclosure is made at the end of this statement of areas of non-compliance with the recommendations.

Further details of the various charters, policies, codes and procedures that document the Company's corporate governance practices are set out in the Company's website at www.australianmines.com.au.

The Board of Directors and Management

The Board has adopted a formal statement of its roles, functions and responsibilities, and a statement of values for the Company, being encapsulated in its intent to build an ethical, reliable and sustainable supply chain for battery materials.

The Board's primary role is the optimisation of Company performance and protection and enhancement of shareholder value. Its functions and responsibilities include:

- setting policy and strategic direction and adopting a corporate strategy;
- monitoring Company and management's performance against this strategy;
- overseeing control and accountability systems;
- identifying the principal risks and opportunities of the Company's business;
- ensuring appropriate risk management systems are established and reviewed;
- ensuring there are sufficient resources to meet objectives and strategies;
- approving and monitoring financial reporting, capital management and compliance;
- appointing senior management, monitoring senior management's conduct and performance and overseeing remuneration, development and succession;
- adopting procedures to ensure the business of the Company is conducted in an honest, open and ethical manner consistent with Company values;
- approving all significant business transactions;
- ensuring the Company meets its continuous disclosure obligations and that its shareholders have available all information reasonably required to make informed assessments of the Company's prospects;
- overseeing the Company's commitment to sustainable development, the environment, health and safety of employees, contractors, customers and the community;
- ensuring that the Board remains appropriately skilled to meet Company needs;
- implementing an induction and continuing education program for directors;
- reviewing and approving corporate governance systems; and
- delegating authority to management where appropriate.

This statement is included on the Company's website and is to be reviewed annually to ensure it remains appropriate to the needs of the Company given its size, complexity and ownership structure and the skills of directors and managers.

The Board of Directors and Management (cont.)

The Board is also governed by the Company's Constitution and its various policies, as described elsewhere in this Statement.

A strategic balance is maintained between the responsibilities of the Board and the Managing Director.

Board Members

The Company currently has four directors, Michael Ramsden, Michael Elias, Dominic Marinelli and Lee Guthrie. Details of these directors, including their skills, experience and terms of office are set out in the Company's annual report.

The Company's Constitution provides for a minimum number of 3 directors and maximum number of 10 directors and sets out the manner in which the number of Directors of the Board is determined.

The Board has adopted a materiality threshold relating to a director's current or former association with a supplier, professional adviser or consultant to the Company. From the Company's viewpoint, material is more than 5% of the Company's total consolidated expenses for the relevant financial year. From the director's viewpoint when assessing an association, material is more than 5% of the total revenue of the supplier, adviser or consultant as the case may be.

Mr Ramsden, together with his personally-related entities, is not a substantial shareholder of the Company. He is the Managing Director of Terrain Capital Limited which provides corporate finance services to the Company however the supply is not considered to be material. Therefore in accordance with guidelines adopted by the Board he is considered an independent non-executive director.

Mr Elias is not a substantial shareholder of the Company. Therefore in accordance with guidelines adopted by the Board he is considered an independent non-executive director.

Mr Marinelli, together with his personally-related entities, is not a substantial shareholder of the Company. He is a director of Terrain Capital Limited which provides corporate finance services to the Company however the supply is not considered to be material. Therefore in accordance with guidelines adopted by the Board he is considered an independent non-executive director.

Mr Guthrie was appointed Interim Chief Executive Officer on 11 May 2022. Therefore, in accordance with guidelines adopted by the Board he is not considered independent.

The Board considers the make-up of the Board is appropriate given the Company's size and operations. The effectiveness of the Board is achieved through knowledge and experience specific to the business and the industry in which it operates.

The Company does not have a Nominations Committee however nominations for directorship are overseen by the Board as a whole and appropriate checks are to be implemented before any person is put forward for election as a director.

Details of the members of the Board, their skills, experience, qualifications, term of office and independence status are set out in the Directors' Report under the heading "information on directors".

Corporate Governance Statement 2021-2022

The Board of Directors and Management (cont.)

Directors' Independence

The Board has also adopted procedures intended to ensure that independent decision making occurs. All directors are entitled to seek independent professional advice, at the Company's cost, in carrying out their duties, subject to the chairperson's prior approval of the expenditure, which will not be unreasonably withheld. Further, in accordance with the Corporations Act 2001 (Cth) and policies adopted by the Company, each member of the Board is required to keep the Board advised on an ongoing basis of any potential conflict of interest which may exist with the Company. If a conflict does exist, the director concerned must absent themselves from any Board discussion in relation to the relevant item and not vote upon such an item. Non-executive directors are also encouraged to confer on a need basis without management in attendance.

