PNX Metals Limited
ABN 67 127 446 271

Financial Report – 30 June 2023

DIRECTORS' REPORT

The Directors of PNX Metals Limited ('PNX' or 'Company') present their report for the financial year ended 30 June 2023.

Directors

The names and details of directors in office during and since the end of the financial year, unless otherwise stated, are as follows:

Graham Ascough (Non-Executive Chairman)

Appointed 7 December 2012

Graham Ascough is a senior resources executive with more than 30 years of industry experience evaluating mineral projects and resources in Australia and overseas. He has had broad industry involvement ranging from playing a leading role in setting the strategic direction for significant country-wide exploration programs to working directly with mining and exploration companies.

Mr. Ascough is a geophysicist and was the Managing Director of ASX listed Mithril Resources Ltd from October 2006 until June 2012. Prior to joining Mithril in 2006, Mr. Ascough was the Australian Manager of Nickel and PGM Exploration at the major Canadian resources house, Falconbridge Ltd (acquired by Xstrata Plc in 2006).

He is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM") and is a Professional Geoscientist of Ontario, Canada.

In the 3 years immediately prior to 30 June 2023, Mr. Ascough held the following directorships of other listed companies for the following periods:

- Non-executive Chairman, Musgrave Minerals Limited – since 26 May 2010
- Non-executive Chairman, Sunstone Metals Limited – since 30 November 2013
- Non-executive Chairman, Black Canyon Limited – since 25 August 2013 (listed on 5 May 2021)

Hans-Jörg Schmidt, Non-executive Director

Appointed 11 November 2019

Based in Monaco, Mr. Schmidt has a Master of Business & Administration from the University of Mannheim (Germany) and has a strong track record of business start-up and investment management. He is an experienced Private Equity Investor, working and investing across a broad range of industries and has held senior positions in investment banking and investment research firms along with director roles for publicly listed Companies in Europe. He has advised boards and management teams on investment decisions, financings and transactions across a broad range of industries.

In the 3 years immediately prior to 30 June 2023, Mr. Schmidt held no directorships of other ASX listed companies.

Hansjoerg Plaggemars, Non-executive Director

Appointed 28 November 2020

Hansjoerg Plaggemars was appointed to the board as Non-Executive Director with effect from 28 November 2020. He is an experienced company director with a strong background in corporate finance, corporate strategy, and governance. He has qualifications in Business Administration and has served on the Board of Directors of many listed and unlisted companies in a variety of industries including mining, agriculture, shipping, construction, and investments. Mr. Plaggemars has previously served on the Board of Delphi Unternehmensberatung AG, the Company's major shareholder.

In the 3 years immediately prior to 30 June 2023, Mr. Plaggemars held the following directorships of other ASX listed companies for the following periods:

- Non-executive Director, Kin Mining NL – since July 2019
- Non-executive Director, South Harz Potash Limited – from October 2019 to 31 December 2022
- Non-executive Director, Azure Minerals Limited – since November 2019
- Non-executive Director, Altech Chemicals Limited – since August 2020
- Non-executive Director, Spartan Resources Limited – since July 2021
- Non-executive Director, Wiluna Mining Corporation Limited – since July 2021
- Non-executive Director, Geopacific Resources Limited – since July 2022

Rowan Johnston, Non-Executive Director

Appointed 11 April 2023

Mr Johnston is a mining engineer with over 40 years' resources industry experience, including significant experience as a company director through executive and non-executive directorship roles. Mr Johnston has held various senior executive and leadership roles in Australia and internationally, primarily in the gold sector, and has considerable experience in feasibility studies, company formations, construction, expansions and mergers.

He is currently non-Executive Chairman of ASX-listed Spartan Resources Ltd and Chairman of Kin Mining NL. Earlier in his career, he was a Director and Executive Director of a range of companies including Bardoc Gold, Excelsior Gold, Mutiny Gold, and Integra Mining.

James Fox, Managing Director & Chief Executive Officer (MD & CEO)

Appointed 26 November 2014

James Fox has been CEO of the Company since May 2012. He has over 25 years' experience in the mining industry. Prior to joining PNX, he was responsible for the development and operation of the Nickel Laterite Heap Leach project at the Murrin Murrin operations in Western Australia. Mr. Fox has held various senior processing positions including Process Manager at the Nifty Copper Operation in Western Australia. He has worked in the UK, Cyprus, Uganda and Australia in gold, lead, zinc, copper, nickel and cobalt mining and processing operations.

In the 3 years immediately prior to 30 June 2023, James Fox held the following directorships of other listed companies for the following periods:

- Non-executive Director, Thomson Resources Ltd – since May 2023

Frank Bierlein, Non-executive Director

Appointed 18 June 2021 and resigned on 6 April 2023

Dr. Bierlein is a geologist with 30 years of experience as a consultant, researcher, lecturer and industry professional. Dr Bierlein has held exploration and generative geology management positions with QMSD Mining Co Ltd, Qatar Mining, Afmeco Australia and Areva NC, and consulted for, among others, Newmont Gold, Resolute Mining, Goldfields International, Freeport-McMoRan, and the International Atomic Energy Agency. He was a non-executive director of Gold Australia Pty Ltd from 2015 to 2019, and chaired the Advisory Board of a Luxemburg-based private equity fund between 2014 and 2021. Dr Bierlein has worked on six continents spanning multiple commodities, and over the course of his career has published and co-authored more than 130 articles in peer-reviewed scientific journals. Dr Bierlein obtained a PhD (Geology) from the University of Melbourne, is a Fellow of the Australian Institute of Geoscientists (AIG), and a member of both the Society of Economic Geologists (SEG) and the Society of Geology Applied to Mineral Deposits.

In the 3 years immediately prior to 30 June 2022, Dr. Bierlein held the following directorships of other ASX listed companies:

- Non-executive Director, Impact Minerals Limited – since October 2021
- Non-executive Director, Firetail Resources Limited – since November 2021 (IPO 12 April 2022)
- Non-executive Director, Blackstone Minerals Limited – since November 2021

Richard Willson, Non-executive Director

Appointed 18 June 2021 and resigned on 6 April 2023

Richard Willson is an experienced, Non-Executive Director, Company Secretary and CFO with more than 20 years' experience predominantly within the mining, technology and agricultural sectors for both publicly listed and private companies.

Mr. Willson has a Bachelor of Accounting from the University of South Australia, is a Fellow of CPA Australia, and a Fellow of the Australian Institute of Company Directors.

He is a Non-Executive Director of Titomic Limited (ASX:TTT), AusTin Mining Limited (ASX:ANW), Thomson Resources Limited (ASX:TMZ), MedTEC Holdings Limited, and Unity Housing Company Ltd; and Company Secretary of a number of ASX Listed Companies.

Mr. Willson is the Chairman of the Audit Committee of Titomic Limited, AusTin Mining Limited, and Unity Housing Company, and is the Chairman of the Remuneration & Nomination Committee of Titomic Limited.

In the 3 years immediately prior to 30 June 2022, Richard Willson held the following directorships of other listed companies for the following periods:

- Non-executive Director, Aus Tin Mining Limited – since February 2011
- Non-executive Director, Titomic Limited – since May 2017
- Non-executive Director, Thomson Resources Limited – since July 2019
- Non-executive Director, Lanyon Investment Company Ltd – from April 2021 to May 2022
- Non-executive Director, 1414 Degrees Limited – from July 2020 to May 2021
- Non-executive Director, Graphene Technology Solutions Limited (now Sparc Technologies Limited) – from March 2019 to December 2020

Company Secretary

Angelo Gaudio (Appointed 10 January 2019)

Angelo Gaudio has significant experience in senior financial positions within the resource sector. Previous roles include; the Chief Financial Officer and Company Secretary for Investigator Resources Limited, Renascor Resources Limited, as well as Vice President, Finance and Administration with Heathgate Resources Pty Ltd.

Angelo is a qualified accountant with over forty years of finance, management and accounting experience. His expertise includes corporate finance, risk management, financial reporting and corporate development. Angelo is a Fellow of the Institute of Public Accountants and a certificated member of the Governance Institute of Australia.

Other Key Management Personnel

Craig Wilson, BEng (Mining) - Mining, Infrastructure and Studies Manager

Craig Wilson, BEng (Mining), is a Mining Engineer with over 30 years of mining industry experience. He has worked in western and central Australia in copper, uranium, coal, iron ore and numerous open cut and underground gold mines. He also worked as an expat for over 11 years in numerous African gold mines.

He has project managed many mine site developments from pre-feasibility through to approvals, construction and then into operations. He brings to PNX operational, mine planning and management experience to develop exploration sites into operating mines.

Michael Green, (PhD, MAIG) - Exploration Manager

Dr Green is a geologist with more than 25 years experience exploring for gold, base metals, and rare earths around the world. He has been involved in various discoveries, including some now producing gold mines. Michael has a strong field geology background with board and project finance experience. Michael has managed many regional exploration projects and has worked for many years in the Northern Territory, including with the Northern Territory Geological Survey, Arafura Resources and Tanami Gold. Dr Green joined PNX in April 2021.

Interests in Shares and Performance Rights of the Company

As at the date of this report, the interests of the Directors in the shares and Performance Rights of PNX are as follows:

Graham Ascough, Non-Executive Chairman

Graham Ascough has an indirect interest in 21,498,192 Shares.

James Fox, Managing Director & CEO

James Fox holds 55,800,000 Performance Rights, and a related party of Mr Fox holds 12,000,000 Shares.

Angelo Gaudio, Company Secretary

Angelo Gaudio holds 15,000,000 Performance Rights.

Craig Wilson, Mining, Infrastructure and Studies Manager

Craig Wilson has a direct interest in 3,562,519 Shares, and holds 40,000,000 Performance Rights.

Michael Green, Exploration Manager

Michael Green has a direct interest in 3,000,000 Shares, and holds 20,000,000 Performance Rights.

Dividends and Distributions

No dividends or distributions were paid to members during the financial year and none were recommended or declared for payment.

Principal Activities

The principal activities of the Company and its wholly owned subsidiary (‘Group,‘Company’, or ‘PNX’) during the financial year was advancement of development activities and approvals for its 100% owned Fountain Head gold and Hayes Creek zinc-gold-silver Projects (Projects), and near-mine and regional minerals exploration in the Pine Creek region of the Northern Territory (‘NT’).

Review of Operations

There were no reportable safety or environmental incidents during the year, and all tenements remain in good standing with statutory reporting up to date.

The safety and welfare of the Group’s employees and contractors is paramount and a comprehensive risk register and safe operating procedures are maintained and regularly reviewed.

During the year, the Group continued to advance its program for the sequential development of its Projects, which host considerable zinc, gold and silver mineral resources, so that an investment decision can be made once Government and Environmental approvals and Project financing have been achieved.

Evaluation and testing of gold exploration prospects was progressed and the Company believes the potential exists to augment overall project scale and scope through successful exploration and/or acquisition.

