AUSTRALIAN MINES LIMITED

ABN 68 073 914 191

Full Year Reports

Audited Accounts

Auditors' Report

Directors' Statement

FOR THE YEAR ENDED

30 JUNE 2023

CONTENTS

DIRECTORS

Michael Ramsden, Non-Executive Chairman

Michael Elias, Non-Executive Director

Dominic Marinelli, Non-Executive Director

Lee (Les) Guthrie, Non-Executive Director (Resigned 18 July 2023)

AUDITORS

BDO Audit (WA) Pty Ltd

Level 9, Mia Yellagonga Tower 2

5 Spring Street

Perth, Western Australia, 6000

Telephone: +61 8 6382 4600

CHIEF EXECUTIVE OFFICER

Michael Holmes (Appointed 5 September 2022, Resignation effective 6 October 2023)

COMPANY SECRETARY

Oliver Carton

SHARE REGISTRY

Automic Pty Ltd

Level 5, 126 Phillip Street

Sydney, NSW 2000, Australia

Telephone: +61 2 9698 5414

REGISTERED OFFICE

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Brisbane, Queensland, 4000

Telephone: +61 7 3184 9184

www.australianmines.com.au

SOLICITORS

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Level 9, 200 St Georges Terrace

Perth, Western Australia, 6000

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STOCK EXCHANGE

Australian Securities Exchange Limited

20 Bridge Street

Sydney, New South Wales, 2000

ASX Code: AUZ

The directors present their report together with the financial statements of the Group comprising Australian Mines Limited ("the Company" or "Australian Mines") and its controlled entities for the year ended 30 June 2023, and the auditor's report thereon.

1. DIRECTORS

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

Michael Ramsden – Independent Non-Executive Chairman appointed 9 March 2011
BEc, LLB, FFIN

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

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

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

Michael Elias – Independent Non-Executive Director appointed 1 July 2005
BSc(Hons), FAusIMM, CPGeo

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

Mr Elias previously held the positions of Chief Geologist – WA Nickel Operations and Chief Geologist – Nickel Resource Development at WMC Resources Ltd and was a director of Silver Swan Group Ltd until his resignation on 19 November 2012. Mr Elias holds a Bachelor of Science (Honours) in Geology from the University of Melbourne and is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Elias became a member of the Audit and Risk Committee on 11 May 2022.

Dominic Marinelli – Independent Non-Executive Director appointed 9 March 2011
MBA, BEng, PGD Sc

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

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

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

1. DIRECTORS (cont.)

Lee (Les) Gordon Guthrie – Interim CEO (from 11 May 2022 to 5 September 2022) and Executive Director (resigned 18 July 2023) BSc, MAICD

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

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

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

2. COMPANY SECRETARY

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

Oliver Carton appointed 1 January 2018

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

3. ANNUAL REPORTING CALENDAR

Reporting Requirement	Date
Audited Financial Statements Year ended 30 June 2023	29 September 2023
Deadline for nomination as Director	3 October 2023
Appendix 5B and Quarterly Activities Report - quarter ended 30 September 2023	31 October 2023
Annual Report	20 October 2023
Notice of AGM	20 October 2023
AGM	21 November 2023
Appendix 5B and Quarterly Activities Report - quarter ended 31 December 2023	31 January 2024
Half-Year Report	15 March 2024
Appendix 5B and Quarterly Activities Report - quarter ended 31 March 2024	30 April 2024
Appendix 5B and Quarterly Activities Report - quarter ended 30 June 2024	31 July 2024
Audited Financial Statements Year ended 30 June 2024	30 September 2024

4. DIRECTORS' MEETINGS

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

	Board Meetings		Remuneration Committee		Audit & Risk Committee	
Director	Held	Attended	Held	Attended	Held	Attended
Michael Ramsden	13	13	2	2	4	4
Lee Guthrie	13	13	-	2	2	2
Michael Elias	13	11	2	2	2	2
Dominic Marinelli	13	13	2	2	4	4

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

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

5. PRINCIPAL ACTIVITIES

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

6. OPERATING AND FINANCIAL REVIEW

Australian Mines is poised to take advantage of the growing need for battery minerals as the world transitions to a carbon neutral future. The nickel and cobalt deposit at Sconi Battery Minerals Project is sufficient to supply 5 – 6 million high performance electric vehicles over its 30+ year mine life.

The Company's strategy of positioning itself to be a supplier into the cleaner more sustainable energy storage market saw the progress of surface exploration, permitting and environmental activities at the Sconi Battery Minerals Project.

Carbon Neutral Certification

Australian Mines remains committed to a carbon neutral future which was reinforced by obtaining Carbon Neutral Certification on 20 June 2023 from Climate Active. This achievement is for Australian Mines, Organisation Certification FY 2021 – 22 and is the fourth consecutive year of certification since 18 August 2020 when Australian Mines was the first mineral resources company to be certified a Carbon Neutral Organisation under the Australian Government's Climate Active programme. Meeting this Standard demonstrates Australian Mines' carbon neutral status which is based on best practice, international standards and emissions reductions.

Sconi Exploration and Permitting Activities

Field-based surface rock and soil sampling exploration activities were conducted on prospective ground previously identified by an independent review at the Sconi mining and exploration leases to potentially identify additional nickel, cobalt and scandium mineral deposits.

6. OPERATING AND FINANCIAL REVIEW (cont.)

Drill programs and schedules are being developed to further test this ground for potential resource addition.

The Company completed an Initial Advice Statement (IAS) for the Sconi Battery Minerals Project to provide the Queensland Department of Environment and Science (DES) with sufficient information to support an application for a voluntary Environmental Impact Statement (EIS). The voluntary EIS was accepted by DES as the environmental permitting process for the Sconi Battery Minerals Project. Following this decision, a referral to the Federal Government Department of Climate Change, Environment, Energy and Water (DCCEEW) under the Environment Protection and Biodiversity Conservation Act (EPBC Act) was competed seeking determination on Federal Government jurisdictional impacts. The DCCEEW approved the referral and determination of the project's impact on Federally controlled native species and land use is pending.

The company continued to work with the Department of Resources (DoR) to secure the approval for Greenvale Mining Lease (MLA 10368). The current MLA boundary for Greenvale and ML boundaries for Lucknow and Kokomo are sized to contain the ore reserves at each deposit. The Company continued progress defining the new expanded mining lease boundaries that are required to accommodate mine infrastructure including ore and waste rock stockpiles, the process plant, tailings storage facility, raw water dam, pipelines and haul roads. Applications with the DoR were being finalized before submission.

Strategic direction and Collaborative Partner

Australian Mines made the strategic decision following a technical and financial review to develop the Sconi Project to produce battery grade nickel sulphate, cobalt sulphate and scandium oxide. The strategic direction was to maximise value of the project, return for shareholders and provide a clear line-of-sight to construction. Discussions were undertaken with offtake partners LG Energy Solution (LGES) regarding this direction and the desire to transition the agreement to a strategic collaborative partnership which would provide assistance to the company as it progresses the project to Final Investment Decision (FID). The Company will update the market in due course with respect to such amendments and collaboration if they are finalised.

Financing

Australian Mines' priority during the previous year was securing finance for progressing the Sconi Battery Minerals Project through to Final Investment Decision. On 22 November 2022, Australian Mines successfully raised approximately $7.4 million by completing a 1 for 9.8 partially underwritten non-renounceable entitlement offer raising approximately $2.8m and an Institutional Placement with Lind Global Fund II, LP and SBC Global Investment Fund for a combined investment of $4.55 million by way of Share Subscription Agreements. Australian Mines has been using the funds raised from the Subscription Agreement and the entitlement offer to execute its plan to bring its flagship Sconi Battery Minerals Project into production. The funds will be applied to project financing activities, to bolster the management team, exploration outside the Sconi Project's current Ore Reserve and Mineral Resource and progress the Sconi project.