The Chairman of the Company is an independent director and not the CEO.

Term of Office

One-third of all directors, other than the Managing Director, rounded down to the nearest whole number, must retire at each AGM. Where eligible, retiring directors may stand for re-election.

Responsibilities of Management

The Managing Director is accountable to the Board for management of the Company and its subsidiaries within authority levels reviewed and approved by the Board each year, has authority to approve capital expenditure within predetermined limits set out by the Board, and is subject to the supervision of the Board. Material strategic and policy decisions are made by the Board.

The Managing Director is responsible for maintaining financial control across the Company and its subsidiaries. This includes management reporting to the Board, statutory accounting, auditing, taxation and insurance. Financial performance is monitored against financial control guidelines.

The company secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board. The current company secretary is a long-standing professional company secretary and has direct contact with all directors as and when required

The Board adopted its formal statement and its various policies in June 2005. It adopted a revised Board Charter on June 2020.

Independent Professional Advice

Directors and Board Committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

Indemnification and Insurance of Directors and Officers

The Company, to the extent permitted by law, indemnifies each Director, alternate Director, or executive officer (and any person who has previously served in any such capacity) against any liability or cost incurred by the person as an officer of the Company, or a related body corporate of the Company, including but not limited to liability for costs incurred in defending proceedings in which judgment is given in favour of the person or in which the person is acquitted. The indemnity may be extended to other employees at the discretion of the Directors.

The Board of Directors and Management (cont.)

Performance Assessment

No assessment of the Board's performance was conducted during the year given the size of the Board.

The annual performance of the Managing Director was not carried out by the Remuneration Committee in determining remuneration issues relating to him. The Managing Director resigned during the 2021-2022 year.

The performance of senior executives is assessed by the Managing Director. The assessment involves an annual review of performance and development and the results of the review are formally documented.

Remuneration Committee

A Remuneration Committee has been established. The Committee has a minimum of 3 members with majority of the members of the Committee are required to be non-executive directors and the Committee is required to be chaired by the non-executive Chairman.

The names of the members of the Remuneration Committee are Michael Ramsden, Michael Elias and Dominic Marinelli. The Remuneration Committee did not meet during the period.

During the 2021-2022 year the Committee was chaired by Michael Ramsden, the non-executive Chairman due to his experience and expertise in the areas in which the Company operates and his non-executive status. The Board considers that he is suitably skilled to perform the role of chair of the Remuneration Committee. The Committee consisted of a majority of independent directors.

Each member of the senior executive team signs an employment contract at the time of their appointment covering a range of matters, including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. This job description is reviewed by the Remuneration Committee on an annual basis and, where necessary, is revised in consultation with the relevant employee.

Further information on directors' and executives' remuneration is set out in the Remuneration Report.

Executive remuneration and other terms of employment are reviewed annually by the Committee having regard to personal and corporate performance, contribution to long term growth, relevant comparative information and independent expert advice. As well as a base salary and compulsory superannuation, remuneration packages may include retirement and termination entitlements, performance-related bonuses and fringe benefits. Non-executive directors and executives are eligible to participate in the Share Loan Plan which provides for a loan allowing the purchase of shares in the Company under a loan. Any allotment of shares to directors must be approved by shareholders at a general meeting.

Details of the qualifications of directors of the remuneration committee and their attendance at Committee meetings are set out in the Directors' Report.

Corporate Governance Statement 2021-2022

Audit and Risk Committee

The Company recognises the importance of an Audit Committee and has established an Audit and Risk Committee.

The role of the Audit and Risk Committee includes:

- to recommend engagement and monitor performance of the external auditor;
- to review the effectiveness of management information and internal control;
- to review all areas of significant financial risk and risk management;
- to review significant transactions not a normal part of the Company's business;
- to review financial information and ASX reporting statements; and
- to monitor the effectiveness of risk management, internal controls and accounting compliance.

The Audit Committee is required to meet at least twice per year, review annual and half-year accounts, and report to the Board of Directors. The Audit Committee also oversees the Company's risk management systems and procedures.

The names of the members of the Audit and Risk Committee during the 2021-2022 year were Dominic Marinelli, Lee Guthrie and Michael Ramsden. Mr Guthrie stepped down from the Committee when he took on the role of Acting CEO, and Michael Elias was appointed to the Committee. Dominic Marinelli is the Chairman of the Audit and Risk Committee. The Audit and Risk Committee met four times during the period.