The Company entered an agreement to acquire The Mt Porter gold deposit (refer ASX release 28 September 2022), with completion due in late 2023. Mt Porter is a ‘bolt-on’ asset with strong exploration potential that hosts a Mineral Resource Estimate (MRE), reported in accordance with the JORC Code, 2012, of 0.68 Mt @ 2.2 g/t Au for 48,200 (Indicated and Inferred).

The acquisition is consistent with the Company’s strategy to consolidate nearby projects which host existing gold, silver or base metals mineral resources to support the proposed Project development and have significant exploration upside.

An updated MRE was also completed for the 100% owned Glencoe gold deposit (refer ASX release 30 August 2022), which returned 2.1 Mt @ 1.2 g/t Au for 79,000 oz Au and significantly improved geological classification with 77.4% of the Glencoe MRE now reporting to the higher-confidence Measured and Indicated categories.

The Group’s total Mineral Resources now contain 520,900 oz Au, 16.2 million oz Ag, 177,000 t Zn, 37,000 t Pb and 10,000t Cu (refer ASX release 28 September 2022).

During February 2023, the Northern Territory Minister for Environment, Climate Change and Water Security granted environmental approval for Fountain Head. The Company subsequently completed and submitted (during May 2023) its Mining Management Plan to the Department of Industry, Tourism & Trade (DITT) for assessment which could result in approval being granted towards the end of 2023. The Mine Management Plan (MMP) is the last step in the approvals process for Fountain Head.

On 28 February 2022 (refer ASX release 1 March 2022), the Group agreed to divest the Moline project (tenements ML24173, MLN1059, MLN41 and EL28616) to Sovereign Metallurgical Pty Ltd (‘Sovereign'), a subsidiary of Ausgold Trading Pty Ltd (‘Ausgold’). The completion of this transaction is pending and expected to be completed by the end of 2023.

Geology and Exploration

During February 2023, the Company announced that multiple targets, with the potential to host economically significant gold mineralisation, including at the C6 gold prospect, had been identified within prospective kilometre-scale gold corridors across its Northern Burnside exploration Leases (refer ASX release 13 February 2023). The Northern Burnside Leases are located approximately 100 km south of Darwin and 35 km NNW of the Projects.

The C6 prospect exists along the same structural corridor as the Cosmo Howley gold mine (owned by Agnico Eagle Mines Limited) and other gold deposits (refer ASX release 13 February 2023). The historic Goodall gold mine (4.25 Mt at 2.35 g/t for 321,000 oz Au) is located 3.5 km to the ESE of C6 in a parallel structural zone with the gold hosted in numerous sub-vertical lenses 100 - 200 m in length and up to 10 m true width.

Subsequent fieldwork and mapping at C6 returned very high-grade gold assay results from surface rock chip samples collected from quartz-gossan that sporadically outcropped along the northern extension of the C6 anomaly. The new high-grade zone located on the 100% owned EL31893. Significantly, no drilling has been undertaken in the immediate vicinity of the new C6 high-grade surface samples, and the prospect remains open in all directions.

In July 2023, the Company completed eight trenches (costeans) up to 100m in length to better evaluate the extent and geometry of gold mineralisation and to assist with targeting subsequent drill-testing. The first phase of aircore drilling, comprising approximately 50 holes was completed in August, with assay results pending as at the date of this report. RC drilling is planned for the September 2023 quarter.

Exploration is also planned to continue at the Company’s Bartons gold prospect, which is ~2.5 km further west, where there are excellent historic results confirmed by recent surface samples.

In late 2022 the Company drilled 18 RC holes for a total of 1,740 m at the Glencoe gold deposit (refer ASX release 16 December 2022). The program generated positive gold assay results and was successful in demonstrating continuity to the east of the Central Zone by approximately 200 m, and that gold-bearing quartz veins previously reported at surface (refer ASX release 20 March 2022) extend at depth and to the south, oblique to the main gold mineralisation.

Glencoe is located on a granted Mineral Lease approximately 3 km north of Fountain Head and represents a ‘bolt-on’ asset that supports the proposed Project development.

During June 2023, 64 angled aircore drill holes were drilled covering a 1 km x 500 m area immediately to the south of Glencoe. The aim of this drilling was to test gold targets identified through a NT Government co-funded drone-based magnetic survey (refer ASX release 17 November 2022). The drill holes penetrated bedrock through soil-colluvium-alluvium cover varying between 2 and 9 m deep. All drill holes intersected weathered bedrock with 31 drill holes intersecting quartz veins. Initial composite assay samples did not show any material gold grades in this area, further interpretation and assessment is underway.

Government and Environmental Approvals

In February 2023 the Northern Territory Minister for Environment, Climate Change and Water Security granted environmental approval for the Fountain Head gold Project. The grant of environmental approval is the culmination of a significant body of work, and a milestone event in PNX’s Pine Creek integrated development strategy.

The Fountain Head Environmental Impact Statement (EIS), which was submitted in mid-2022, is an important component of the Project approval process and contains a comprehensive risk assessment, including studies on groundwater and surface water, biodiversity, Aboriginal and cultural heritage, socioeconomic impacts, transport, air quality, noise, and closure/rehabilitation.

The last step in the approvals process for the Fountain Head gold Project is the Mine Management Plan (‘MMP’) which was submitted to the Department of Industry, Tourism & Trade (‘DITT’) for assessment in late May 2023. A successful review of the MMP by DITT could result in a Mining Authorisation being provided in late 2023.

Project Financing

The Group has received and assessed several term sheet proposals for project debt finance with the minimum requirements being an updated Project feasibility assessment and Project approvals. No decision has been made of project financing at this stage.

Plant and Infrastructure Engineering and Design

The Group has commenced a parallel development synergies study for the Project integration. The aim of this study work is to assess opportunities identified through the integrated flowsheet to improve capital efficiency; overall resource utilisation; recoveries and payment terms for metals produced; tailings quality; and margins. Test-work to recover additional gold lost through the float tails, improve distribution and recovery of payable metals, and assess alternative processing of precious metals is ongoing and expected to be complete by the end of 2023.

The Project construction schedule is yet to be finalised, but expected to be up to 12 months from the decision to proceed. Site establishment works are planned to commence upon grant of Project approvals.

Business Development

Due diligence continues on other 'bolt-on' gold projects which have the potential to extend and improve Project economics. Discussions with vendors are ongoing and PNX will provide updates if, and when the outcome of these discussions becomes more definite.

Corporate

The Group reported a loss after tax for the year of $1,472,967 (2022: $764,024). No impairments were recorded during the year.

The Group's corporate costs, which include head office wages, directors' fees, professional fees, insurance, regulatory, occupancy and communication costs have not changed significantly.

Net cash outflow of $1.0 million for the year, primarily reflect net payments for investing activities, including exploration of $2.4 million and net payments for operating activities of $1.2 million, and financing activities, including the issue of new shares under a non-renounceable Rights Issue, raising $2.6 million (net of costs).

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Group during or since the end of the year.

Significant Events Subsequent to the end of the Financial Year

A two-year lease for the Rose Park office tenancy expired on 31 August 2023. The Company has been in negotiation to extend the tenancy lease. As at the date of this report negotiations are continuing in relation to a further extension the tenancy lease.

On 21 July 2023, $250,000 was received from Sovereign for the payment of tranche 2, 2nd instalment pursuant to the Purchase and Sale Agreement relating to the Moline tenements.

There has been no other matter or circumstance that has occurred subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely Developments

The Group's aim is to be a sustainable, profitable gold and base metals producer and successful minerals explorer by advancing its Projects through development and into production, and by making new mineral discoveries in the Pine Creek region of the Northern Territory to either supplement its Projects or to be developed as stand-alone operations.

Environment Regulation and Performance

The Group continues to meet all environmental obligations across its tenements.

Options and Performance Rights

No options were issued during the year and as at the date of this report, there were no options on issue.

During the year, 95,000,000 new Performance Rights were issued. No Performance Rights vested during the year and therefore no shares were issued under the Company's Performance Rights Plan. 2,500,000 Performance Rights lapsed during the year as a result of an employee resignation. At the date of this report, 141,800,000 unvested Performance Rights remain on issue.

Indemnification and Insurance of Directors and Officers

The Company entered into a Deed of Access, Insurance and Indemnity with Graham Ascough on 11 December 2012, James Fox on 26 November 2014, Hans-Jörg Schmidt on 11 November 2019, Hansjoerg Plaggemars on 28 November 2020, Rowan Johnston on 11 April 2023, Frank Bierlein and Richard Willson on 18 June 2021. Under the terms of these Deeds, the Company has undertaken, subject to restrictions in the *Corporations Act 2001*, to:

- indemnify each Director in certain circumstances;
- advance money to a Director for the payment of legal costs incurred by a Director in defending legal proceedings before the outcome of those proceedings is known (subject to an obligation by the Director to repay money advanced if the costs become costs in respect of which the Director is not entitled to be indemnified under the Deed);
- maintain Directors' and Officers' insurance cover (if available) in favour of each Director whilst they remain a Director of the Company and for a run out period after ceasing to be such a director; and
- provide each Director with access to Board papers and other documents provided or available to the Director as an Officer of the Company.

Throughout the year and since the end of the financial year, the Group has had in place and paid premiums for insurance policies, with a limit of liability of $10 million, indemnifying Directors and Officers of the Group against certain liabilities incurred in the conduct of business or in the discharge of their duties as Directors or Officers of the Group. The contracts of insurance contain confidentiality provisions that preclude disclosure of the premium paid.

Directors' attendance at Meetings

There were nine Board meetings and three Audit Committee meetings held during the financial year. The following table summarises director attendance:

Year Ended 30 June 2023	Total meetings held during the year	Graham Ascough (Board Chairman) [1] Meetings attended	Hans-Jörg Schmidt [1] Meetings attended	Hansjoerg Plaggemars (Audit Committee Chairman) [1] Meetings attended	Rowan [1, 6 & 7] Johnston Meetings attended	Frank Bierlein [2 & 4] Meetings attended	Richard Willson [2, 3 & 5] Meetings attended	James Fox [2] Meetings attended
Board Meetings	9	9	8	9	1	5	6	9
Audit Committee Meetings	3	3	2	3	1	2	2	3

[1] Audit Committee member
[2] Invited to attended Audit Committee meetings.
[3] Richard Willson appointed as Chairman of the Audit Committee from 8 March 2023.
[4] Frank Bierlein resigned as Non-Executive Director on 6 April 2023.
[5] Richard Willson resigned as Non-Executive Director on 6 April 2023.
[6] Rowan Johnston appointed on 11 April 2023.
[6] Rowan Johnston appointed as Chairman of the Audit Committee from 7 June 2023

Auditor's Independence Declaration

The auditor's independence declaration is included on page 16.

Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 to the financial statements.

The directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants (including independence standards)* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks and rewards.

REMUNERATION REPORT – AUDITED

This Report outlines the remuneration arrangements in place for the Directors, Key management personnel and the Company Secretary.

Where this Report refers to the 'Grant Date' of Shares or Performance Rights, the date mentioned is the date on which those Shares or Performance Rights were agreed to be issued (whether conditionally or otherwise) or, if later when approval is obtained, the date on which key terms of the Shares or Performance Rights (e.g., performance conditions) were determined.