ASIC Settlement

On the 13 January 2023, the Federal Court approved the agreement between Australian Mines and ASIC to settle proceedings related to certain announcements by the Company to the ASX between 19 February 2018 and 27 June 2018 with respect to the Sconi Project and the Term Sheet for an Offtake Agreement entered into between the Company and SK Innovation Co Ltd. The Federal Court approved the Agreement to resolve the Proceedings by the Company making certain admissions of contraventions of its continuous disclosure obligations, and paying a penalty of $450,000. The Company has also paid ASIC's costs in the amount of $55,550.

6. OPERATING AND FINANCIAL REVIEW (cont.)

General Economic Conditions

The Consolidated Group made a loss for the year of $4,104,356 (2022: loss $5,788,309). There was no impairment of exploration assets during the year (2022: nil).

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

Financials	2023	2022
	$	$
Revenue from operating activities	-	-
Net Loss	(4,104,356)	(5,788,309)
Cash and cash equivalents	4,632,842	3,993,982

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

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

7. DIVIDENDS

No dividends were paid or declared by the Company during the year (2022: nil).

8. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

9. EVENTS SUBSEQUENT TO REPORTING DATE

Australian Mines Limited wholly owned subsidiary Sconi Mining Operations Pty Ltd was granted Mining Lease 10368 for the Greenvale mining area by the Queensland Government Department of Resources (DoR) on 4 July 2023. The Greenvale mining lease combined with the Lucknow and Kokomo mining leases contains the critical battery minerals resource of the Sconi Battery Minerals Project in North Queensland.

A decision by the Federal Government's Department of Climate Change, Environment, Energy and Water (DCCEEW) on the EPBC referral was made on 24 July 2023 informing that the Sconi Battery Minerals Project is a controlled action and consideration is required on the potential impacts on listed threatened species and communities, and the environment on Commonwealth Land protected by the EPBC Act under Chapter 2. The decision included that the proposed action will be assessed by an accredited assessment process under the Queensland Environmental Protection Act 1994. The Queensland Department of Environment and Science (DES) will coordinate the Environmental Impact Statement (EIS) which will satisfy both State and Commonwealth assessment requirements. Feedback from the DCCEEW on the EPBC submission will be incorporated into the Terms of Reference (ToR) for the EIS.

9. EVENTS SUBSEQUENT TO REPORTING DATE (cont.)

Executive Director Lee (Les) Gordan Guthrie resigned from Australian Mines Limited on 18 July 2023 due other work commitments, effective immediately. Les did not receive a termination payment upon resignation and had no Loan Share Plan.

CEO Michael Holmes resigned from Australian Mines Limited effective 6 October 2023 to pursue other interests. Michael did not receive a termination payment, but employee leave entitlements will be paid out. As per the terms of the Loan Share Plan, the 4,060,000 Performance Shares held by Michael Holmes will be forfeited upon his termination. A reversal of the Share Based Payment expense recorded to date will be recognised in the accounts at the date of termination.

On 22 November 2022, Australia Mines Limited announced that it had executed agreements with Lind Global Fund II, LP ("Lind"), and SBC Global Investment Fund ("SBC") for a combined investment of $4.55 million before costs by way of the Share Subscription Agreements. Under the agreement, Lind and SBC pre-paid a total of $4,550,000 (Advance Payment), in return for the options and in total a credit amount worth $5,000,000 (Advance Payment Credit), which may be used to subscribe to shares during the Term (Placement Shares).

Since 1 July 2023, there have been 3 additional instances where Lind and SBC have exercised their conversion options as follows:

- 16,666,667 conversion shares issued at $0.012 per share on 3 July 2023;
- 16,666,667 conversion shares issued at $0.012 per share on 12 July 2023; and
- 21,428,573 conversion shares issued at $0.014 per share on 29 August 2023;

As part of the executed agreements with Lind and SBC, Australian Mines Limited issued 12,500,000 initial shares to each investor. Over the period of the agreement Lind and SBC have the option to either pay for the shares at the price prescribed in the agreement or utilise the unused advance payment credit to offset the payment obligation. In July 2023 Lind and SBC elected to make payment of the initial shares issued under the agreement as follows:

- Lind made a payment of $150,000 for 12,500,000 shares at $0.012 per share on 27 July 2023
- SBC made a payment of $36,000 for 3,000,000 shares at $0.012 per share on 26 July 2023

In relation to the 12,500,000 initial shares issued to each investor, all obligations for Lind have been met, however SBC still need to make an election on how they will treat their remaining 9,500,000 shares.

On 25 September 2023, Australian Mines Limited announced the appointment of Andrew Luke Nesbitt as Chief Executive Officer (CEO) of the Company, effective 2 October 2023.

There have been no other events subsequent to reporting date.

10. LIKELY DEVELOPMENTS

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

11. MATERIAL BUSINESS RISKS

For the purposes of section 299A (1) of the Corporations Act 2001 (Cth), this section summarises the material business risks and uncertainties that could affect the operating and financial position of the Company.

The risks and uncertainties described herewith are not exhaustive. Additional risks and uncertainties may also become significant factors in the future that may affect the Company's operating and financial position.

Company Specific Risks

- **Land access and tenure** - Mining and exploration tenements are subject to periodic renewal and are subject to the mining act and the mining regulations. The maintaining of exploration licences, obtaining renewals, or getting additional exploration or mining licences granted, often depends on the Company being successful in obtaining the required statutory approvals for its proposed activities and that the licences, concessions, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions (such as increased expenditure and work commitments) will not be imposed in connection with any such renewals. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or the performance of the Company.

- **Native title and access risk** - The mining tenements in which the Company holds, or intends to acquire, an interest extend over areas in which legitimate native title rights of indigenous Australians exist. The ability of the Company to gain access to some or all of the mining tenements and to conduct exploration development and mining operations remains subject to native title rights and the terms of registered native title agreements. The right to negotiate process under native title matters can result in significant delays to the implementation of any project or stall it. Negotiated native title agreements may adversely impact on the economics of projects depending on the nature of any commercial terms agreed. The Company is also required to enter into access agreements with the land holders in which the mining tenements are situated. These agreements may expire in some circumstances and may not be able to be renewed on similar terms.

- **Failure to satisfy expenditure commitments** - The tenements held by the Company are subject to various conditions prescribed by the mining act and mining regulations. Depending on the type of tenement, the primary conditions relate to the payment of rent, minimum expenditure and reporting requirements.

- **Liquidity risk** - There is no guarantee that an active market in the Company's shares will be maintained or that the price of the shares will increase. There may be relatively few buyers or sellers of the Shares on the ASX at any particular time, which will adversely affect the liquidity of the Shares on ASX.

- **Resource estimations** - Estimating the quantity and quality of Mineral Resources is an inherently uncertain process and any mineral resources or ore reserves that the Company has stated now or in the future are and will be estimates and may not prove to be an accurate indication of the quantity and/or grade of mineralisation that the Company has identified or that it will be able to extract, process and sell. If the Company's actual mineral resources are less than current estimates, its prospects, value, business, results of operations and financial condition may be materially adversely affected.