External Auditors Policy

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditors is reviewed annually by the Audit and Risk Committee and applications for tender of external services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. *The Corporations Act 2001* requires the rotation of the audit engagement partner every five years.

Analysis of fees paid to external auditors, including a break-down of fees for non-audit services, is provided in the Annual Report at Note 6 to the financial statements. The external auditors are required to provide an annual declaration of their independence to the Board and to the Audit Committee. The external auditor is required to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Nomination Committee

The Company does not have a Nominations Committee however nominations for directorship are overseen by the Board as a whole and appropriate checks are to be implemented before any person is put forward for election as a director.

Risk Assessment and Management

The Company has in place a risk assessment and management policy, which sets out the Company's systems for risk assessment and management. The key aspects of the policy are that:

- the Audit and Risk Committee oversees the establishment and implementation of risk management systems and control frameworks, and in the absence of a separate audit committee has the responsibility to establish, implement and maintain these systems and frameworks; and
- the Company's senior management is delegated the tasks of management of operational risk and the implementation of risk management strategies with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

The Audit and Risk Committee reviews the Company's risk management systems and control frameworks, and the effectiveness of their implementation, annually. The Board also considers the management of risk at its regular meetings. The Company's risk profile, which is assessed and determined on the basis of the Company's business in commercial mining and mineral exploration, is reviewed annually upon advice from management including, where appropriate, as a result of regular interaction with management and relevant staff from across the Company's business.

The Audit and Risk Committee or the Company's senior management may consult with the Company's external accountants on external risk matters as required.

The Company's risk management systems and control frameworks for identifying, assessing, monitoring and managing its material risks, as established by the Board in conjunction with management, include:

- the Audit and Risk Committee's ongoing monitoring of management and operational performance;
- a comprehensive system of budgeting, forecasting and reporting to the Board;
- approval procedures for significant capital expenditure above threshold levels;
- regular review of all areas of significant financial risk and all significant transactions not part of the Company's normal business activities;
- regular presentations to the Audit and Risk Committee by management on the management of risk;
- comprehensive written policies in relation to specific business activities;
- comprehensive written policies in relation to corporate governance issues;
- regular communication between directors on compliance and risk matters; and
- consultation and review processes between the Board and external accountants.

The Board requires each major proposal submitted to the Board for decision be accompanied by a comprehensive risk assessment and, where required, management's proposed mitigation strategies. The Company has in place an insurance program which is reviewed periodically by the Board. The Board receives regular reports on budgeting and financial performance. A system of delegated authority levels has been approved by the Board to ensure business transactions are properly authorised and executed.

Corporate Governance Statement 2021-2022

Environment, Health and Safety

The Company recognises the importance of environmental and occupational health and safety (OH&S) issues and is committed to the highest levels of performance. To help meet this objective the board facilitates the systematic identification of environment and OH&S issues and ensures they are managed in a structured manner. This system allows the Company to:

- monitor its compliance with all relevant legislation;
- continually assess and improve the impact of its operations on the environment;
- encourage employees to actively participate in the management of environment and OH&S issues;
- work with trade associations representing the entity's business to raise standards;
- use energy and resources efficiently; and
- encourage the adoption of similar standards by the entity's principal suppliers, contractors and distributors.

To manage OH&S issues, the Board has approved a number of procedure documents including a Safety Management Plan and an Emergency Response Plan. It is a condition of employment for all employees to follow these procedures. Reporting on OH&S issues is a standard agenda item at Board Meetings.

Code of Conduct

The Company adopted, in 2002, the Australian Institute of Company Directors' Code of Conduct ("AICD Code") to set appropriate standards of ethical and professional behaviour for its directors. In June 2005, the Company adopted a "Code of Conduct for Directors and Key Executives", which affirmed the Company's adoption of the AICD Code as appropriately setting the standards of ethical behaviour for directors. The Board will review compliance with this Code of Conduct every 12 months.

The Company's Code of Conduct for Directors and Key Executives prescribes standards including acting honestly and in good faith, exercising powers for a proper purpose, using due care and diligence, exercising independent judgment and avoiding a conflict of interest.

The Company has also adopted a "General Corporate Code of Conduct" ("General Code") which details the Company's commitment to appropriate corporate practices to its legitimate stakeholders and sets the standards expected of officers and employees in carrying out their duties.

The Company has in place a trading policy concerning trading in Company securities, a copy of which is provided to all officers and employees of the Company.