Directors and Key Management Personnel details

The following persons acted as Directors of the Company during and since the end of the financial year:

- Graham Ascough (Non-Executive Chairman)
- Hans-Jörg Schmidt (Non-Executive Director)
- Hansjoerg Plaggemars (Non-Executive Director)
- Rowan Johnston – appointed 11 April 2023 (Non-Executive Director)
- James Fox (Managing Director & CEO)

The following persons acted as Directors of the Company and resigned from their position during the year as noted below:

- Frank Bierlein – resigned 6 April 2023 (Non-Executive Director)
- Richard Willson resigned 6 April 2023 (Non-Executive Director)

The following persons were Key Management Personnel of the Company and Group during and since the end of the financial year:

- Angelo Gaudio (Chief Financial Officer & Company Secretary)
- Craig Wilson (Mining, Infrastructure and Studies Manager)
- Michael Green (Exploration Manager)

Relationship between remuneration policy and Group performance

There is no direct link between the Group's financial and operating performance and the setting of remuneration except as discussed below in relation to certain Performance Rights.

Remuneration Philosophy

The performance of the Group depends on the quality of its Directors and Senior Management and therefore the Group must attract, motivate and retain appropriately qualified industry personnel. The Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract and retain high calibre executives, Directors and employees;
- link executive rewards to Group operating performance and shareholder value by the granting of Performance Rights with performance-based vesting conditions; and
- ensure total remuneration is competitive by market standards.

The Group does not currently have a policy on trading in derivatives that would limit exposure to losses resulting from share price decreases applicable to Directors and employees who may receive part of their remuneration in securities of the Company. The Board is not aware of any of the Company's Directors or Key Management personnel ever conducting such activity.

Remuneration Policy

The Group does not have a separately established remuneration committee. The full Board acts as the Group's remuneration committee. The Board is responsible for determining and reviewing remuneration arrangements for Non-Executive Directors, the Managing Director & CEO, the Company Secretary, and other Senior Management. The Board assesses the appropriateness of the nature and amount of remuneration of such persons on a periodic basis with reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team. External advice on remuneration matters is sought when the Board deems it necessary. During the financial year ended 30 June 2023 the Group did not engage external remuneration consultants.

The remuneration of Non-Executive Directors and Senior Management is not dependent on the satisfaction of performance conditions, except in relation to Performance Rights as described below.

The Company has established an Employee Performance Rights Plan ('Plan'), where the Directors can, at their discretion, grant Performance Rights to eligible participants. Upon a grant of Performance Rights, the Board may set vesting conditions, determined at the Board's discretion, which if not satisfied will result in the lapse of the Performance Rights granted to the particular employee.

Each Performance Right granted converts into one ordinary share in PNX on vesting. No amounts are paid or payable by the recipient on receipt of the Performance Right, nor at vesting. Performance Rights have no entitlement to dividends or voting rights.

Non-Executive Director Remuneration

The Board seeks to set remuneration of Non-Executive Directors at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is appropriate at this stage of the Company's development.

Non-Executive Chairman, Graham Ascough is entitled to receive $75,000 per annum inclusive of superannuation and Non-Executive Directors are each entitled to receive $40,000 per annum inclusive of superannuation. Non- executive Director, Rowan Johnston, also receives $7,000 per annum whilst holding the role of the Audit Committee Chairman. Non-Executive Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors. Non-Executive Directors are also entitled to additional remuneration for extra services or special exertions, in accordance with the Company's Constitution. There are no schemes for retirement benefits other than government mandated superannuation. No other additional amounts were paid to a Director during the financial year (2022: $ Nil). There have been no changes to these fees or entitlements since the inception of the Company in 2007.

Summary details of remuneration for Non-Executive Directors are given in the tables on pages 13 and 14. Remuneration is not dependent on the satisfaction of performance conditions. The maximum aggregate remuneration of Non-Executive Directors, other than for extra services or special exertions, is $500,000 per annum.

Managing Director & Chief Executive Officer Remuneration

The Group aims to reward the Managing Director & Chief Executive Officer (MD & CEO) with a level and mix of remuneration commensurate with his position and responsibilities within the Group to:

- align the interests of the MD & CEO with those of shareholders;
- through Performance Rights, link reward with the strategic goals and performance of the Group; and
- ensure total remuneration is competitive by market standards.

James Fox has been Chief Executive Officer of PNX since 1 May 2012 and assumed the title Managing Director & CEO on 26 November 2014 with his appointment to the Board. During the year, Mr. Fox was entitled to an annual salary of $302,500 up to 30 September 2022 and from 1 October 2022 he is entitled to an annual salary of $317,625, vehicle and telephone benefits to an estimated remuneration value of $20,000, as well as mandated superannuation contributions, 20 days annual leave and 10 days sick leave per annum.

At 30 June 2023 and as of the date of this report, Mr. Fox held no Shares in the Company directly. At 30 June 2023 and the date of this report, a related party of Mr. Fox held 12,000,000 Shares in the Company.

During the year, no Performance Rights held by Mr. Fox lapsed. At the 2022 AGM shareholders approved the grant of 30,000,000 additional Performance Rights to Mr. Fox. The Performance Rights are held, whilst Mr. Fox remains employed by the Company, and subject to a 12-month vesting period together with performance conditions related to key Company objectives, including:

1) 25% will vest if the Company's share price increases by at least 100% based on a 12-month VWAP for a financial year under review during the term of the performance rights when compared to the previous financial year.
2) 25% will vest if the Company substantially increases its resources by more than 200,000 oz gold in a Mineral Resource Estimate(s) reported in accordance with the JORC Code 2012 with a cut-off grade above 0.7 g/t gold, either through discovery, acquisition or increase of existing Mineral Resource Estimates.
3) 25% will vest upon the securing of a project financing package to fund the development of the Fountain Head and/or Hayes Creek Projects.
4) 25% will vest if the Company secures all key requirements including financing package, permits and contracts to enable a development decision to proceed with construction of the Fountain Head and/or Hayes Creek Project.

At 30 June 2023, a total of 55,800,000 Performance Rights subject to performance conditions were held by Mr Fox.

James Fox's employment with the Company may be terminated on 3 months written notice or on summary notice if he:

- is charged with any criminal offence or is guilty of any other conduct which, in the reasonable opinion of the Board, is prejudicial to the interests of the Group;
- is negligent in the performance of his duties;
- is incapacitated from performing his duties as Chief Executive Officer by illness or injury for a period of 2 consecutive months;
- materially breaches any term of his contract of employment and this is not remedied within 14 days of notice of the breach to him by the Company;
- materially contravenes any share dealing code relating to shares;
- is the subject of, or causes the Company or Group to be the subject of, a material penalty or serious reprimand imposed by any regulatory authority; or
- independently acts in a manner contravening the directives and expressed wishes of the Board.

Chief Financial Officer & Company Secretary Remuneration

Angelo Gaudio has been the Chief Financial Officer and Company Secretary of the Company since 10 January 2019. Through his company, Angelo Gaudio provided his services on a part-time basis at a rate of $12,500 per month and from October 2022 at a rate of $13,125 per month plus GST and reimbursement of out-of-pocket expenses. The services may be terminated by either party on one-months' notice. During the 2023 financial year, Mr. Gaudio was paid fees of $155,625 (excluding GST).

During the financial year, Mr. Gaudio was granted additional 10,000,000 Performance Rights subject to a twelve-month vesting period together with performance conditions related to key Company objectives. At the date of this report Mr. Gaudio continues to hold a total of 15,000,000 Performance Rights, whilst he remains engaged by the Company, and subject to performance conditions related to key Company objectives, including:

1) 25% will vest if the Company's share price increases by at least 100% based on a 12-month VWAP for a financial year under review during the term of the performance rights when compared to the previous financial year.
2) 25% will vest if the Company substantially increases its resources by (at least 200,000 koz AuEq) in resources either through discovery, acquisition or increase of existing Mineral Resource Estimates.

3) 25% will vest will vest upon the securing of a project financing package to fund the development of the Fountain Head and/or Hayes Creek Projects.
4) 25% will vest if the Company secures all key requirements including financing package, permits and contracts to enable a development decision to proceed with construction of the Fountain Head and/or Hayes Creek Project.

Mining, Infrastructure and Studies Manager Remuneration

Craig Wilson has been an employee of the Company since 1 March 2021. Mr. Wilson is employed as Mining, Infrastructure and Studies Manager and was entitled to an annual salary of $260,000. From October 2023, Mr Wilson is entitled to a salary of $275,600, plus mandated superannuation contributions, 20 days annual leave, 10 days sick leave each year and reimbursement of out-of-pocket expenses.

At 30 June 2023 and as of the date of this report, Mr. Wilson held 3,562,519 Shares in the Company.

During the financial year, Mr. Wilson was granted additional 25,000,000 Performance Rights subject to a twelve-month vesting period together with performance conditions related to key Company objectives. At the date of this report Mr. Wilson continues to hold a total of 40,000,000 Performance Rights, whilst he remains employed by the Company, and subject to performance conditions related to key Company objectives, including:

1) 25% will vest if the Company's share price increases by at least 100% based on a 12-month VWAP for a financial year under review during the term of the performance rights when compared to the previous financial year.
2) 25% will vest if the Company substantially increases its resources by (at least 200,000koz AuEq) in resources either through discovery, acquisition or increase of existing Mineral Resource Estimates.
3) 25% will vest will vest upon the securing of a project financing package to fund the development of the Fountain Head and/or Hayes Creek Projects.
4) 25% will vest if the Company secures all key requirements including financing package, permits and contracts to enable a development decision to proceed with construction of the Fountain Head and/or Hayes Creek Project.

Exploration Manager Remuneration

Michael Green has been an employee of the Company since 1 July 2022. Dr. Green is employed as the Exploration Manager and is entitled to an annual salary of $225,000, plus mandated superannuation contributions, 20 days annual leave, 10 days sick leave each year and reimbursement of out-of-pocket expenses.

At 30 June 2023 and as of the date of this report, Dr. Green held 3,000,000 Shares in the Company.

During the financial year, Dr. Green was granted 20,000,000 Performance Rights subject to a twelve-month vesting period together with performance conditions related to key Company objectives. At the date of this report Dr. Green continues to hold a total of 20,000,000 Performance Rights, whilst he remains employed by the Company, and subject to performance conditions related to key Company objectives, including:

1) 25% will vest if the Company's share price increases by at least 100% based on a 12-month VWAP for a financial year under review during the term of the performance rights when compared to the previous financial year.

2) 25% will vest if the Company substantially increases its resources by (at least 200,000 koz AuEq) in resources either through discovery, acquisition or increase of existing Mineral Resource Estimates.

3) 25% will vest will vest upon the securing of a project financing package to fund the development of the Fountain Head and/or Hayes Creek Projects.

4) 25% will vest if the Company secures all key requirements including financing package, permits and contracts to enable a development decision to proceed with construction of the Fountain Head and/or Hayes Creek Project.