11. MATERIAL BUSINESS RISKS (cont.)

- Exploration and evaluation risks - The mineral exploration licences of the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration activities conducted on these exploration licences, or any other licences that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. The future exploration activities of the Company may be affected by a range of factors, including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title processes, changing government regulations and many other factors beyond the control of the Company. The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its exploration licences and obtaining all required approvals for its activities. In the event exploration programmes prove to be unsuccessful, this could lead to a diminution in the value of the exploration licences, a reduction in the cash reserves of the Company and possible relinquishment of the exploration licences. The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

- Development risks and costs - There are many uncertainties that are inherent in developing a mining project, including:
    i. the availability of capital to finance feasibility studies, construction and development activities;
    ii. the timing and cost of constructing mining and processing facilities and related infrastructure;
    iii. the availability and cost of skilled labour, power, water and transport; and
    iv. the need to obtain necessary governmental permits and the timing of those permits.

  As with any mining project, the Company may experience unexpected problems and delays during development, construction and mine start-up. Even if mining commences, there is a risk that the geology of the mines will be more complex than the Company's geological investigations have indicated, and that the ore extracted will be lower grade or have different metallurgy than anticipated, which may increase mining costs, increase processing costs or result in lower recoveries.

- Operating risks - The Company may be subject to the risks involved in the establishment of a new mining operation if the Company decides to develop its mineral assets. There is no assurance that can be given to the level of viability that the Company's operations may achieve. Lower than expected productivity and technical difficulties and late delivery of materials and equipment could have an adverse impact on any future construction and commissioning schedules. No assurance can be given that the intended production schedules will be met or that the estimated operating cash costs and development costs will be accurate.

11. MATERIAL BUSINESS RISKS (cont.)

- **Environmental risk** – The Company is subject to a number of laws and regulations to minimise the environmental impact of any operations as well as rehabilitation of any areas affected by the Company's operations. These laws can be costly to operate under and can change, further adversely affecting the Company. No assurance can be given that current or future requirements under environmental laws will not result in the cessation of exploration or production activities, the curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects. Penalties for failure to adhere to the laws or in the event of environmental damage the penalties and remediation costs can be substantive. The Company may require approval from relevant authorities before it can undertake activities that may impact the environment. Failure to obtain such approvals may prevent the Company from achieving its business objectives. The Company intends to conduct itself and manage any joint venturers so that their activities are conducted in an environmentally responsible manner and in accordance with all applicable laws. Despite this, the Company may still be subject to accidents or other unforeseen events which may compromise its environmental performance, and which may have adverse financial implications.

- **Future capital requirements** - At the date of this report, the Company has no income producing assets and will generate losses for the foreseeable future. The Company's current funds will not be sufficient for expenditure expected to be required for any development of the Sconi project, including the works required to commence production. Accordingly, the Company expects to raise additional funds for working capital in order to finance its projected capital expenditure at the Sconi Project, potentially by raising debt and/or equity. However, if these funding alternatives do not eventuate or are insufficient, the Company may need to raise additional equity. Any additional equity financing may be dilutive to Shareholders, and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that the Company will be able to obtain or access additional funding when required, or that the terms associated with that funding will be acceptable to the Company. The Company's failure to raise capital, if and when needed, could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities, financial condition and its ability to continue as a going concern or its ability to pay its debts as and when they fall due. Also, no guarantee or assurance can be given as to whether the Sconi Projects can be developed to the stage where it will generate positive cashflow or the timing of this development.

- **Potential acquisitions** - As part of its business strategy, the Company may make acquisitions of, or significant investments, in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

- **Litigation risk** – Exposure to possible native title claims, tenure disputes and environmental claims. Dispute proven or unproven may impact the company's operation. Australian Mines Limited is not currently engaged in any litigation.

- **Financial risks** – The Company's activities may expose it to market risk (fair value of future cash flows of a financial instrument will fluctuate), interest rate and credit risk (interest rates may impact the value of consolidated assets and liabilities) and liquidity risk (ability of the Company to maintain sufficient cash and source-out funding to support its projects).

11. MATERIAL BUSINESS RISKS (cont.)

- Climate change – Though Australian Mines Limited is currently Carbon Neutral certified, the Company may be impacted by changes to local or international compliance regulations related to climate change mitigations efforts, or by specific taxation or penalties for carbon emissions in the future. The climate change may also cause certain physical and environmental risks, such as increase severity of weather conditions or extreme weather events that may negatively impact specific exploration and development activities.

- Reliance on key personnel - The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

- Volatility of the price of commodities and exchange rate risks – Exchange rates, the price of nickel, cobalt and other minerals fluctuates widely and is affected by numerous factors beyond the control of the Company. Future serious price declines in the market value of nickel, cobalt and other minerals could force the Company to discontinue production or development and it may lose its interest in, or may be forced to sell, some of its properties. There is no assurance that, even if commercial quantities of nickel and cobalt or other minerals are produced, a profitable market will exist for them.

- Inherent mining risks - The Company's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks, including: environmental hazards; industrial accidents; metallurgical and other processing problems; unusual or unexpected rock formations; structure cave-in or slides; flooding; fires and interruption due to inclement or hazardous weather conditions. These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability. Whether income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development.

- Insurance and uninsured risks - The Company, where economically feasible, may insure its operations in accordance with industry practice. However, even if insurance is taken out, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered, or fully covered, by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance of all risks associated with mineral exploration and production is not always available and, where available, the costs can be prohibitive.

11. MATERIAL BUSINESS RISKS (cont.)

General Risks

The operating and financial performance of the Company is influenced by a number of general, economic and business conditions, including, but not limited to:

- General movements in Australian and international stock markets;
- Australian and international economic conditions and outlook;
- Changes in government legislation and policies, including taxation laws and foreign investment legislation;
- political instability, including international hostilities and acts of terrorism;
- Competition, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's business.
- pandemics, epidemics or quarantine restriction.

Further, the effect of these conditions on the Company's ability to obtain financing, and the terms on which any such financing can be obtained, is uncertain. These conditions may however adversely affect the financial position and / or share price of the Company and its ability to obtain new financing or to do so on reasonable terms.

12. DIRECTORS' INTERESTS

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

Specified Directors and Key Management Personnel	Shares	Listed Options	Unlisted Options
M Ramsden	9,577,832	542,973	881,355
M Elias	2,268,115	137,690	144,067
D Marinelli	5,376,320	296,462	296,610
L Guthrie	593,220	-	296,610
B Bell	-	-	-
T Maclean	995,000	-	-
M Holmes	4,907,457	-	423,728

13. SHARE OPTIONS

Listed Options

On 24 June 2022, 6,182,231 listed options were issued to shareholders as part of a capital raising. The options expire on the 30 May 2024 and allow for the purchase of shares prior to this date at a price of $0.115 per share.

Unlisted Options

On 20 December and 23 December 2022, 49,113,591 new shares and 24,557,202 new unlisted options were issued to shareholders as part of a capital raising program. The options have an exercise price of $0.089 and expire at 5pm (AEDT) on 20 December 2025.