Code of Conduct (cont.)

The trading policy imposes certain restrictions on the Company's officers and employees trading in the Company's securities to prevent breaches of the insider trading provisions of the *Corporations Act 2001* (Cth). The key aspects of the policy are that:

- trading in Company securities and other tradeable financial products is only permitted upon notification, in the case of employees, to the Company's Managing Director or, in the case of officers, to the Company's Chairman. If the Chairman wishes to trade, he must notify the Company's Managing Director. Trading is only permitted for 2 weeks following notification and confirmation of trading must be provided to the Managing Director or Chairman (as the case may be);
- no trading is permitted at any time where an officer or employee is in possession of information which, if it was generally available, a reasonable person would expect to have a material effect on the price or value of the security or product, or for a period of 2 days following a public announcement by the Company in relation to the matter the subject of that information; and
- active dealing, being trading in a manner which involves frequent and regular trading, in the Company's securities is not permitted.

The trading policy is provided to all the Company officers and employees and compliance with it is reviewed at least annually. The Company's current trading policy was adopted in June 2005 but reflects the position adopted under its previous trading policies.

The implementation of and compliance with the Company's trading policy is dealt with in the procedures and mechanisms set out in the Company's risk assessment and management policy.

On 25 July 2018 the Company adopted an Anti-Bribery and Anti-Corruption Policy, and a Whistle-blower Protection Policy. As stated, all policies and Charters were reviewed on 22 June 2020.

Continuous Disclosure and Shareholder Communication

The Company has in place a continuous disclosure policy, a copy of which is provided to all Company officers and employees who may from time to time be in the possession of undisclosed information that may be material to the price or value of the Company's securities.

In addition, at each of its meetings, the Board discusses continuous disclosure issues as a standing item and a list of all recent Company announcements is presented.

Corporate Governance Statement 2021-2022

Continuous Disclosure and Shareholder Communication (cont.)

The continuous disclosure policy aims to ensure compliance with the Company's continuous disclosure obligations under the *Corporations Act 2001* (Cth) and the ASX Listing Rules. The aim of the policy is to:

- assess information and co-ordinate the timely disclosure to the ASX or the seeking of advice on the information;
- provide an audit trail of decisions regarding disclosure; and
- ensure officers and employees of the Company understand the obligation to bring relevant information to the attention of the chairperson.

The procedure adopted by the Company is essentially that any information which may need to be disclosed must be brought to the attention of the Chairman, who in consultation with the Board (where practicable) and any other appropriate personnel will consider the information and whether disclosure is required and prepare an appropriate announcement.

At least once in every 12-month period, the Board will review the Company's compliance with this continuous disclosure policy and update it from time to time, if necessary. This continuous disclosure policy was adopted in June 2005 and reflects the position adopted under its previous continuous disclosure policies.

The Company Secretary has been nominated as the person responsible for communication with Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing, in conjunction with the Directors, information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website on the same day it is released to the ASX. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.

On 25 July 2018 the Company adopted a revised Continuous Disclosure Policy, which included a requirement for training in continuous disclosure obligations across the organisation. This was reviewed on 22 June 2020.

Diversity Policy

The Company believes that the promotion of diversity on boards, in senior management and within the organisation generally broadens the pool for recruitment of high-quality directors and employees; is likely to support employee retention; through the inclusion of different perspectives, is likely to encourage greater innovation; and is socially and economically responsible governance practice.

The Company is in compliance with the ASX Corporate Governance Council's Principles & Recommendations on Diversity. The Board of Directors is responsible for adopting and monitoring the Company's diversity policy. The policy sets out the beliefs and goals and strategies of the Company with respect to diversity within the Company. Diversity within the Company means all the things that make individuals different to one another including gender, ethnicity, religion, culture, language, sexual orientation, disability and age. It involves a commitment to equality and to the treating of one another with respect.

Diversity Policy (cont.)

The Company is dedicated to promoting a corporate culture that embraces diversity. The Company believes that diversity begins with the recruitment and selection practices of its board and its staff. Hiring of new employees and promotion of current employees are made on the bases of performance, ability and attitude.

Currently, 36% of the Australian Mines' workforce are female, although there are presently no females on the Australian Mines' board. Given the present size of the Company, there are no plans to establish measurable objectives for achieving gender diversity at this time. The need for establishing and assessing measurable objectives for achieving gender diversity will be re-assessed as the size of the Company increases.