Remuneration of Directors and Key Management Personnel

Directors' and Key Management Personnel remuneration (all amounts are paid or payable) for the year ended 30 June 2023:

Financial Year Ended 30 June 2023	Short term employment benefits		Post-Employment	Equity		
	Salary & Fees	Non–Cash benefits[1]	Superannuation	Performance Rights	Total	% of total remuneration consisting of equity
	Directors					
Graham Ascough	$75,000	-	-	-	$75,000	0%
Hans-Jörg Schmidt	$36,158	-	$3,842	-	$40,000	0%
Hansjoerg Plaggemars	$40,000	-	-	-	$40,000	0%
Rowan Johnston [6]	$8,412	-	$925	-	$9,337	0%
Frank Bierlein [4]	$27,706	-	$2,909	-	$30,615	0%
Richard Willson [5]	$27,706	-	$2,909	-	$30,615	0%
James Fox	$319,297	$13,489[1]	$27,500	$83,945[2]	$444,231	18.9%
	Chief Financial Officer & Company Secretary					
Angelo Gaudio	$155,625	-	-	$14,285[2]	$169,910	8.4%
	Other Key Management Personnel					
Craig Wilson	$271,700	-	$28,529	$40,255[2]	$340,484	11.8%
Michael Green [3]	$225,000	-	$23,625	$10,385[2]	$259,010	4.0%
TOTALS	**$1,186,604**	**$13,489**	**$90,239**	**$148,870**	**$1,439,202**	**10.3%**

[1] Use of a Company provided motor vehicle.
[2] Value of Performance Rights held attributable to the 2023 financial year that have not yet vested.
[3] Michael Green included as Key Management Personnel from 1 July 2022 in his role as Exploration Manager.
[4] Frank Bierlein resigned as director on 6 April 2023.
[5] Richard Willson resigned as director on 6 April 2023.
[6] Rowan Johnston was appointed as a director on 11 April 2023.

Directors' and Key Management Personnel remuneration for the year ended 30 June 2022:

Financial Year Ended 30 June 2022	Short term employment benefits		Post-Employment	Equity		
	Salary & Fees	Non–Cash benefits[1]	Superannuation	Shares and Performance Rights	Total	% of total remuneration consisting of equity
	Directors					
Graham Ascough	$75,000	-	-	-	$75,000	0%
Hans-Jörg Schmidt	$36,364	-	$3,636	-	$40,000	0%
Hansjoerg Plaggemars	$40,000	-	-	-	$40,000	0%
Frank Bierlein	$36,364	-	$3,636	-	$40,000	0%
Richard Willson	$36,364	-	$3,636	-	$40,000	0%
James Fox	$297,687	$11,696[1]	$27,500	$87,848[2]	$424,731	20.7%
	Chief Financial Officer & Company Secretary					
Angelo Gaudio	$142,500	-	-	$11,640[2]	$154,140	7.6%
	Other Key Management Personnel					
Craig Wilson [3]	$260,000	-	$26,000	$34,912[2]	$320,912	10.9%
TOTALS	**$924,279**	**$11,696**	**$64,408**	**$134,400**	**$1,134,783**	**11.8%**

[1] Use of a Company provided motor vehicle.
[2] Value of Performance Rights held attributable to the 2022 financial year that have not yet vested.
[3] Craig Wilson included as Key Management Personnel from 1 July 2021 in his role as Mining, Infrastructure and Studies Manager.

Equity holdings of Directors and Key Management Personnel

(i) Fully paid ordinary shares of PNX Metals Limited:

	Balance 1 July 2022	Net Changes	Balance 30 June 2023
Directors			
Graham Ascough	17,291,459	4,206,733 [3]	21,498,192
Hans-Jörg Schmidt	-	-	-
Hansjoerg Plaggemars	-	-	-
Rowan Johnston [6]	-	-	-
Frank Bierlein [5]	-	-	-
Richard Willson [5]	-	-	-
James Fox[1]	-	-	-
Key Management Personnel			
Angelo Gaudio	-	-	-
Craig Wilson	3,562,519	-	3,562,519
Michael Green[2]	-	3,000,000 [4]	3,000,000

[1] Shares held by related party at 30 June 2023: 12,000,000 (2022: 12,000,000).
[2] Michael Green included as a Key Management Personnel from 1 July 2022 in his role as Exploration Manager.
[3] Shares acquired on 27 February 2023 under a non-renounceable rights issue.
[4] Shares acquired by market trade during the year.
[5] Frank Bierlein and Richard Willson resigned as directors on 6 April 2023.
[6] Rowan Johnston was appointed as a director on 11 April 2023

(ii) There were no PNX Metals Limited options on issue during the year ended 30 June 2023.

(iii) Performance Rights of PNX Metals Limited and outstanding:

	Balance 1 July 2022					Balance 30 June 2023	
Directors	**Vested**	**Unvested**	**Granted**	**Vested**	**Lapsed**	**Vested**	**Unvested**
James Fox	-	25,800,000	30,000,000	-	-	-	55,800,000
Key Management Personnel							
Angelo Gaudio	-	5,000,000	10,000,000	-	-	-	15,000,000
Craig Wilson	-	15,000,000	25,000,000	-	-	-	40,000,000
Michael Green[1]	-	-	20,000,000	-	-	-	20,000,000

[1] Michael Green included as Key Management Personnel from 1 July 2022 in his role as Exploration Manager.

Other related party transactions

Mr. Fox incurred out of pocket expenses throughout the year on behalf of the Group. At 30 June 2022 there was no outstanding out of pocket expenses reimbursement to Mr. Fox (2022: $464).

End of Remuneration Report

Signed on 20 September 2023 in accordance with a resolution of the Board made pursuant to section 298(2) of the *Corporations Act 2001*.

Graham Ascough

Chairman

AUDITOR'S INDEPENDENCE DECLARATION

Grant Thornton Audit Pty Ltd
Grant Thornton House
Level 3
170 Frome Street
Adelaide SA 5000
GPO Box 1270
Adelaide SA 5001
T +61 8 8372 6666

Auditor's Independence Declaration

To the Directors of PNX Metals Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of PNX Metals Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Ian Kemp

I S Kemp
Partner – Audit & Assurance

Adelaide, 20 September 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023

	Note	Year Ended 30/06/23 $	Year Ended 30/06/22 $
Interest income	**4(a)**	74,088	4,329
Other income	**4(b)**	-	105,000
Gain on sale of exploration assets		-	534,545
Employee benefits		(328,375)	(131,373)
Professional fees	**4(e)**	(445,052)	(625,800)
Directors' fees		(225,568)	(235,000)
Exploration – tenement maintenance		(72,031)	-
Occupancy	**4(d)**	-	(10,100)
Insurance		(38,382)	(34,414)
Share registry and regulatory		(74,826)	(65,550)
Communication		(16,074)	(12,267)
Audit fees	**23**	(57,967)	(46,174)
Equity-based remuneration	**19**	(155,880)	(142,544)
Other expenses		(34,101)	(16,552)
Depreciation	**4(c)**	(90,385)	(78,455)
Interest charges		(8,414)	(9,669)
Loss before income tax		**(1,472,967)**	**(764,024)**
Income tax benefit	**5(a)**	-	-
Loss for the year		**(1,472,967)**	**(764,024)**
Other comprehensive income/loss: *Items that will not be subsequently reclassified to profit or loss:*			
Financial assets - Fair Value through OCI	**9, 19**	(114,000)	759,321
Total comprehensive loss for the year, attributable to equity holders of the parent		**(1,586,967)**	**(4,703)**
Loss Per Share – continuing operations and Total			
Basic and Diluted (cents per share)	**28**	(0.03)	(0.02)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 30 June 2023

	Note	30/06/23 $	30/06/22 $
CURRENT ASSETS			
Cash and cash equivalents	**6**	2,724,552	3,701,939
Trade and other receivables	**7**	103,277	37,589
Prepayments and deposits	**8**	223,801	184,004
Other receivables – Sale of Moline Project	**10**	1,560,624	-
Other assets	**25(d)**	250,000	-
Other financial assets	**9**	156,000	270,000
TOTAL CURRENT ASSETS		**5,018,254**	**4,193,532**
NON-CURRENT ASSETS			
Trade and other receivables	**10**	-	1,810,624
Exploration and evaluation expenditure	**11**	23,565,704	21,519,844
Plant and equipment	**12**	118,412	205,499
Other financial assets	**13**	784,055	784,055
TOTAL NON-CURRENT ASSETS		**24,468,171**	**24,320,022**
TOTAL ASSETS		**29,486,425**	**28,513,554**
CURRENT LIABILITIES			
Trade and other payables	**14**	322,763	568,151
Provisions	**15**	215,778	203,161
Lease liabilities	**16**	40,273	90,152
TOTAL CURRENT LIABILITIES		**578,814**	**861,464**
NON-CURRENT LIABILITIES			
Provisions	**15**	-	-
Lease liabilities	**16**	84,175	115,709
Financial liabilities	**17**	2,400,000	2,400,000
TOTAL NON-CURRENT LIABILITIES		**2,484,175**	**2,515,709**
TOTAL LIABILITIES		**3,062,989**	**3,377,173**
NET ASSETS		**26,423,436**	**25,136,381**
EQUITY			
Issued capital	**18**	60,176,998	57,458,856
Reserves	**19**	446,956	413,316
Accumulated losses	**20**	(34,200,518)	(32,735,791)
TOTAL EQUITY		**26,423,436**	**25,136,381**

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

Consolidated Statement of Changes in Equity for the year ended 30 June 2023

	Issued capital $	Equity-based payment Reserves $	Fair Value OCI Reserves $	Accumulated losses $	Total $
Balance at 1 July 2021	**53,545,287**	**127,143**	**-**	**(32,587,459)**	**21,084,971**
Total Loss for the Year	-	-	-	(764,024)	(764,024)
Other Comprehensive Loss	-	-	759,321	-	759,321
Total Comprehensive Loss for the year	**-**	**-**	**759,321**	**(764,024)**	**(4,703)**
Shares issued	3,959,322	-	-	-	3,959,322
Share issue costs	(45,753)	-	-	-	(45,753)
Fair value of equity settled payments	-	142,544	-	-	142,544
Lapsed performance rights transferred to accumulated losses	-	(36,371)	-	36,371	-
Valuation adjustment to Retained earnings for Investment Shares sold			(579,321)	579,321	-
Balance at 30 June 2022	**57,458,856**	**233,316**	**180,000**	**(32,735,791)**	**25,136,381**
Balance at 1 July 2022	**57,458,856**	**233,316**	**180,000**	**(32,735,791)**	**25,136,381**
Total Loss for the Year	-	-	-	(1,472,967)	(1,472,967)
Other Comprehensive Loss	-	-	(114,000)	-	(114,000)
Total Comprehensive Loss for the year	**-**	**-**	**(114,000)**	**(1,472,967)**	**(1,586,967)**
Shares issued	2,809,701	-	-	-	2,809,701
Share issue costs	(91,559)	-	-	-	(91,559)
Fair value of equity settled payments	-	155,880	-	-	155,880
Lapsed performance rights transferred to accumulated losses	-	(8,240)	-	8,240	-
Balance at 30 June 2023	**60,176,998**	**380,956**	**66,000**	**(34,200,518)**	**26,423,436**