14. REMUNERATION REPORT – AUDITED

The directors present the Company's 2023 remuneration report outlining key aspects of our remuneration policy and framework, and remuneration awarded this year. The report includes the following:

- Key management personnel covered in this report
- Overview of remuneration policies
- Principles of compensation
- Directors and executive officers' remuneration
- Terms of equity settled share-based payment transactions
- Equity instruments held by key management personnel
- Remuneration consultants
- Voting and comments made at the company's 2023 Annual General Meeting
- Loans to key management personnel
- Other key management personnel transactions

a) Key management covered in this report

Non-executive and executive directors and officers (see pages 4 to 5 for director details)

Michael Ramsden (Chairman)

Benjamin Bell (Former Managing Director, resigned as Director 11 May 2022, employment termination letter issued 21 July 2022)

Lee (Les) Guthrie (Non-Execuive Director, Resigned 18 Jul 2023)

Michael Holmes (CEO, Appointed 5 Sep 2022, Resignation effective 6 October 2023)

Michael Elias (Non-Executive Director)

Dominic Marinelli (Non-Executive Director)

Tim Maclean (Chief Operating Officer)

b) Overview of remuneration policies

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

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

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

14. REMUNERATION REPORT – AUDITED (cont.)

Assessing performance

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

In the event of serious misconduct or a material misstatement in the company's financial statements, the remuneration committee can cancel or defer performance-based remuneration.

c) Principles of compensation

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

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

Fixed Compensation

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

Short term Incentive Bonus

The Company has no scheme to pay discretionary bonuses based on short term performance. However, a bonus of $13,239 was paid to Mr Tim Maclean during the financial year (2022 $13,259).

Long Term Incentive Bonus

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

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

As a result of the plan 69,550,000 shares were issued (adjusted to 6,955,000 shares following the 1 for 10 consolidation that occurred on 10 January 2022). The fair value of the shares was estimated at the date of grant using the Black-Scholes model. Refer to note 13 for further details. All of the 6,955,000 shares have vested and at the end of the reporting period 6,915,000 were in a holding lock to secure the loan granted to the holders to purchase them.

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

c) Principles of compensation (cont.)

	Directors	Key Management Personnel	Directors
Grant Date	24 November 2017 (pre the 1 for 10 consolidation that occurred on 10 January 2022)	24 November 2017 (pre the 1 for 10 consolidation that occurred on 10 January 2022)	2 September 2022
Number of Shares	59,600,000	9,950,000	4,060,000
Share Price at Grant Date	$0.116 The issue price was calculated as 1.3 times the 5-day volume weighted average price of the Company's shares up to the issue date.	$0.116 The issue price was calculated as 1.3 times the 5-day volume weighted average price of the Company's shares up to the issue date.	$0.0804 The issue price was calculated at market value, being the 5-day volume weighted average price of the Company prior to the date of appointment.
Vesting Conditions	The Performance Shares are divided into 2 tranches and subject to the following vesting conditions: (i) 1/2 for service to the Company as an Eligible Person until 1 June 2018 (ii) 1/2 for service to the Company as an Eligible Person until 1 June 2019	The Performance Shares are divided into 3 tranches and subject to the following vesting conditions: (iii) 1/3 for service to the Company as an Eligible Person until 1 June 2018 (iv) 1/3 for service to the Company as an Eligible Person until 1 June 2019 (v) 1/3 for service to the Company as an Eligible Person until 1 June 2020	Continuous employment from the Commencement Date; and From the Commencement Date to 30 June 2025 (Period): A) 2,030,000 Shares (Tranche 1) will vest on total shareholder return (TSR) hurdle measured against the Peer Group as follows: (i) If TSR is at 50th percentile of the Peer Group, 65% of the Tranche 1 Shares will vest; (ii) If the TSR is at 90th percentile of the Peer Group, 100% of the Tranche 1 Shares will vest; and (iii) If the TSR is between the 50th and 90th percentile, a pro-rata number of the Tranche 1 Shares will vest (as determined by the board).

c) Principles of compensation (cont.)

			B) 2,030,000 Shares (Tranche 2) will vest on upon a decision by the Board, project sponsor, capital provider, and/or joint owner to fully proceed with the investment for the construction and commissioning of the Sconi Project, including the decision that sufficient financial resources are available to meet the total project spend.
Lapse of Performance Shares	Performance Shares will be forfeited in the following circumstances: • Employment, office or contractual relationship with the Company ceases; • Relevant vesting conditions are not satisfied by the relevant time; • The Director acts fraudulently or dishonestly or in breach of their obligations to the Group; or • They become insolvent. If the Performance Shares are forfeited and sold pursuant to the Plan Rules, the proceeds will first be applied against the respective loan and any surplus applied in accordance with the Plan Rules.	Performance Shares will be forfeited in the following circumstances: • Employment, office or contractual relationship with the Company ceases; • Relevant vesting conditions are not satisfied by the relevant time; • The Director acts fraudulently or dishonestly or in breach of their obligations to the Group; or • They become insolvent. If the Performance Shares are forfeited and sold pursuant to the Plan Rules, the proceeds will first be applied against the respective loan and any surplus applied in accordance with the Plan Rules.	Performance Shares will be forfeited in the following circumstances: • Employment, office or contractual relationship with the Company ceases; • Relevant vesting conditions are not satisfied by the relevant time; • The Director acts fraudulently or dishonestly or in breach of their obligations to the Group; or • They become insolvent. If the Performance Shares are forfeited and sold pursuant to the Plan Rules, the proceeds will first be applied against the respective loan and any surplus applied in accordance with the Plan Rules.
Loan Arrangements	Under the Loan Agreement, the Group will lend the Directors' the funds required to purchase the Performance Shares. No interest will be payable on the loan and it is a limited recourse loan.	Under the Loan Agreement, the Group will lend the Key Management Personnel the funds required to purchase the Performance Shares. No interest will be payable on the loan and it is a limited recourse loan.	Under the Loan Agreement, the Group will lend the Key Management Personnel the funds required to purchase the Performance Shares. No interest will be payable on the loan and it is a limited recourse loan.

14. REMUNERATION REPORT – AUDITED (cont.)

Consequences of Performance on Shareholder Wealth

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

	2023	2022	2021	2020	2019
Loss for the year	$4,104,356	$5,788,309	$4,493,350	$3,523,194	$9,795,806
Change in share price	(76%)	(73%)	182%	(62%)	(76%)

Service Contracts - Executive Director

Mr Bell resigned as an executive director on 11 May 2022 and on 21 July 2022 Australian Mines issued Mr Bell a termination of employment letter, which terminated his employment in accordance with the terms of his agreement. His final termination payment totaled $181,451.

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

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

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

The remuneration committee undertakes to review directors' remuneration on an annual basis to take into account changes to the cost of living and changes in the scope of the directors' roles and responsibilities. If warranted the board may approve bonus payments up to a reasonable limit for exceptional performance to the executive director.

Service Contracts - Executive Officers

The Company entered into an executive employment agreement with Tim Maclean as chief operating officer effective 17 July 2017. Mr Maclean has been employed on a salary of $290,062 (2022: $286,250) per annum inclusive of superannuation. The agreement includes an invitation to participate in the Loan Share Plan whereby the executive can apply for shares. The contract has no defined term however either party may terminate this agreement by providing three months written notice in accordance with the agreement.

The Company entered into a service agreement contract with CEO Mr Michael Holmes, effective 5 September 2022. Mr Michael Holmes remuneration is $401,958 per annum including superannuation will be reviewed on 30 June 2023. On 16 August 2023, Mr Holmes tendered his resignation from Australian Mines effective 6 October 2023 to pursue other interests.

14. REMUNERATION REPORT – AUDITED (cont.)

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

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

Non-Executive Directors

Total remuneration for all non-executive directors is not to exceed $800,000 per annum, excluding options and other share-based incentives which are approved separately at a general meeting. Non-executive directors' fees are set with reference to fees paid to other non-executive directors of comparable companies and Mr M Elias and Mr D Marinelli and are presently paid $70,000 (2022: $70,000) per annum each. In addition to the payments made under the interim CEO service contract outlined above, Mr L Guthrie is paid $70,000 per annum in relation to his role as a non-executive director (2022: $70,000). The non-executive chairman received a fee of $105,000 (2022: $105,000) per annum. There has been no movement in non-executive director's fees for FY2023.