Non-Compliance Statement

The Company has not followed all of the recommendations set out in Australian Securities Exchange Limited Listing Rule 4.10.3. The Recommendations that have not been followed and the explanation of any departure are as follows:

Nomination Committee

The Board has not established a nomination committee as, due to the Company's size and its operations, the Board considers a separately established committee is not warranted and its functions and responsibilities can be adequately and efficiently discharged by the Board as a whole. The Board assesses the experience, knowledge and expertise of potential directors before any appointment is made and adheres to the principle of establishing a board comprising directors with a blend of skills, experience and attributes appropriate to the Company and its business. The main criterion for the appointment of directors is an ability to add value to the Company and its business. All directors appointed by the Board are subject to election by shareholders at the following annual general meeting of the Company. Given the small size of the Board no skills matrix has been developed.

Board Performance Report

A formal board performance was not undertaken during the year. This was considered not necessary given the business environment and conditions during the year.

Internal Audit Function

The Company does not have an internal audit function. The Board manages internal control of risk as detailed above.

Limiting Economic Risk

The Company has an equity-based remuneration scheme but does not have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The scheme is based on providing a loan to acquire shares which must be repaid if the shares are disposed of, and which provides for vesting conditions. In these circumstances limiting the economic risk of participating in the scheme is considered unnecessary.

Additional ASX Information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. Information regarding share and option holdings is current as at 30 September 2022.

a) Substantial Shareholders

There are no shareholders holding more than 5% of the total number of shares.

b) Quoted Securities Holder Information

Twenty Largest Holders of Ordinary Shares	Number of Shares	% Held
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	19,220,322	4.10
BNP PARIBAS NOMINEES PTY LTD	14,150,730	3.02
CITICORP NOMINEES PTY LIMITED	13,652,558	2.91
MR JEFFREY REED	8,000,000	1.71
MR MALCOLM CLARK ANDERSON	4,310,745	0.92
WHALE WATCH HOLDINGS LIMITED	4,292,656	0.92
MR BENJAMIN BELL	4,020,000	0.86
BNP PARIBAS NOMS PTY LTD	3,916,014	0.84
PACRIM INVESTMENT CONSULTANTS PTY LTD	3,142,137	0.67
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,017,424	0.64
VENUS AUSTRALASIA PTY LTD	2,900,000	0.62
SHARESIES NOMINEE LIMITED	2,822,303	0.60
CS FOURTH NOMINEES PTY LIMITED	2,656,602	0.57
MR JUN ZHENG	2,607,000	0.56
PANGAEA TRADE (AUS) PTY LTD	2,538,000	0.54
MR DOMINIC MARINELLI	2,487,988	0.53
ACE PROPERTY HOLDINGS PTY LTD	2,400,000	0.51
MR MARK ANTHONY LEE	2,363,988	0.50
TASMAN BRIDGE FINANCE PTY LTD	2,204,773	0.47
ORMLEY PTY LTD	2,127,567	0.45

b) Quoted Securities Holder Information (cont.)

Twenty Largest Holders of Listed Options	Number of Listed Options	% Held
CS FOURTH NOMINEES PTY LIMITED	10,871,205	28.34
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	8,260,870	21.54
CITICORP NOMINEES PTY LIMITED	7,317,746	19.08
BNP PARIBAS NOMS PTY LTD	1,064,213	2.77
MS LEANNE MARION HUNTER	700,484	1.83
NORTH OF THE RIVER INVESTMENTS PTY LTD	695,652	1.81
BNP PARIBAS NOMINEES PTY LTD	475,541	1.24
MR ROBERT BRADFIELD	410,000	1.07
MATTHEW BURFORD SUPER FUND PTY LTD	372,418	0.97
MS CHUNYAN NIU	366,454	0.96
MR MATTHEW QI	359,841	0.94
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	302,903	0.79
PACRIM INVESTMENT CONSULTANTS PTY LTD	218,508	0.57
MS LOIS BEVERLEY DOLPHIN & MR PETER GRAHAM DOLPHIN	200,000	0.52
MR PETER GRAHAM DOLPHIN	200,000	0.52
SI EQUITIES PTY LTD	200,000	0.52
MRS MARY BRODERICK & DR JOHN BRODERICK	200,000	0.52
MR KODE KOSASIH	174,103	0.45
MR DOMINIC MARINELLI	173,018	0.45
MR CHRISTOPHER QUENBY BRAMPTON & MRS ROBYN LINDLEY BRAMPTON	167,535	0.44
ORMLEY PTY LTD	147,954	0.39
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	139,922	0.36
RIYA INVESTMENTS PTY LTD	131,313	0.34

Additional ASX Information

b) Quoted Securities Holder Information (cont.)