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

Consolidated Statement of Cash Flows for the year ended 30 June 2023

	Inflows/(Outflows)	
	Year Ended 30/06/23	**Year Ended 30/06/22**
Cash flows relating to operating activities	**$**	**$**
Other Income	-	100,000
Payments to suppliers and employees	(1,243,064)	(1,048,364)
Net operating cash flows	**(1,243,064)**	**(948,364)**
Cash flows relating to investing activities		
Interest received	73,597	4,349
Proceeds from disposal of investments	-	682,701
Proceeds from disposal of plant and equipment	-	5,000
Payments for exploration activities	(2,398,098)	(3,549,229)
Payments for plant and equipment	(2,272)	(8,980)
Deposit received for sale of Moline project	-	50,000
Payments for tenement security bonds	(40,633)	(2,756)
Net investing cash flows	**(2,367,406)**	**(2,818,915)**
Cash flows relating to financing activities		
Proceeds from share issues	2,809,701	3,959,321
Payments for capital raising costs	(91,559)	(45,753)
Payments for leases	(85,058)	(76,602)
Net financing cash flows	**2,633,084**	**3,836,966**
Net increase/(decrease) in cash	**(977,387)**	**69,687**
Cash at beginning of financial year	**3,701,939**	**3,362,252**
Cash at end of financial year	**2,724,552**	**3,701,939**
Reconciliation of loss to net operating cash flow		
Loss for the year	(1,472,967)	(764,024)
Interest income	(73,597)	(4,349)
Gain on sale of plant and equipment	-	(5,000)
Equity-based remuneration	155,880	142,544
Depreciation and amortisation	1,096	3,399
Depreciation on right of use assets	89,289	75,057
Unwinding discount on lease liability	8,414	9,669
Exploration not capitalised – investing	72,031	-
Gain on sale of exploration assets	-	(534,545)
(Increase)/decrease in receivables - operating	8,382	(50,748)
(Increase)/decrease in other current assets – operating	836	(5,224)
Increase/(decrease) in payables - operating	(45,045)	149,055
Increase/(decrease) in employee provisions	12,617	35,802
Net operating cash flows	**(1,243,064)**	**(948,364)**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

Notes to the Financial Statements for the Year Ended 30 June 2023

1. General information and Basis of Preparation

PNX Metals Limited ('Company', or 'PNX') is a for-profit Australian publicly listed company, incorporated and operating in Australia. Its registered office and principal place of business is Level 1, 135 Fullarton Road, Rose Park, South Australia 5067.

The consolidated financial statements of PNX comprises the Company and its controlled entity ('Group') and is a general purpose financial report prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001.

The consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared on the basis of historical cost, which is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The financial statements were authorised for issue by the Directors on 20th September 2023.

2. New and revised Accounting Standards

In the current year, there are no new and/or revised Standards and Interpretations adopted in these Financial Statements affecting presentation or disclosure and the reported result or financial position.

3. Significant accounting policies

In the application of the Group's accounting policies, which are described below, management is required to make judgements, estimates and assumptions. Key areas of judgement and estimation uncertainty are discussed in Note 3(s).

The following significant accounting policies have been adopted in the preparation of the financial report:

a) Going Concern Basis

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

For the year ended 30 June 2023, the Group made a loss of $1,472,967 (2022: loss of $764,024) and recorded a net cash outflow from operating and investing activities of $3,610,470 (2022: $3,767,279). At 30 June 2023, the Group had cash of $2,724,552 (2022: $3,701,939), net current assets, excluding the investment in Sunstone Metals Ltd, of $4,283,440 (2022: $3,062,068) and net assets of $26,423,436 (2022: $25,136,381).

The Directors believe that it is appropriate to prepare the financial statements on the going concern basis. The Group raised sufficient capital during the year to allow activities to progress towards the development of its Project and exploration activities in the Northern Territory. The Group's ability to continue as a going concern is contingent on raising additional capital and/or the successful exploration and subsequent exploitation of its areas of interest through sale or development.

If additional capital is not obtained or successful exploration performed, the going concern basis may not be appropriate, with the result that the group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the interim financial report. No allowance for such circumstances has been made in the financial report.

3. Significant accounting policies (continued)

b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

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

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

The results of subsidiaries acquired or disposed of are included in the Statement of Profit or Loss and Other Comprehensive Income from the effective date of acquisition and up to the effective date of disposal.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses, and cash flows are eliminated in full on consolidation.

c) Revenue

Revenue is measured at the fair value of consideration received or receivable.

Contract Liabilities

Cash received from the forward sale of metal from future mining projects is accounted for as a long-term liability until such time as the metal is delivered. Deferred revenue amounts are recognised as revenue from the sale of goods in the period that the related metal is delivered.

Interest

Interest income is accrued on a time basis, with reference to the principal balance and at the effective interest rate applicable, which is that rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

d) Government Grants

Government grants that are received or receivable as direct compensation for mineral exploration expenditure already incurred are recognised as a reduction in the accumulated cost of the relevant exploration and evaluation asset.

e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash held at financial institutions and bank deposits with a maturity not more than 3 months. Any Term Deposits with terms greater than a 3-month maturity are classified as financial assets – Term Deposits on the statement of financial position.

f) Financial Instruments

Financial Assets

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

– 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

3. Significant accounting policies (continued)

f) Financial Instruments (continued)

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 Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments. The Group's trade and other receivables are subject to AASB 9 's credit loss model.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category.

Financial Liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group 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 (other than any derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

g) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure in relation to each separate area of interest is recognised as an asset in the year in which it is incurred or acquired and where the following conditions are satisfied:

i. the rights to tenure of the area of interest are current; and

ii. at least one of the following conditions is also met:

- the exploration and evaluation expenditure is expected to be recouped through successful development of the mineral exploration project, or alternatively, by its sale;

  or

- exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence 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 initially measured at cost and include the acquisition cost of rights to explore, studies, exploration drilling, trenching and sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation assets where they relate directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances (as defined in AASB 6 *Exploration for and Evaluation of Mineral Resources*) suggest that the asset's carrying amount may exceed its recoverable amount. The recoverable amount of exploration and evaluation assets is determined in accordance with AASB 136 *Impairment of Assets*, being the higher of fair value

3. Significant accounting policies (continued)

g) Exploration and Evaluation Expenditure (continued)

less costs to sell and value in use. If the recoverable amount as determined is less than the carrying amount, an impairment loss is recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment, reclassified to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

h) Impairment of assets (other than Financial Assets, Exploration and Evaluation Assets and Property, Plant and Equipment)

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

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

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in profit or loss.

i) Property, Plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Estimated useful lives of 3-5 years are used in the calculation of depreciation for plant and equipment.

j) Trade and Other Payables

Liabilities for goods and services provided to the Group are recognised initially at their fair value and subsequently at amortised cost using the effective interest method. Trade and other payables are unsecured.

3. Significant accounting policies (continued)

k) Debt and equity Instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Contracts settled via the delivery of a fixed number of equity instruments in the Group in exchange for cash or other assets are accounted for as equity instruments. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

l) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and amounts are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date. The present value is calculated using a discount rate that references market yields on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash flows.

Contributions to accumulated benefit superannuation plans are expensed when incurred.

m) Site Restoration and Environmental Rehabilitation

Provision for the costs of environmental restoration and rehabilitation are recognised when the Group has a present obligation (legal or constructive) to perform restoration activities, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Restoration and rehabilitation provisions are measured as the present value of estimated future cash flows to perform the rehabilitation activities, discounted at pre-tax rate that reflects market assessments of the time value of money and risks specific to the rehabilitation obligation.

There are cash backed deposits recorded under Other financial assets in support of these rehabilitation obligations.

n) Share-based payments

Equity-settled share-based payments made to employees and directors are measured at fair value at the grant date, which is the date on which the equity instruments were agreed to be issued (whether conditionally or otherwise) or, if later when approval is obtained, the date on which key terms (e.g. subscription or exercise price) were determined. Fair value is determined using the Black-Scholes model or another binomial model, depending on the type of equity instrument issued.

The fair value of the equity instruments at grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest, with a corresponding increase to the equity settled benefits reserve in shareholders' equity.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case the transactions are measured at the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders the service.

3. Significant accounting policies (continued)

o) 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.

p) Income tax

Income tax expense represents the sum of tax currently payable and deferred tax.

Current tax

Current tax is calculated with reference to the amount of income tax payable or recoverable in respect of the taxable profit or tax loss for the financial year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amount of assets and liabilities for accounting purposes and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period(s) when the assets or liabilities giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of the related assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax recognition

Current and deferred tax is recognised as an expense or income in the Statement of Profit or Loss and Other Comprehensive Income, except when it relates to items credited or debited directly to equity (in which case the deferred tax is also recognised directly in equity), or where it arises from the initial accounting for a business combination.

3. Significant accounting policies (continued)

p) Income tax Continued

Tax consolidation

The Company and its wholly-owned Australian resident entity are part of a tax-consolidated group under Australian taxation law. The members of the tax consolidated group are disclosed in Note 29. PNX Metals Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as the head entity in the tax-consolidated group).

Under a tax funding arrangement between the entities in the tax-consolidated group, amounts transferred from entities within the tax consolidated group and recognised by the Company ('tax contribution amounts') are recorded in intercompany accounts in accordance with the arrangement.

Where the tax contribution amount recognised by a member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) the group member.

q) Goods and service tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except:

I. where the amount of GST incurred is not recoverable from the taxation authority, in which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
II. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

r) Earnings Per Share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Group (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 after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

s) 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 were 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.

3. Significant accounting policies (continued)

s) Rights of use assets (continued)

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.

t) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets, liabilities and equity. These estimates and 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 for making judgements. Actual results may differ from these estimates.

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

The following are the critical judgements that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment

Determining whether assets are impaired requires an estimation of the value in use or fair value of the assets or cash-generating units to which assets are allocated. The fair value of exploration assets is inherently difficult to estimate, particularly in the absence of comparable transactions and where a purchase offer has not been made, and relies on management judgement.

No impairment loss was recognised during the year (2022: $Nil) in relation to Exploration and Evaluation Assets - refer to Note 11 for detail.

Equity-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a financial pricing model taking into account the terms and conditions upon which the instruments were granted. Refer to Note 21 for more information regarding equity-based payments made during the year.