Directors' fees cover all main board activities and membership of committees. The directors have participated in the employees Loan Share Plan and received an allotment of shares as detailed in note 13.

d) Directors' and executive officers' remuneration

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

14. REMUNERATION REPORT – AUDITED (cont.)

		Non-Exec Directors' Fees	Executive Salaries	Bonus	Fringe Benefits (B)	Super-annuation Contribution	Termination and Retirement Benefits	Other Long-Term Benefits (C)	Shares Issued	TOTAL	Proportion of remuneration performance based	Value of share-based payments as a proportion of remuneration
Directors Non-Executive		$	$	$	$	$	$	$	$	$	%	%
Mr M Ramsden	2023	95,023	-	-	-	9,977	-	-	-	105,000	-	-
	2022	95,455	-	-	-	9,545	-	-	-	105,000	-	-
Mr M Elias	2023	63,349	-	-	-	6,651	-	-	-	70,000	-	-
	2022	63,636	-	-	-	6,364	-	-	-	70,000	-	-
Mr D Marinelli	2023	63,349	-	-	-	6,651	-	-	-	70,000	-	-
	2022	63,636	-	-	-	6,364	-	-	-	70,000	-	-
Director Executive												
Mr L Guthrie (A)	2023	63,349	39,819	-	-	10,833	-	(696)	-	113,305	-	-
	2022	63,636	18,909	-	-	8,255	-	1,455	-	92,255	-	-
Mr B Bell (B)(C)	2022	-	374,329	18,822	5,526	23,568	-	14,325	-	436,570	4	-
Total Compensation Directors	2023	285,070	39,819	-	-	34,112	-	(696)	-	358,305	-	-
	2022	286,363	393,238	18,822	5,526	54,096	-	15,780	-	773,825	4	-

14. REMUNERATION REPORT – AUDITED (cont.)

Executive Officers		Non-Exec Directors' Fees	Executive Salaries	Bonus	Fringe Benefits (B)	Super-annuation Contribution	Termination and Retirement Benefits	Other Long-Term Benefits (C)	Shares Issued	TOTAL	Proportion of remuneration performance based	Value of share-based payments as a proportion of remuneration
		$	$	$	$	$	$	$	$	$	%	%
Mr B Bell (B)(D)	2023	-	29,976	-	-	12,590	138,886	-	-	181,452	-	-
Mr M Holmes (E)	2023	-	379,213	-	-	22,745	-	15,549	85,852	503,359	-	17
Mr T Maclean	2023	-	264,770	13,239	-	25,292	-	17,155	-	320,456	4	-
	2022	-	262,682	13,259	-	23,568	-	24,375	-	323,884	4	-
Total Compensation Executive Officers	2023	-	673,959	13,239	-	60,627	138,886	32,704	85,852	1,005,267	4	17
	2022	-	262,682	13,259	-	23,568	-	24,375	-	323,884	4	-

(A) Les Guthrie was appointed as interim CEO on 11 May 2022 and resigned 18 July 2023 and as such has non-executive and executive components to his remuneration for the year.

(B) Non-monetary fringe benefits of $Nil were provided as compensation to Benjamin Bell during the 2023 financial year (2022: $5,526).

(C) Other long-term benefits include movements in the annual and long service leave provisions.

(D) Benjamin Bell resigned as an Executive Director on 11 May 2022 and was issued a termination of employment letter on 21 July 2023. His termination and retirement benefits are inclusive of unused annual leave, unused long service leave and termination notice pay.

(E) Michael Holmes was appointed CEO on 5 September 2023 and received performance shares in line with his executive service agreement outlined in the remuneration report.

14. REMUNERATION REPORT – AUDITED (cont.)

e) Equity instruments held by key management personnel

Movement in shares

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

	Held at 1 July 2022	Purchases	Sales	Held at 30 June 2023
Directors				
M Ramsden	7,807,888	1,807,667	(37,723)	9,577,832
B Bell	4,020,000	-	(4,020,000)	-
M Elias	1,979,980	288,135	-	2,268,115
D Marinelli	4,783,100	593,220	-	5,376,320
L Guthrie	-	593,220	-	593,220
KMP				
T Maclean	995,000	-	-	995,000
M Holmes	-	4,907,457	-	4,907,457

Movement in options

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

	Held at 1 July 2022	Purchases	Sales	Held at 30 June 2023
Directors				
M Ramsden	542,973	881,355	-	1,424,328
B Bell	-	-	-	-
M Elias	137,690	144,067	-	281,757
D Marinelli	296,462	296,610	-	593,072
L Guthrie	-	296,610	-	296,610
KMP				
T Maclean	-	-	-	-
M Holmes	-	423,728	-	423,728

14. REMUNERATION REPORT – AUDITED (cont.)

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

The Company received 59.55% "for" votes on its remuneration report for the 2022 financial year at the Annual General Meeting held on 23 November 2022. As Company received more than 25% votes against the approval of the Remuneration Report, the Company has recorded its second strike in accordance with the Corporations Act 2001.

At the same Annual General Meeting a spill resolution was voted on, to determine whether the Directors would need to stand for re-election within 90 days. The result of the vote was 34.38% "for" votes. As the resolution did not receive the required 50% votes, the Company was not required to hold a 'spill meeting'.

g) Loans to key management personnel

A limited recourse loan has been provided to key management personnel to allow them to purchase performance shares pursuant to the terms of the Loan Share Plan, detailed at note 13. No interest is payable on the loan and repayment is due upon forfeiture or sale of the shares. Details of the shares and loans can be found below:

Name	Issue Date	Shares Issued	Issue Price	Loan Balance
Michael Ramsden	24 Nov 2014	700,000	$0.07	$49,000
Dominic Marinelli	24 Nov 2014	700,000	$0.07	$49,000
		1,400,000		$98,000
Michael Ramsden	24 Nov 2017	860,000	$1.16	$997,600
Michael Elias	24 Nov 2017	520,000	$1.16	$603,200
Dominic Marinelli	24 Nov 2017	520,000	$1.16	$603,200
Benjamin Bell	24 Nov 2017	4,060,000	$1.16	-
Tim MacLean	24 Nov 2017	995,000	$1.16	$1,154,200
		6,955,000		$3,358,200
Michael Holmes	2 Sep 2022	4,060,000	$0.08	$324,800
		4,060,000		$324,800

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

Michael Holmes was appointed CEO on 5 September 2022 and at such time was granted 4,060,000 Loan Plan Shares. In relation to Loan Share Plan shares provided to key management personnel, none were forfeited or vested in the 2023 Financial year. See note 13 for further details of movements in the share plan loans and note 22 for events subsequent to report date.

h) Other key management personnel transactions

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

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

14. REMUNERATION REPORT – AUDITED (cont.)

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

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

This is the end of the Audited Remuneration Report.

15. CORPORATE GOVERNANCE

The Group's corporate governance policies and practices are set out in pages 69-75.

16. ENVIRONMENTAL REGULATIONS

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

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

17. FINANCIAL REPORTING

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

18. INDEMNIFICATION AND INSURANCE OF OFFICERS

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

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

18. INDEMNIFICATION AND INSURANCE OF OFFICERS (cont.)

The Company has paid insurance premiums during the year of $232,295 (2022: $197,079) in respect of liability for any current and future directors, Company secretary, executives and employees of the Company.