Each fully paid ordinary share entitles the holder to one vote at general meetings of shareholders, and is entitled to dividends when declared. The quoted options do not have voting rights.

The total number of shares on issue is 468,713,841 and there is no current on-market buy back.

Distribution of ordinary shareholders at 30 September 2022:

Category of Shareholding	Number of Shareholders	Number of Securities	% of Securities
1 – 1,000	1,343	751,231	0.16
1,001 – 5,000	3,101	9,326,962	1.99
5,001 – 10,000	1,855	14,692,620	3.13
10,001 – 100,000	3,602	122,546,901	26.15
100,001 and over	740	321,396,127	68.57
Total	10,641	468,713,841	100

Quoted options are exercisable at \$0.14 per option and expire on 30 May 2024. The terms of the options are set out in the Prospectus lodged with ASX on 24 May 2022.

Distribution of options at 30 September 2022:

Category of Shareholding	Number of Shareholders	Number of Options	% of Securities
1 – 1,000	268	108,554	0.28
1,001 – 5,000	204	498,665	1.30
5,001 – 10,000	60	452,565	1.18
10,001 – 100,000	97	3,788,253	9.88
100,001 and over	26	33,508,107	87.36
Total	655	38,356,144	100

c) Quoted Securities

The Company has the following quoted securities on issue:

468,713,841 fully paid ordinary shares

38,356,144 options

d) Unquoted Securities

No unquoted Securities as at 30 September 2022.

e) Unmarketable Parcels Holding

There are 2,525 holders of unmarketable parcels holding 26,273,228 shares.

f) Restricted Securities

There are 7,320,000 ordinary shares held in escrow until further notice.

Tenements Schedule

Location	Project	Tenement	Status	Interest
AUSTRALIA				
Queensland	Sconi	ML 10366	Granted	100%
Queensland	Sconi	ML 10342	Granted	100%
Queensland	Sconi	ML 10324	Granted	100%
Queensland	Sconi	ML 10332	Granted	100%
Queensland	Sconi	ML 20549	Granted	100%
Queensland	Sconi	MDL 515	Granted	100%
Queensland	Sconi	MDL 387	Granted	100%
Queensland	Sconi	EPM 25834	Granted	100%
Queensland	Sconi	EPM 25865	Granted	100%
Queensland	Sconi	EPM 25833	Granted	100%
Queensland	Sconi	EPM 26575	Granted	100%
Queensland	Sconi	EPM 26577	Granted	100%
Queensland	Sconi	EPM 26578	Granted	100%
Queensland	Sconi	EPM 26579	Granted	100%
Queensland	Sconi	EPM 26559	Granted	100%
Queensland	Sconi	EPM 26853	Granted	100%
Queensland	Sconi	EPM 26857	Granted	100%
Queensland	Sconi	EPM 26918	Granted	100%
Queensland	Sconi	EPM 27529	Granted	100%
Queensland	Biloela	EPM 28047	Granted	100%
Queensland	Biloela	EPM 28048	Granted	100%
Queensland	Biloela	EPM 28049	Granted	100%
Queensland	Biloela	EPM 28050	Granted	100%
New South Wales	Flemington	EL 7805	Granted	100%
New South Wales	Flemington	EL 8546	Granted	100%
New South Wales	Flemington	EL 8478	Granted	100%
New South Wales	Flemington	EL 8855	Granted	100%
New South Wales	Flemington	EL 9321	Granted	100%
New South Wales	Broken Hill	EL 8477	Granted	100%
New South Wales	Broken Hill	EL 9300	Granted	100%
New South Wales	Broken Hill	EL 9326	Granted	100%

Mineral Resource Estimates

Sconi Project, Queensland, Australia

(Effective 14 February 2019) ¹

Classification	Tonnes (million tonnes)	Nickel equivalent (%)	Nickel (%)	Cobalt (%)
Measured	5.05	1.06	0.83	0.07
Indicated	17.24	0.90	0.73	0.05
Inferred	10.34	0.63	0.54	0.04
Total	32.63	0.84	0.69	0.05

Table 1: Greenvale Mineral Resource

(Lower cut-off grade: Nickel equivalent 0.40%)