4.	LOSS FROM CONTINUING OPERATIONS		
		Year Ended 30/06/23 $	**Year Ended 30/06/22 $**
	a) Interest income		
	Interest on bank deposits	74,088	4,329
	b) Other income		
	Exclusivity fee received	-	100,000
	Gain on sale of equipment	-	5,000
	Other income	**-**	**105,000**
	c) Depreciation		
	Depreciation of plant and equipment	1,096	3,398
	Depreciation of Right of Use (ROU) Assets	89,289	75,057
	Total Depreciation	**90,385**	**78,455**
	d) Occupancy		
	Short-term lease expenses	-	10,100
	e) Professional fees		
	Accounting & taxation expenses	52,675	48,317
	Legal fees	34,965	75,658
	Contractor services	154	71,537
	Company promotion	115,750	146,015
	Corporate financing	85,883	141,773
	Secretarial services	155,625	142,500
	Total Professional fees	**445,052**	**625,800**

5.	INCOME TAX		
		Year Ended 30/06/23 $	**Year Ended 30/06/22 $**
	(a) Income tax recognised in profit or loss		
	Current tax expense/(benefit)	-	-
	Deferred tax expense/(benefit)	-	-
	Total tax expense/(benefit)	**-**	**-**
	The prima facie income tax benefit on the loss before income tax reconciles to the tax expense/(benefit) in the financial statements as follows:		
	Total loss for the year before tax	1,472,967	764,024
	Income tax benefit calculated at 30.0%	(441,890)	(229,207)
	Equity-based remuneration – Performance Rights	38,970	35,636
	Current year tax losses and movements in temporary differences not recognised	402,920	193,571
	Recognition of actual research and development tax offset refund related to the previous tax year	-	-
	Tax expense (benefit)	**-**	**-**
	The tax rate used in the above reconciliation is the corporate tax rate of 30.0%.		
	(b) Recognised tax assets and liabilities		
	Deferred tax assets and (liabilities) are attributable to the following:		
		30/06/23 $	**30/06/22 $**
	Exploration and evaluation expenditure	(7,069,711)	(6,455,953)
	Plant and equipment	(35,524)	(61,650)
	Trade and other payables	9,905	9,905
	Employee benefits	64,733	60,948
	Share issue costs	90,576	126,071
	Net deferred tax liabilities	**(6,940,021)**	**(6,320,679)**
	Tax losses recognised	6,940,021	6,320,679
	Net deferred tax assets / (liabilities)	-	-

A net deferred tax liability will only arise if the Company generates taxable income in the future (for example via a profitable mining operation). Deferred tax balances shown above have been calculated utilising a 30.0% tax rate. The potential benefit of unrecognised tax losses (shown below) has similarly been calculated utilising a 30.0% tax rate.

5. INCOME TAX (continued)
(c) Unrecognised tax losses:

A deferred tax asset has not been recognised in respect of the following:

	30/06/23 $	30/06/22 $
Tax Losses – operating (tax effected)	9,716,269	9,328,327
Tax Losses – capital (tax effected)	160,307	160,307

Of the total operating tax losses of approximately $55.5 million in the Group at 30 June 2023, $32.4 million are unrecognised as shown above as a $9.7 million potential tax benefit. A deferred tax asset has not been recognised in respect of these losses because it is not considered probable at this time that future taxable profit will be available against which to utilise the losses.

6. CASH AND CASH EQUIVALENTS AND TERM DEPOSITS	30/06/23 $	30/06/22 $
Cash and cash equivalents	2,724,552	3,701,939

Cash and cash equivalents comprise cash on hand, cash held at financial institutions and bank term deposits with a maturity of not greater than 3 months. At 30 June 2023, the Group did not hold any term deposits with maturity terms of greater than 3 months (2022: $Nil).

7. TRADE AND OTHER RECEIVABLES	30/06/23 $	30/06/22 $
Interest	525	33
Trade Debtors	85,460	-
Goods & Services Tax	17,292	37,556
	103,277	**37,589**

8. PREPAYMENTS AND DEPOSITS	30/06/23 $	30/06/22 $
Prepayments	19,624	20,460
Environmental Deposits – Northern Territory	171,417	130,784
Deposit – office bond	32,760	32,760
	223,801	**184,004**

On renewal of insurance policies, insurance premiums paid are recognised as Prepayments and allocated to insurance expenses on a monthly basis. As at 30 June 2023, $19,624 prepaid insurance was held under Prepayments (2022 $20,460).

Environmental Deposits ('Exploration Bonds') are required to be lodged with DITT prior to the commencement of any ground disturbing exploration activities. The Exploration Bonds are held until rehabilitation of worksites are carried out, typically within 12 months. Exploration Bonds totalling $171,417 are held by the DITT as security in relation to current exploration activities and exclude $4,094 of the Exploration Bonds that relate to prior exploration on the Moline project, which have been recorded with the sale of the Moline assets (refer to note 10).

8. PREPAYMENTS AND DEPOSITS (continued)

The Deposit - office bond of $32,760 is invested in a 365-day term deposit maturing February 2024 and earning 4.0% interest.

9.	**OTHER FINANCIAL ASSETS**		
		30/06/23 **$**	**30/06/22** **$**
	Investment in Sunstone Metals Ltd	156,000	270,000

The Group continues to hold a balance of 6,000,000 shares in ASX listed Sunstone Metals Limited ('Sunstone' or 'STM', previously Avalon Minerals Ltd). This investment is recognised as "Fair Value through Other Comprehensive Income (FVOCI)", under AASB 9 *Financial Instruments* – refer to Note 3 (f).

At 30 June 2023, the investment was reflected at fair value of $156,000, with the incremental movement down of $114,000 recorded at fair value through other comprehensive income (FVOCI) - refer to Note 19.

10.	**OTHER RECEIVABLES – SALE OF MOLINE PROJECT**		
			30/06/23 **$**
	Consideration for the Moline project		1,250,000
	Care and Maintenance Bond		306,530
	Exploration Bond		4,094
	Total amount receivable at 30 June 2023.		**1,560,624**

On 28 February 2022, PNX agreed to divest the Moline project (tenements ML24173, MLN1059, MLN41 & EL28616) to Sovereign. The sale was finalised during the last financial year, however, settlement of the receivable is due to occur during the 2024 financial year, with payment to be received in tranches, with the final settlement originally due on 28 August 2023. The amounts are guaranteed in full by Ausgold Trading Pty Ltd, the ultimate parent of Sovereign.

During the year PNX, Ausgold, and Sovereign reached agreement to receive part payment of the receivable in the form of an offset against the purchase price payable by PNX to Ausgold as consideration for the acquisition of Mt Porter (ML23839), resulting in a reduction in amounts receivable of $250,000 (refer to note 25 (d)2)). This reduction has been treated as a non-cash transaction for cash flow statement purposes.

Prior to 30 June 2023, PNX agreed to a deferral of settlement terms with Sovereign, resulting in a change in timing of settlement, with the balance $1,250,000 to be received subsequent to balance date (excluding the Care and Maintenance Bonds and Exploration Bond). $250,000 was received from Sovereign on 21 July 2023.

Subsequent to 30 June 2023, PNX and Sovereign entered into an agreement to receive two amounts of $500,000 on 15 September and 16 October 2023. At 30 June 2023, given management's expectations that Ausgold and Sovereign would be capable of meeting its obligations and in the context of the assessed fair value of the underlying security to the arrangement (being the Moline project), management have determined the expected credit loss for the receivable to be immaterial.

The total amount receivable (relating to the divestment of the Moline project) at 30 June 2023 is $1,560,624 and consists of cash consideration of $1,250,000 and Care and Maintenance and Exploration Bonds of $310,624 noted below.

An Exploration Bonds totalling $4,094 that relates to prior exploration activities at the Moline project is held by DITT as security and will be returned to the Company post Completion. Further, Care and Maintenance Bonds totalling $306,530 are held by DITT as security and will be returned to the Company at Completion to the Sale Agreement for the Moline project.

11.	EXPLORATION AND EVALUATION EXPENDITURE		
		30/06/23 **$**	**30/06/22** **$**
	Costs brought forward	**21,519,844**	**19,573,034**
	Expenditure incurred during the year	2,045,860	3,662,265
	Sale of Moline assets	-	(1,715,455)
		23,565,704	**21,519,844**

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

The Group's accounting policy is to capitalise exploration costs in accordance with AASB 6 and assess at each reporting date if any impairment indicators as defined in AASB 6 paragraph 20. There was no impairment of the Group's Exploration & Evaluation Expenditure during the year ended 30 June 2023.

12.	MOTOR VEHICLES, PLANT, EQUIPMENT AND RIGHT OF USE ASSETS	Motor Vehicles, Plant & Equip	Right of Use Assets	Total
	Cost	**$**	**$**	**$**
	Balance at 30 June 2021	**551,162**	**50,772**	**601,934**
	Additions	8,980	221,422	230,402
	Disposals	(140,000)	-	(140,000)
	Balance at 30 June 2022	**420,142**	**272,194**	**692,336**
	Additions	2,272	3,645	5,917
	Disposals	-	-	-
	Balance at 30 June 2023	**422,414**	**275,839**	**698,253**
	Accumulated Depreciation			
	Balance at 30 June 2021	**541,817**	**3,693**	**545,510**
	Depreciation Expense	3,398	75,057	78,455
	Depreciation capitalised to exploration assets	2,872	-	2,872
	Disposals	(140,000)	-	(140,000)
	Balance at 30 June 2022	**408,087**	**78,750**	**486,837**
	Depreciation Expense	1,096	89,289	90,385
	Depreciation capitalised to exploration assets	2,619	-	2,619
	Disposals	-	-	-
	Balance at 30 June 2023	**411,802**	**168,039**	**579,841**
	Net book value – Motor Vehicles, Plant, Equipment and Right of Use			
	Balance at 30 June 2022	**12,055**	**193,444**	**205,499**
	Balance at 30 June 2023	**10,612**	**107,800**	**118,412**

The useful lives applied in the determination of depreciation for all items of plant and equipment is 3-5 years. Of the year ended 30 June 2023 balance of $118,412 for the net book value, an amount of $107,800 relates to right of use Assets.

13.	OTHER FINANCIAL ASSETS – NON CURRENT		
		30/06/23 $	30/06/22 $
	Environmental Bonds (Care & Maintenance)	784,055	784,055

Environmental bonds are required to be lodged with the DITT in relation to the Care and Maintenance conditions of the mineral leases. Accordingly, environmental bonds totalling $784,055 are held by the DITT as security in relation to the conditions of the Fountain Head mineral leases.

14.	TRADE AND OTHER PAYABLES		
		30/06/23 $	30/06/22 $
	Trade payables	238,521	469,076
	Accrued expenses	55,560	77,449
	Other payables	28,682	21,626
		322,763	**568,151**

Average credit period on trade payables is 30 days.

15.	PROVISIONS		
		30/06/23 $	30/06/22 $
	Current		
	Employee benefits – Annual Leave	80,272	86,166
	Employee benefits – Long Service Leave	135,506	116,995
		215,778	**203,161**
	Non-current		
	Employee benefits – Long Service Leave	-	-

16.	LEASE LIABILITIES		
		30/06/23 $	30/06/22 $
	Lease Liabilities - Current	40,273	90,152
	Lease Liabilities – Non-Current	84,175	115,709

17.	FINANCIAL LIABILITIES		
		30/06/23 $	30/06/22 $
	Silver streaming receipts	2,400,000	2,400,000

Two parties have entered into silver streaming and royalty agreements with the Company.