19. NON-AUDIT SERVICES

There was no work performed in the current year or prior year to (BDO Reward).

20. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 26 and forms part of this Directors' Report for the year ended 30 June 2023.

21. ROUNDING OFF

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

This report is made with a resolution of the Directors.

D. Marinelli

Dominic Marinelli
Director
27 September 2023

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

As lead auditor of Australian Mines Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth

27 September 2023

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

AUSTRALIAN MINES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Other income		54	-
Net income		54	-
Expenses			
Corporate overheads and indirect expenses	6	(1,344)	(3,154)
Personnel expense	4	(1,177)	(1,303)
Depreciation and amortisation	6	(136)	(190)
Exploration expenditure	6	(122)	(1,079)
Share based payment expense	13	(102)	(29)
Loss on fair value of the derivatives		(480)	-
Results from operating activities		(3,307)	(5,755)
Finance income		5	2
Finance expense	5	(803)	(35)
Net finance income		(798)	(33)
Loss before income tax expense		(4,105)	(5,788)
Income tax expense	8	-	-
Loss after income tax expense for the year		(4,105)	(5,788)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(4,105)	(5,788)
Loss per share attributable to the ordinary equity holders of the Company		Cents	Cents
Basic earnings per share	9	(0.79)	(1.35)
Diluted earnings per share	9	(0.79)	(1.35)

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

AUSTRALIAN MINES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	Consolidated 2023 $'000	2022 $'000
Assets			
Current assets			
Cash and cash equivalents	10	4,633	3,994
Trade and other receivables		27	157
Other assets		21	19
Total current assets		4,681	4,170
Non-current assets			
Exploration and evaluation assets	12	40,508	37,791
Intangibles		27	17
Property, plant and equipment		99	129
Right-of-use assets		-	142
Total non-current assets		40,634	38,079
Total assets		45,315	42,249
Liabilities			
Current liabilities			
Trade and other payables		218	376
Provisions		-	505
Employee benefits		185	216
Lease liabilities		-	181
Financial liabilities	14	3,443	-
Total current liabilities		3,846	1,278
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		3,846	1,278
Net assets		41,469	40,971
Equity			
Issued capital	16	105,599	102,115
Reserves	17	5,369	4,250
Accumulated losses		(69,499)	(65,394)
Total equity		41,469	40,971

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

AUSTRALIAN MINES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

Consolidated	Issued capital $'000	Share option reserve $'000	Share-based payment reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2021	91,904	494	3,587	(59,606)	36,379
Loss after income tax expense for the year	-	-	-	(5,788)	(5,788)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(5,788)	(5,788)
Transactions with owners in their capacity as owners:					
Share-based payment transactions (note13)	-	-	169	-	169
Shares issued during the year (note 16)	10,911	-	-	-	10,911
Transaction costs from issue of shares (note 16)	(700)	-	-	-	(700)
Balance at 30 June 2022	102,115	494	3,756	(65,394)	40,971

Consolidated	Issued capital $'000	Share option reserve $'000	Share-based payment reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2022	102,115	494	3,756	(65,394)	40,971
Loss after income tax expense for the year	-	-	-	(4,105)	(4,105)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(4,105)	(4,105)
Transactions with owners in their capacity as owners:					
Share-based payment transactions (note 13)	-	-	102	-	102
Options issued under the share subscription agreement (note 15)	-	1,017	-	-	1,017
Shares issued during the year (note 16)	4,498	-	-	-	4,498
Transaction costs from issue of shares (note 16)	(1,014)	-	-	-	(1,014)
Balance at 30 June 2023	105,599	1,511	3,858	(69,499)	41,469

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

AUSTRALIAN MINES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Operating activities			
Cash payments to suppliers and employees		(2,406)	(4,256)
Interest received		4	1
Sundry income		-	1
Net cash used in operating activities	11	(2,402)	(4,254)
Investing activities			
Payments for exploration and evaluation	12	(3,518)	(5,390)
Payments for intangibles		(10)	(6)
Proceeds/(Payments) for property, plant and equipment		46	(9)
Net cash used in investing activities		(3,482)	(5,405)
Financing activities			
Proceeds from share issue (net of costs)	16	2,794	10,911
Capital raising costs		(669)	(700)
Proceeds from share subscription agreement	14	4,550	-
Lease payments		(152)	(199)
Net cash from financing activities		6,523	10,012
Net increase in cash and cash equivalents		639	353
Cash and cash equivalents at the beginning of the financial year		3,994	3,641
Cash and cash equivalents at the end of the financial year	10	4,633	3,994

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

Note 1. Reporting entity

Australian Mines Limited (the 'Company') is a listed public company incorporated and domiciled in Australia. The address of the Company's registered office is Level 34, 1 Eagle Street, Brisbane, Queensland. The address of the Company's principal place of business is Level 23, 108 St Georges Terrace, Perth, WA 6000, Australia. The consolidated financial statements of the Company for the financial year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in jointly controlled entities.

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

The consolidated financial statements were authorised for issue by the directors on 27 September 2023.

Note 2. Basis of preparation

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention except that the following assets and liabilities are stated at their fair value: non-derivative financial instruments measured at fair value through profit or loss.

b) Functional and presentation currency

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

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

c) Going concern

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

During the period the Group recorded a net loss after tax of $4,104,356 (2022: $5,788,309) and had net cash outflows from operating activities of $2,402,156 (2022: $4,253,858). At balance date the Group has working capital of $834,968 (2022: $2,891,695).

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

Note 2. Basis of preparation (continued)

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

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

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

d) Use of judgements and estimates

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Group.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

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

Note 3. Significant accounting policies (continued)

Note 3. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

a) Basis of consolidation

(i) Subsidiaries

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

(ii) Transactions eliminated on consolidation

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

All other accounting policies applied by the Group in this consolidated financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2023, except for those discussed in notes below.

(iii) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group. Supplementary information about the parent entity is disclosed in note 25.

b) Property, plant and equipment

(i) Owned assets

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

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

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense as incurred.

Note 3. Significant accounting policies (continued)

(iii) Depreciation

With the exception of freehold land and mining property and development assets, depreciation is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated life of the asset, using rates per annum as set out below:

	2023	2022
Buildings	33%	33%
Plant & equipment	33%	33%

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

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 3. Significant accounting policies (continued)

c) Financial instruments

(i) Recognition, initial measurement and derecognition

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

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

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

(ii) Classification and subsequent measurement

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

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

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

Classifications are determined by both:

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

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

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

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

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

Note 3. Significant accounting policies (continued)

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

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

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the 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.

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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

d) Impairment

(i) Non-derivative financial assets

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

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

Financial assets measured at amortised cost

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

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

Note 3. Significant accounting policies (continued)

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

(ii) Non-financial assets

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

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

e) Employee benefits

(i) Long-term service benefits

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

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

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

(iii) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the statement of profit or loss and other comprehensive income as incurred.

f) Provisions

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

g) Finance income

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

Note 3. Significant accounting policies (continued)

h) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

i) Accounting estimates and judgements

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

Note 18 contains detailed analysis of the interest rate and liquidity risk of the Group.

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

The significant estimates and judgements are as follows:

(i) Fair value of share based payment transactions

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

(ii) Impairment of exploration and evaluation assets

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

The key issues that are considered in this review include:

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

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

Note 3. Significant accounting policies (continued)

The fair value of exploration assets is based on fair value less costs to sell, using a multiples of exploration method. The impairment of mining tenements is assessed in accordance with accounting policy note 2(d).