Classification	Tonnes (million tonnes)	Nickel equivalent (%)	Nickel (%)	Cobalt (%)
Measured	1.60	0.91	0.53	0.11
Indicated	12.63	0.83	0.47	0.11
Inferred	0.38	0.66	0.55	0.03
Total	14.62	0.83	0.48	0.11

Table 2: Lucknow Mineral Resource

(Lower cut-off grade: Nickel equivalent 0.55%)

Classification	Tonnes (million tonnes)	Nickel equivalent (%)	Nickel (%)	Cobalt (%)
Measured	1.62	1.17	0.73	0.15
Indicated	19.37	0.83	0.57	0.09
Inferred	7.48	0.70	0.53	0.07
Total	28.47	0.81	0.57	0.09

Table 3: Kokomo Mineral Resource

(Lower cut-off grade: Nickel equivalent 0.45%)

¹The Mineral Resource Estimates for the Greenvale, Lucknow and Kokomo deposits are reported under JORC 2012 Guidelines and were reported by Australian Mines on 14 February 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 14 February 2019 announcement by Australian Mines.

Nickel equivalent (NiEq) calculations are described in detail on page 85 of this report.

Sconi Project, Queensland, Australia (cont.)

Classification	Tonnes (million tonnes)	Nickel equivalent (%)	Nickel (%)	Cobalt (%)
Measured	11.4	1.02	0.84	0.05
Indicated	12.7	0.74	0.64	0.03
Inferred	1.7	0.66	0.55	0.03
Total	25.8	0.86	0.72	0.04

Table 4: Bell Creek Mineral Resource ²

(Lower cut-off grade: Nickel equivalent 0.45%).

Classification	Tonnes (million tonnes)	Nickel (%)	Cobalt (%)
Indicated	11.9	0.67	0.03
Inferred	2.4	0.60	0.02
Total	14.3	0.66	0.03

Table 5: Minnamoolka Mineral Resource ³

(Lower cut-off grade: Nickel 0.45%)

Flemington Project, New South Wales, Australia

(Effective 31 October 2017) ⁴

Classification	Tonnes (million tonnes)	Cobalt (%)	Scandium (ppm)
Measured	2.5	0.103	403
Indicated	0.2	0.076	408
Total	2.7	0.101	403

Table 6: Flemington Mineral Resource

(Lower cut-off grade: Cobalt 0.03%)

² The Mineral Resource Estimate for the Bell Creek deposit is reported under JORC 2012 Guidelines and was reported by Australian Mines on 29 April 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 29 April 2019 announcement by Australian Mines.

³ The Mineral Resource Estimate for the Minnamoolka deposit is reported under JORC 2012 Guidelines and was reported by Australian Mines on 21 October 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 21 October 2019 announcement by Australian Mines.

Nickel equivalent (NiEq) calculations are described in detail on page 85 of this report.

⁴ The Mineral Resource Estimates for the Flemington deposit is reported under JORC 2012 Guidelines and were reported by Australian Mines on 31 October 2017. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 October 2017 announcement by Australian Mines.

Ore Reserve Estimates

Sconi Project Ore Reserve Estimates

Classification	Pit	Ore (Million tonnes)	Nickel (%)	Cobalt (%)	Scandium (ppm)
Proved	Greenvale	4.49	0.83	0.07	36
	Kokomo	1.52	0.72	0.15	58
	Lucknow	2.07	0.47	0.09	51
	Sub-total	8.08	0.72	0.09	44
Probable	Greenvale	13.08	0.73	0.05	29
	Kokomo	17.43	0.57	0.09	31
	Lucknow	18.71	0.42	0.08	38
	Sub-total	49.22	0.55	0.08	33
Total	Greenvale	17.57	0.76	0.06	31
	Kokomo	18.96	0.58	0.10	33
	Lucknow	20.77	0.42	0.08	39
	TOTAL	57.30	0.58	0.08	35

Table 7: Sconi Project Ore Reserve summary based on variable nickel equivalent cut-off between 0.40% and 0.45%.

Ore Reserve as per Australian Mines' announcement released via the ASX platform on 13 June 2019. Prepared by specialist mine planning consultants, Orelogy, in accordance with the current 2012 JORC Code.

There has been no Material Change or Re-estimation of the Ore Reserve since this 13 June 2019 announcement by Australian Mines.

The Mineral Resource figures in Tables 1 to 3 are inclusive of the Ore Reserve figures above. Approximately 14% of the Ore Reserves (outlined in the table above) are classified as Proved and 86% are classified as Probable. It should be noted that the Proved and Probable Reserves are inclusive of allowance for mining dilution and ore loss.