The Company has previously received a total of $2.4 million under these agreements, for the forward sale of a total of 336,000 oz of silver, to be delivered over a 3-year period once commissioning and ramp up of the Fountain Head Project is complete. At the end of the three-year silver delivery period, each investor is to receive a 0.36% Net Smelter Return (NSR) royalty over gold and silver produced from the Fountain Head Project, and will be paid for a 5-year period. PNX can buy back the NSR royalty from an investor prior to the commencement of production for $0.4 million.

These original agreements have been amended to transfer silver delivery obligations from the Hayes Creek Project to the Fountain Head Project; to modify the silver delivery to consist of an equivalent value of gold in the event that the silver production from Fountain Head could not fulfill the silver delivery obligation; and to reflect that the NSR royalty at the end of the three-year delivery period is calculated over gold and silver produced from the Fountain Head Project.

Cash previously received from the forward sale of silver has been accounted for as a financial liability, classified in the Statement of Financial Position as a long-term liability. Revenue will be recognised as the silver or gold is delivered in the future. In the event the Fountain Head Gold Project is not developed, the forward payments may be converted to shares in the Company.

18.	ISSUED CAPITAL		
		30/06/23 $	30/06/22 $
	5,380,624,719 fully paid ordinary shares (2022: 4,444,057,807)	**60,176,998**	**57,458,856**

Movement in ordinary shares for the year:

		No.	30/06/23 $	No.	30/06/22 $
Ref	Balance at beginning of year	**4,444,057,807**	**57,458,856**	**3,652,193,511**	**53,545,287**
a	Shares issued at 0.3 cents under a Non-Renounceable Rights Issue (NRRI)	936,566,912	2,809,701		
b	Shares issued at 0.5 cents under a Non-Renounceable Rights Issue (NRRI)			791,864,296	3,959,321
	Share issue costs		(91,559)		(45,752)
	Balance at end of year	**5,380,624,719**	**60,176,998**	**4,444,057,807**	**57,458,856**

Fully paid shares carry one vote per share and a right to dividends.

a) 936,566,912 Shares were issued to Shareholders who subscribed for shares under a Non-Renounceable Rights Issue at 0.3 cents per share (NRRI) on 27 February 2023

b) 791,864,296 Shares were issued to Shareholders who subscribed for shares under a Non-Renounceable Rights Issue at 0.5 cents per share (NRRI) on 16 February 2022.

19.	**RESERVES**		
		30/06/23 **$**	**30/06/22** **$**
	FVOCI investment	66,000	180,000
	Equity-settled benefits	380,956	233,316
		446,956	**413,316**

The change in Fair Value through Other Comprehensive Income (FVOCI) investment reserve reflects the current year decrease in the fair value of the Group's investment in ASX listed Sunstone Metals Ltd **(STM)** of $156,000 as at 30 June 2023.

The Group continues to hold a balance of 6,000,000 shares in Sunstone as at 30 June 2023 and the investment was reflected at fair value of $156,000, with the incremental movement down of $114,000 recorded at fair value through other comprehensive income (FVOCI).

The equity-settled benefits reserve arises on the fair value of the Performance Rights granted to employees, consultants and executives under the PNX Metals Limited Employee Performance Rights Plan. The reserve at 30 June 2023, includes an adjustment for lapsed rights during the financial year. Amounts are transferred out of the reserve and into Issued Capital when the rights are converted into shares, or to accumulated losses if rights lapse.

During the year, 95,000,000 new Performance Rights were granted to employees, consultants and executives. The Performance Rights have performance conditions related to key Group objectives, including development of the Fountain Head and Hayes Creek projects and the Company safety and share price performance. Performance conditions are required to be achieved within specified time periods (extending to 20 December 2025) in order for the Rights to vest. For the Rights to vest, participants of the Group's Performance Rights Plan are subject to remain employed by the Company, and subject to performance conditions related to key Company objectives, including:

1) 25% will vest if the Company's share price increases by at least 100% based on a 12-month VWAP for a financial year under review during the term of the performance rights when compared to the previous financial year.
2) 25% will vest if the Company substantially increases its resources by (at least 200,000koz AuEq) in resources either through discovery, acquisition or increase of existing Mineral Resource Estimates.
3) 25% will vest will vest upon the securing of a project financing package to fund the development of the Fountain Head and/or Hayes Creek Projects.
4) 25% will vest if the Company secures all key requirements including financing package, permits and contracts to enable a development decision to proceed with construction of the Fountain Head and/or Hayes Creek Project.

2,500,000 Performance Rights lapsed during the year and there were no Performance Rights that vested and converted to ordinary shares. During the year, the fair value of equity-settled benefit payments was $155,880. 2,500,000 Performance Rights lapsed during the year as a result of an employee resignation and an amount of $8,240 was transferred to retained earnings. A total of $380,956 held in the equity-settled benefits reserve represents the value relating to the Performance Rights on issue as at 30 June 2023.

Further information on share-based payments is disclosed in Note 21.

20.	ACCUMULATED LOSSES		
		30/06/23 $	30/06/22 $
	Balance at beginning of year	**32,735,791**	**32,587,459**
	Lapsed performance rights transferred to accumulated losses (Note 19)	(8,240)	(36,371)
	Fair Value OCI adjustment to Retained Earnings (Note 19)	-	(579,321)
	Loss for the year	1,472,967	764,024
	Balance at end of year	**34,200,518**	**32,735,791**

21. PERFORMANCE RIGHTS AND SHARE OPTIONS

Performance Rights

Under PNX's Employee Performance Rights Plan ('Plan'), Directors may issue Performance Rights to Company executives, employees and consultants. Performance Rights are granted for no monetary consideration and entitle the holder to be issued one fully paid ordinary share per performance right upon vesting.

As at 1 July 2022, there were 49,300,000 unvested Performance Rights on issue under the Plan as follows:

- 800,000 Performance Rights were held by the Company's Managing Director & CEO and were originally issued on 8 February 2017;
- 25,000,000 Performance Rights were held by the Company's Managing Director & CEO were originally issued on 27 January 2021; and
- 23,500,000 Performance Rights were held by Company executives and employees were originally issued on 1 February 2021.

During the year, 2,500,000 Performance Rights held by an employee, originally issued on 27 January 2021, lapsed pursuant to the Plan following the resignation of the employee.

During the financial year ended 30 June 2023, 95,000,000 new performance rights were granted under the plan as follows:

- 30,000,000 Performance Rights were granted to the Company's Managing Director & CEO by shareholders at the Annual General Meeting held on 10 November 2022 and were issued on 20 December 2022;
- 65,000,000 Performance Rights were granted and issued to Company executives and employees on 20 December 2022;

For the Rights to vest, participants of the Group's Performance Rights Plan are subject to remain employed by the Company, and also subject to performance conditions related to key Company objectives.

As at 30 June 2023 there were a total of 141,800,000 unvested Performance Rights on issue under the Plan as follows:

- 800,000 Performance Rights were held by the Company's Managing Director & CEO and were originally issued on 8 February 2017;
- 25,000,000 Performance Rights were held by the Company's Managing Director & CEO and were originally issued on 27 January 2021;
- 30,000,000 Performance Rights were held by the Company's Managing Director & CEO and were originally issued on 20 December 2022; and
- 21,000,000 Performance Rights were held by Company executives and employees and were originally issued on 27 January 2021; and
- 65,000,000 Performance Rights were held by Company executives and employees and were originally issued on 20 December 2022.

21. PERFORMANCE RIGHTS AND SHARE OPTIONS (continued)

Options

At the discretion of the Directors, and subject to ASX listing rules (including the requirement for shareholder approval in some circumstances), options to acquire shares can be issued. Options may be used as part of corporate and asset acquisitions or as part of a capital raising process for example. There were no new options issued during the financial year.

No options were on issue during the year ended 30 June 2023, as per the table below.

Options	30/06/23		30/06/22	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of the year	**-**	**-**	**359,125,000**	**0.01464**
Options granted	-	-	-	-
Options exercised	-	-	-	-
Options lapsed	-	-	(359,125,000)	0.01464
Balance at end of the year	**-**	**-**	**-**	**-**

22. KEY MANAGEMENT PERSONNEL DISCLOSURE

The Key Management Personnel of the Group during the year were:

- Graham Ascough (Non-Executive Chairman)
- Hans-Jörg Schmidt – (Non-Executive Director)
- Hansjoerg Plaggemars – (Non-Executive Director)
- James Fox (Managing Director & Chief Executive Officer)
- Rowan Johnston – appointed 11 April 2023 (Non-Executive Director)
- Frank Bierlein – resigned 6 April 2023 (Non-Executive Director)
- Richard Willson – resigned 6 April 2023 (Non-Executive Director)
- Angelo Gaudio – (Chief Financial Officer and Company Secretary)
- Craig Wilson – (Mining, Infrastructure and Studies Manager)
- Michael Green – (Exploration Manager)

The aggregate compensation of Key Management Personnel of the Group is set out below:

	30/06/23 $	30/06/22 $
Short-term employee benefits	1,200,093	935,975
Post-employment benefits	90,239	64,408
Share-based payments	148,870	134,400
	1,439,202	**1,134,783**

Details of Key Management Personnel compensation are disclosed within the Remuneration Report in the Directors' Report.

23.	REMUNERATION OF AUDITOR		
		30/06/23 $	30/06/22 $
	Audit and Review of the financial reports	57,967	46,174
	Other services – stamp duty advisory services	4,872	-
		62,839	**46,174**

During the financial year the above fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Group, its network firms and unrelated firms.

24. RELATED PARTY DISCLOSURES

a) Subsidiaries

Detail of the percentage of ordinary shares held in the Company's subsidiary is disclosed in Note 29.

b) Other related party transactions

Mr. Fox incurred out of pocket expenses throughout the year on behalf of the Group. At 30 June 2023 there was no reimbursement to Mr. Fox that was outstanding (2022: $464).

25. COMMITMENTS FOR EXPENDITURE AND CONTINGENCIES

(a) Expenditure Commitments

The Group has certain obligations to perform exploration work and expend minimum amounts of money on mineral exploration tenements in the Northern Territory in order to retain the full tenement. There are no minimum expenditure requirements on the Group's mineral leases in the Northern Territory.

These obligations vary from time to time, subject to statutory approval. The terms of current and future joint ventures, the grant or relinquishment of licences and changes to licence areas at renewal or expiry will alter the expenditure commitments of the Group.

Total expenditure commitments at 30 June 2023 in respect of minimum expenditure requirements not provided for in the financial statements are approximately:

	30/06/23 $	30/06/22 $
Minimum exploration expenditure on exploration licences	582,898	472,056

(b) Royalty Agreements

The Company has assumed the following royalty commitments (relating to Northern Territory tenements):

- NT Mining Operations Pty Ltd (a subsidiary of Agnico Eagle Mines Limited)
  - 2% royalty on the market value of any future production of gold and silver from the 14 mineral leases comprising the Hayes Creek and Fountain Head Projects.
  - 2% net smelter return royalty on precious metals produced from the Fountain Head tenements.
  - 1% net smelter return royalty for any metals produced from the Glencoe tenement (capped at $1,000,000).
- Mt Porter
  - Various Royalty Holders - 1% net smelter return royalty for metals produced, capped at $1,000,000).
  - Renison Limited – 1.25% net smelter return royalty for product produced
  - Native Title parties – 3.5% Net Profit royalty for minerals produced from mining operations

The Company is entitled to the following royalties (relating to Northern Territory tenements):

- Sovereign Metallurgical Pty Ltd - 1% net smelter return royalty for gold or silver and 2% for any other metals produced from the four tenements comprising the Moline Project.