(iii) Share subscription agreements

Included in note 14 is financial liability in relation to share subscription agreements. There is significant judgement included in determining whether the share subscription agreement is a hybrid instrument, compound instrument, equity or purely debt. The directors have exercised their judgement in determining that the share subscription agreement be classified as hybrid instruments on the basis that the instruments do not meet the "fixed for fixed" test in that there is a potential variation that serves to underwrite and protect the value of the conversion option in the event of a decrease in value of the shares. The fair value of the embedded derivative liability and the hosting debt requires significant judgement in determining the interest rate that would apply to an otherwise identical debt instrument with no conversion feature. See note 14 for further information on the key inputs used in the valuation of the conversion feature.

j) Segment reporting

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

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

k) Right-of-use assets

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

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

The Group 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.

l) 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 Group'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.

Note 3. Significant accounting policies (continued)

m) New or amended Accounting Standards and Interpretations adopted

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

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

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

o) Determination of fair values

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

Share-based payment transactions

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

p) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

q) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 3. Significant accounting policies (continued)

r) Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

s) Intangible assets
Significant costs associated with intangible assets are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life. Intangible assets with an infinite life have not been amortised on a straight-line basis.

t) Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 4. Personnel expense

	Consolidated	
	2023 $'000	2022 $'000
Wages and salaries	1,186	1,214
Salary recharge	(643)	(589)
Non-executive directors fees	333	330
Bonus	30	55
Other associated personnel expenses	50	51
Contributions to superannuation funds	141	136
Increase in leave liability	80	106
	1,177	1,303

Employee share based payment

Employee share-based payment expenses (note 13)	102	29

Note 5. Finance expense

	Consolidated	
	2023 $'000	2022 $'000
Interest expense on financial liabilities	789	-
Interest expense on lease liabilities	14	35
	803	35

Note 5. Finance expense (continued)

Accounting policy for finance expense
Finance expense attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed the period in which they are incurred.

Note 6. Other expenses

	Consolidated	
Corporate overheads and indirect expenses	2023 $'000	2022 $'000
Insurance	243	197
Travel and accommodation	133	215
Legal fees	100	289
Accounting, tax and audit services	213	131
Share registry services	167	245
Conferences	8	14
Investor relations fees	134	498
Advisors and consultants	110	117
Recruitment	73	54
Fines and penalties	-	450
Other fees and services	(6)	674
General administration	169	270
	1,344	3,154

Depreciation and amortisation of:		
Plant and equipment	136	190
Exploration expenditure not capitalised:		
Exploration	122	1,079

Note 7. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, the auditor of the Company, and its network firm:

	Consolidated	
	2023 $	2022 $
Audit services - BDO Audit (WA) Pty Ltd		
Audit of the financial statements	57,026	49,312

Note 8. Income tax benefit

	Consolidated	
	2023	2022
	$'000	$'000
Income tax benefit		
Current tax	-	-
Deferred tax - origination and reversal of temporary differences	1,056	1,727
Adjustment for prior periods	(293)	66
Current year losses for which no deferred tax asset was recognised	(763)	(1,793)
Aggregate income tax expense	-	-
Deferred tax included in income tax benefit comprises:		
Decrease in deferred tax assets	1,102	1,887
Increase in deferred tax liabilities	(45)	(160)
Deferred tax - origination and reversal of temporary differences	1,056	1,727
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax expense	(4,105)	(5,788)
Tax at the statutory tax rate of 30%	(1,232)	(1,736)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	176	10
Adjustment recognised for prior periods	293	(66)
Tax losses not brought to account	763	1,793
Income tax benefit	-	-

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

Accounting policy for income tax
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

Note 8. Income tax benefit (continued)

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

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

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

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

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

Nature of tax funding arrangements and tax sharing arrangements

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

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

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

Note 9. Earnings per share

	Consolidated	
	2023 $'000	2022 $'000
Loss after income tax	(4,105)	(5,788)
	Cents	Cents
Basic earnings per share	(0.79)	(1.35)
Diluted earnings per share	(0.79)	(1.35)

The calculation of basic loss per share at 30 June 2023 was based on the operating loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2023 of 518,678,607 (2022: 430,108,133), calculated as follows:

Note 9. Earnings per share (continued)

	Number	Number
Number of ordinary shares		
Issued ordinary shares at 1 July (i)	468,713,841	396,147,171
Share placement (i)	151,775,202	72,566,670
Issued ordinary shares at 30 June	620,489,043	468,713,841
Weighted average number of ordinary shares for year ending 30 June	518,678,607	430,108,133

(i) Adjusted for ten for one share consolidation. See note 16 for further details.

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2023 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2023 of 518,678,607 (2022: 430,108,133). There were no options that were considered dilutive.

Accounting policy for earnings per share

Basic earnings per share is calculated by dividing the profit 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 income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 10. Cash and cash equivalents

	Consolidated	
	2023	2022
	$'000	$'000
Current assets		
Cash at bank	4,633	3,994

Refer to note 18 for Financial Risk Management.

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents comprise as above.

Note 11. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2023	2022
	$'000	$'000
Loss after income tax expense for the year	(4,105)	(5,788)
Adjustments for items classified as investing / financing:		
Depreciation and amortisation	135	190
Exploration expenditure	-	101
Subscription agreement finance charge	789	-
Salary recharge	643	589
Share-based payment expense	102	169
Lease interest	14	35
Profit on sale of assets	(42)	-
Loss on fair value of the derivatives	480	-
Gain on lease modification	(9)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	120	(110)
Increase/(decrease) in trade and other payables	7	(22)
Increase in provisions and employee benefit	(536)	582
Net cash used in operating activities	(2,402)	(4,254)

Note 12. Exploration and evaluation assets

	Consolidated	
	2023	2022
	$'000	$'000
Non-current assets		
Exploration and evaluation	40,508	37,791

Note 12. Exploration and evaluation assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration and evaluation $'000
Balance at 1 July 2021	33,091
Expenditure incurred for the year	6,188
Expenditure expensed	(1,079)
R&D refund	(409)
Balance at 30 June 2022	37,791
Expenditure incurred for the year	3,261
Expenditure expensed	(122)
R&D refund	(422)
Balance at 30 June 2023	40,508

The 2022 research and development tax offset has been lodged and considered receivable as at 31 December 2022. The total $473,961 refundable offset was received in January 2023, of which $421,826 was offset against the exploration and evaluation expenditure.

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

Accounting policy for exploration and evaluation assets

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the statement of profit or loss and other comprehensive income.

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

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

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment note, accounting policy note 3(d)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

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

Note 13. Share-based payments

On 2 September 2022, 4,020,000 ordinary shares were transferred, and 40,000 ordinary shares were issued by the Company to Michael Holmes in accordance with his employment contract and the loan share plan (Loan Share Plan). The Company provided an interest free limited recourse loan to Mr Holmes to enable him to purchase the shares. The shares are escrowed and are held as security for the loan. The shares are divided into 2 tranches and subject to service period vesting conditions. The 4,020,000 ordinary shares transferred were the ordinary shares forfeited by Benjamin Bell.

Grant Date: 2 September 2022

Number of shares: 4,060,000

Vesting Conditions

i. Continuous employment from the commencement date; and

ii. From the commencement date to 30 June 2025 (Period):

- 2,030,000 shares (Tranche 1) will vest on Total Shareholder Return (TSR) hurdle measured against the Peer Group as follows:

(1) If TSR is at 50th percentile of the Peer Group, 65% of the Tranche 1 shares will vest;
(2) If the TSR is at 90th percentile of the Peer Group, 100% of the Tranche 1 shares will vest; and
(3) If the TSR is between the 50th and 90th percentile, a pro-rata number of the Tranche 1 shares will vest (as determined by the board).