Nickel Equivalent Calculations – Sconi Project

NiEq grades reference in this report were calculated according to the following formula:

$$\text{NiEq} = \frac{[(\text{nickel grade} \times \text{nickel price} \times \text{nickel recovery}) + (\text{cobalt grade} \times \text{cobalt price} \times \text{cobalt recovery})]}{(\text{nickel price} \times \text{nickel recovery})}$$

The formula was derived using the following commodity prices and recoveries:

Forex US\$:A\$ = 0.71,

Nickel – A\$27,946/t and 94.8% recovery,

Cobalt – A\$93,153/t and 95.7% recovery.

Prices and recoveries effective as at 10th February 2019.

Metal recovery data was determined by variability test work of nickel and cobalt solvent extraction during the in-house pilot plant test work program. Results typically achieved between 90% and 99% from samples with nickel and cobalt grades aligned with expected mine grades as reported from the Mineral Resource model. Lower recoveries of between 85% and 90% were achieved from some lower-grade samples to determine economic cut off grades.

It is the opinion of Australian Mines that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.

The Competent Person and Australian Mines believe there are reasonable prospects for eventual economic extraction of the Mineral Resources. Consideration was given to the relatively shallow depth of the mineralisation, existing infrastructure near to the project including sealed road access, power, labour and water, and positive results from the 2018 Feasibility Study.

Competent Persons' Statements

Sconi Project, Queensland, Australia

The Mineral Resource for the Sconi Project contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource for the Greenvale, Lucknow and Kokomo deposits within the Sconi Project were first reported by Australian Mines on 14 February 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 14 February 2019 announcement by Australian Mines.

The information in this report that relates to Sconi Project's Greenvale, Lucknow and Kokomo Mineral Resources is based on, and fairly reflects, information compiled by Mr David Williams, a Competent Person, who is an employee of CSA Global Pty Ltd and a Member of the Australian Institute of Geoscientists (#4176). Mr Williams has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves" (JORC Code). Mr Williams consents to the disclosure of information in this report in the form and context in which it appears.

The Ore Reserve for the Sconi Project contained within this document is reported under JORC 2012 Guidelines. This Ore Reserve was first reported by Australian Mines on 13 June 2019. There has been no Material Change or Re-estimation of the Ore Reserve since this 13 June 2019 announcement by Australian Mines.

The information in this report that relates to Ore Reserves is based on, and fairly reflects, information compiled by Mr Jake Fitzsimons, a Competent Person, who is an employee of Orelogy Consulting Pty Ltd and a Member of the Australian Institute of Mining and Metallurgy (MAusIMM #110318). Mr Fitzsimons has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves" (JORC Code). Mr Fitzsimons consents to the disclosure of information in this report in the form and context in which it appears.

The Mineral Resource for the Bell Creek deposit, located within the Sconi Project, contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines on 29 April 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 29 April 2019 announcement by Australian Mines.

The information in this report that relates to the Sconi Project's Bell Creek Mineral Resource is based on, and fairly reflects, information compiled by Mr David Williams, a Competent Person, who is an employee of CSA Global Pty Ltd and a Member of the Australian Institute of Geoscientists (#4176). Mr Williams has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves" (JORC Code). Mr Williams consents to the disclosure of information in this report in the form and context in which it appears.

The Mineral Resource for the Minnamoolka deposit, located within the Sconi Project, contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines on 21 October 2019. There has been no Material Change or Re-estimation of the Mineral Resource since this 21 October 2019 announcement by Australian Mines.

Sconi Project, Queensland, Australia (cont.)

The information in this report that relates to the Sconi Project's Minnamoolka Mineral Resources is based on, and fairly reflects, information compiled by Mr David Williams, a Competent Person, who is an employee of CSA Global Pty Ltd and a Member of the Australian Institute of Geoscientists (#4176). Mr Williams has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves" (JORC Code). Mr Williams consents to the disclosure of information in this report in the form and context in which it appears.

Flemington Project, New South Wales, Australia

The Mineral Resource for the Flemington Project contained within this document is reported under JORC 2012 Guidelines. This Mineral Resource was first reported by Australian Mines on 31 October 2017. There has been no Material Change or Re-estimation of the Mineral Resource since this 31 October 2017 announcement by Australian Mines.

Information in this report that relates to Flemington Project's Exploration Results is based on information compiled by Mr Mick Elias, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Elias is a director of Australian Mines. Mr Elias has sufficient experience relevant to this style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Elias consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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