25. COMMITMENTS FOR EXPENDITURE AND CONTINGENCIES (continued)

(c) Other rights held by *NT Mining Operations Pty Ltd (a subsidiary of Agnico Eagle Mines Limited)* (relating to Northern Territory tenements)

NT Mining Operations Pty Ltd can re-acquire 90% of any gold or silver deposits when a JORC compliant resource is defined on certain tenements subject to PNX's farm-in agreement by paying PNX three times the Group's accumulated expenditure on the deposit(s).

A single payment of $500,000, either in cash or shares at the Company's election, is due to NT Mining Operations Pty Ltd if a bankable feasibility study is completed over the Hayes Creek Project or on any of the tenements that are subject to a farm-in agreement between the two companies.

(d) Mt Porter acquisition

As announced on 28 September 2022, the Company entered into an agreement with Ausgold to acquire Mt Porter (**Agreement**).

Under the Agreement, the Company will purchase Mt Porter in consideration for:

1) The issue by the Company of 200 million Shares (**Consideration Shares**) to Ausgold (or its nominee) within 2 business days of completion, of the sale and purchase of Mt Porter (**Completion**);
2) A payment to Ausgold of $250,000 in cash was settled during May 2023, prior to Completion. During the year PNX, Ausgold (parent company of Sovereign and in its capacity as guarantor), and Sovereign reached an agreement to reduce the receivable owed by Sovereign by the same amount PNX was due to pay in relation to the acquisition of the Mt Porter (ML23839). Accordingly, a reduction in the receivable of $250,000 was made and a prepayment for the acquisition was recognised. This reduction has been treated as a non-cash transaction for cash flow statement purposes. This prepayment has been recorded as an Other Asset on the Statement of Financial Position.
3) The following conditional post Completion payments to Ausgold (in cash or Shares, at the election of the Company):
   a. $1 million, on completion of a Mineral Resource Estimate (in accordance with the JORC Code 2012)at Mt Porter within 5 years of the date of Completion, with a minimum of 100,000 ounces of gold at a 1.0g/t cut off, of which at least 50,000 ounces of gold reports to be in the Indicated Category, to be signed off by an appropriate independent Competent Period as agreed by the parties; and
   b. $1 million, on the production of 10,000 ounces of gold (recovered) from Mt Porter within 5 years of the date of Completion, through the Company's proposed Fountain Head Processing Plant, or other processing infrastructure as agreed by the Company and Ausgold.

As part of the transaction, the Company will also take on the following royalty obligations:

- the obligation to pay a 1% net smelter return royalty to existing royalty holders, up to a cap of $1million; and
- the obligation to pay a 1.25% net smelter return royalty to an existing royalty holder (uncapped).

26. FINANCIAL INSTRUMENTS & FINANCIAL RISK MANAGEMENT

Categories of financial instruments

	30/06/23 $	30/06/22 $
Financial assets		
Cash and cash equivalents	2,724,552	3,701,939
Deposits	204,177	163,544
Trade and other receivables	1,560,624	1,810,657
Environmental Bonds	784,055	784,055
Other financial assets – Investment in Sunstone	156,000	270,000
Financial liabilities		
Trade and other payables	322,763	546,025
Lease liabilities	124,448	205,861
Financial liabilities	2,400,000	2,400,000

26. FINANCIAL INSTRUMENTS & FINANCIAL RISK MANAGEMENT (continued)

Categories of financial instruments (continued)

The Group's activities expose it to several financial risks which impact on the measurement of, and potentially could affect the ultimate settlement amount of, its financial instruments including market risk, credit risk, and liquidity risk.

Market risk

The development prospects of the Fountain Head Gold and Hayes Creek Projects are to some extent exposed to the risk of unfavourable movements in the US/Australian dollar exchange rate and gold, silver and zinc prices. However, the Group has no direct exposure to foreign exchange or commodity price risk at present.

The Group has some exposure to movements in the share price of Sunstone Metals Limited, as the Group's investment of 6,000,000 shares as at 30 June 2023 is carried at fair value, and price movements are reflected through profit or loss and other comprehensive income/loss. Each one cent change in the market value of Sunstone's shares changes the fair value of the Group's investment by $60,000.

The Group's exposure to interest rate movements is limited to increases or decreases in interest earned on cash, cash equivalents, and deposits.

If interest rates had been 50 basis points higher or lower during the financial year and all other variables were held constant, the Group's net loss would increase or decrease by approximately $1,103 (2022: increase or decrease by approximately $1,285).

As the Group's exposure to market risks is not significant, management of these risks is limited to monitoring movements in commodity prices, foreign exchange rates, interest rates, and the market value of the shares of Sunstone Metals Ltd.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from activities.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity risk

Ultimate responsibility for managing liquidity risk rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Board and senior management manage liquidity risk by continuously monitoring forecast and actual cash flows, and raising capital as needed, primarily through new equity issuances, in order to meet the Group's exploration expenditure commitments and corporate and administrative costs.

Liquidity and interest risk tables

The following table details the Company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

26. FINANCIAL INSTRUMENTS & FINANCIAL RISK MANAGEMENT (continued)

The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than one month	1-3 months	3-12 months	1-5 years
2023	%	$	$	$	$
Non-interest bearing	-	238,521	84,242	-	2,400,000
Fixed Interest bearing	6.8%	-	24,800	42,218	57,431
2022					
Non-interest bearing	-	469,576	99,075	-	2,400,000
Fixed Interest bearing	6.6%	-	24,875	74,626	106,360

Fair value of financial instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

The Group's investment in Sunstone Metals Limited, discussed above, is recorded at the share closing price on the ASX at year end, being its fair value (Level 1, in terms of fair value hierarchy).

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns through the optimisation of debt and equity balances. Due to the nature of the Group's activities, the Directors believe that the most appropriate and advantageous way to fund activities is through equity issuances, and all capital raised to date with the exception of the silver streaming transactions (see Note 17) has been equity based.

The Group closely monitors and forecasts its cash flow and working capital to ensure that adequate funds are available in the future to meet project development, exploration and administrative activities.

27. SEGMENT INFORMATION

The Group holds a number of exploration tenements in the Northern Territory, which it manages on a portfolio basis. The decision to allocate resources to individual projects in the portfolio is predominantly based on available cash assets, technical data and the expectation of future metal prices.

The Group operates as one segment being exploration and evaluation for minerals in the Northern Territory. This is the basis on which its internal reports are reviewed and used by the Board of Directors (the 'chief operating decision maker') in monitoring, assessing performance and in determining the allocation of resources.

The results, asset and liabilities from this segment are equivalent to the consolidated financial statements.

28. EARNINGS PER SHARE

	30/06/23 Cents per share	30/06/22 Cents per share
Basic and Diluted loss per share- continuing operations	(0.03)	(0.02)
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
Loss after tax – continuing operations $	(1,472,967)	(764,024)
Weighted average number of ordinary shares	4,762,233,963	3,945,074,826

28. EARNINGS PER SHARE (continued)

The weighted average number of ordinary shares in the calculation of diluted earnings per share is the same as for basic earnings per share, as the inclusion of potential ordinary shares in the diluted earnings per share calculation is anti-dilutive due to the loss incurred for the year.

29. CONTROLLED ENTITIES

Name of Entity		Country of Incorporation	Ownership Interest 2023 %	Ownership Interest 2022 %
Parent Entity				
PNX Metals Limited	(i)	Australia		
Subsidiaries				
Wellington Exploration Pty Ltd	(ii)	Australia	100%	100%

(i) Head entity in tax consolidated group

(ii) Member of tax consolidated group

The ultimate parent entity in the wholly-owned group is PNX Metals Limited. During the financial year, PNX Metals Limited provided accounting and administrative services at no cost to the controlled entity and advanced interest free loans to the entity. Tax losses have been transferred to PNX Metals Limited by way of inter-company loans.

30. PARENT ENTITY DISCLOSURES

See below the supplementary information about the parent entity.

Commitments for expenditure and contingent liabilities of the parent entity

Note 25 discloses the Group's commitments for expenditure and contingent liabilities, which are also applicable to the parent entity.

Statement of Financial Position		**30/06/23 $**	**30/06/22 $**
Current Assets		5,018,254	4,193,532
TOTAL ASSETS		29,486,425	28,513,554
Current Liabilities		578,814	861,464
TOTAL LIABILITES		3,062,989	3,377,173
NET ASSETS		**26,423,436**	**25,136,381**
EQUITY			
Issued capital		60,176,998	57,458,856
Reserves		446,956	413,316
Accumulated losses		(34,200,518)	(32,735,791)
TOTAL EQUITY		**26,423,436**	**25,136,381**
Statement of Profit or Loss and Other Comprehensive Income			
Income		74,088	643,874
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**1,586,967**	**4,703**

31. SUBSEQUENT EVENTS

A two-year lease for the Rose Park office tenancy expired on 31 August 2023. The Company has been in negotiation to extend the tenancy lease. As at the date of this report negotiations are continuing in relation to a further extension the tenancy lease.

On 21 July 2023, $250,000 was received from Sovereign for the payment of tranche 2, 2nd instalment pursuant to the Purchase and Sale Agreement relating to the Moline tenements.

There has been no other matter or circumstance that has occurred subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' Declaration

In the Directors' opinion:

(a) the consolidated financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including

i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

ii. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;

(b) the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board;

(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.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the *Corporation Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to Section 295(5) of the Corporations Act 2001.

Graham Ascough

Chairman

20 September 2023

INDEPENDENT AUDIT REPORT TO THE MEMBERS
OF PNX METALS LIMITED

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Independent Auditor's Report

To the Members of PNX Metals Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of PNX Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, 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:

a giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (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 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 3 (a) in the financial statements, which indicates that the Group incurred a net loss of $1,472,967 during the year ended 30 June 2023, and a net cash outflow from operating and investing activities of $3,610,470. As stated in Note 3 (a), these events or conditions, along with other matters as set forth in Note 3 (a), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. 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.

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation assets - Notes 3(g) & 11	
At 30 June 2023 the carrying value of exploration and evaluation assets was $23,565,704. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.	Our procedures included, amongst others: • reviewing management's area of interest considerations against AASB 6; • conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including; – tracing projects to statutory registers, exploration licenses, and third party confirmations to determine whether a right of tenure existed; – enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; – understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; • evaluating the competence, capabilities, and objectivity of management's experts in the evaluation of potential impairment triggers; and • reviewing the appropriateness of the related financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our 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 Group's ability 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 have 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: http://www.auasb.gov.au/auditors_responsibilities/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 the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of PNX Metals Limited, for the year ended 30 June 2023 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Iain Kemp

I S Kemp
Partner – Audit & Assurance

Adelaide, 20 September 2023