- 2,030,000 Shares (Tranche 2) will vest on upon a decision by the board, project sponsor, capital provider, and/or joint owner to fully proceed with the investment for the construction and commissioning of the Sconi Project, including the decision that sufficient financial resources are available to meet the total project spend.

Lapse of Shares
Shares will be forfeited in the following circumstances:
- Employment, office or contractual relationship with the Company ceases;
- Relevant vesting conditions are not satisfied by the relevant time;
- The holder acts fraudulently or dishonestly or in breach of their obligations to the Group; or
- The holder becomes insolvent.

If the shares are forfeited and sold pursuant to the plan rules, the proceeds will first be applied against the respective loan and any surplus applied in accordance with the plan rules.

Loan Arrangements
Under the loan agreement, the Group will lend Mr Holmes the funds required to purchase the shares. No interest will be payable on the loan, and it is a limited recourse loan. Shares purchased by the loan are held in escrow as security for repayment of the loan.

Set out below are summaries of Shares granted under the plan:

Tranche	Grant date	Number issued	Value per right	Total value	Vesting period	Value vested	Value vested current period	Value not vested
				$		$	$	$
1	02/09/2022	2,030,000	$ 0.065	131,950	2.8	38,485	38,485	93,465
2	02/09/2022	2,030,000	$ 0.080	162,400	2.8	47,367	47,367	115,033
				294,350		85,852	85,852	208,498

Note 13. Share-based payments (continued)

The total value of the shares is expensed in proportion to the percentage of the vesting period that has elapsed. On 30 June 2023, 29% of the vesting period had elapsed and as such a share-based payment expense of $85,852 was recorded for the period.

The above fair value was calculated using the Hoadley Hybrid Relative TSR vs Peer Group Model and the Hoadley ESO2 Model, and was based on the following inputs:

	Tranche 1	Tranche 2
Share price at date granted	$0.08	$0.08
Risk free rate	3.30%	3.30%
Volatility factor	95%	95%
Exercise price	N/A	N/A
Term	2.83 years	2.83 years
Expected dividend yield	0%	0%
Expiry date	30/06/2025	30/06/2025
Vesting conditions	Market conditions	Non-market conditions

In December 2020, company secretary, Oliver Carton was invited to apply for 10,000,000 pre-consolidation shares under a Loan Share Plan. A limited recourse loan was provided to allow the Company secretary to purchase the shares for $0.025 per pre-consolidation share. The limited recourse loan plan shares are divided into 4 tranches vesting on 1 July each year from 2021 to 2024. The shares are subject to service period vesting conditions.

The fair value of the Loan Share Plan was calculated using the Black Scholes pricing model on the next page. The value of the shares has been expensed on a proportionate basis for each period from grant date under AASB 2 to vesting date.

Tranche	Grant date	Number issued	Value per right	Total value	Vesting period	Value vested	Value vested current period	Value not vested
				$		$	$	$
1	14/12/2020	2,500,000	$ 0.00559	13,984	1	13,984	-	-
2	14/12/2020	2,500,000	$ 0.00768	19,198	2	19,198	34	-
3	14/12/2020	2,500,000	$ 0.00921	23,021	3	23,021	9,070	-
4	14/12/2020	2,500,000	$ 0.01038	25,956	4	18,600	7,316	7,356
				82,159		74,803	16,420	7,356

Details of the vesting conditions of the plan shares

Tranche 1: Service to the Company as an eligible person until 01 July 2021
Tranche 2: Service to the Company as an eligible person until 01 July 2022
Tranche 3: Service to the Company as an eligible person until 01 July 2023
Tranche 4: Service to the Company as an eligible person until 01 July 2024

Note 13. Share-based payments (continued)

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

Name	Issue date	Shares issued	Issue price	Loan balance $
Michael Ramsden	28-Nov-14	700,000	$0.07	49,000
Dominic Marinelli	28-Nov-14	700,000	$0.07	49,000
Michael Ramsden	24-Nov-17	860,000	$1.16	997,600
Michael Elias	24-Nov-17	520,000	$1.16	603,200
Dominic Marinelli	24-Nov-17	520,000	$1.16	603,200
Benjamin Bell (i)	24-Nov-17	4,060,000	$1.16	-
Tim MacLean	24-Nov-17	995,000	$1.16	1,154,200
Oliver Carton	14-Dec-20	1,000,000	$1.16	1,160,000
Micheal Holmes	02-Sep-22	4,060,000	$0.08	324,800
		13,415,000		4,941,000

(i) Benjamin Bell's employment with Australian Mines was terminated in July 2022. As a result, all shares held by him under the Loan Share Plan were subject to forfeiture. This transaction had no accounting impact as the Loan Plan Shares were transferred to incoming CEO Michael Holmes.

The fair value of the Loan Share Plan was calculated using the Black-Scholes pricing model per the table below. The value of the shares has been expensed on a proportionate basis for each period from grant date to vesting date. The proportion of the value of the shares that has been expensed during the year to 30 June 2023 and accounted for in the share-based payment reserve is $102,272.

Accounting policy for share-based payment transactions

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

Note 14. Financial liabilities

	Consolidated	
	2023 $'000	2022 $'000
Current liabilities		
Share subscription agreements - debt component	2,834	-
Share subscription agreements - embedded derivative component	609	-
	3,443	-

Note 14. Financial liabilities (continued)

On 30 November 2022 the company entered into a share subscription agreement with Lind and SBC. $1,016,950 of the $4,550,000 initial investment was recognised immediately in equity in the Share Option Reserve. The remainder was recognised as a financial liability with effective interest recorded up to year end and revaluations recognised at the conversion of shares under the agreement. A breakdown of the movements in the debt and embedded derivative components are detailed below:

Share Subscription Agreements - Debt Component	Financial liabilities $'000
Balance at 30 June 2022	-
Add initial investment	3,125
Less commitment fee & legal costs	(103)
Add effective interest	789
Less conversion to equity	(977)
Balance at 30 June 2023	2,834

Share Subscription Agreements - Embedded Derivative Component	Financial liabilities $'000
Balance at 30 June 2022	-
Add initial investment	408
Add gain/loss on revaluation to fair value	480
Less conversion to equity	(279)
Balance at 30 June 2023	609

The Company entered into share subscription agreements with a total face value of $5,000,000 on 30 November 2022.

The share subscription agreements are unsecured, and no interest is payable under the subscription agreements.

Refer to note 19 for further information on fair value measurement.

Funding arrangement through share subscription

On 22 November 2022 the Company announced that it had executed agreements with Lind Global Fund II, LP ("Lind"), and SBC Global Investment Fund ("SBC") for a combined investment of $4.55 million before costs by way of the Subscription Agreements.

The $4.55 million investment is via a pre-payment for a placement of ordinary fully paid shares and 21,186,441 unlisted 3-year options to each investor, with an exercise price of $0.089. The issue of additional options is subject to shareholder approval.

Under the agreement, Lind and SBC have pre-paid a total of $4,550,000 (Advance Payment), in return for the options and in total a credit amount worth $5,000,000 (Advance Payment Credit), which may be used to subscribe to shares during the Term (Placement Shares). The advance payment does not accrue interest. Initial shares were issued in return for the Advance Payment on 30 November 2022. AUZ issued 12,500,000 shares to Lind and 12,500,000 shares to SBC towards satisfying the subscription agreement.

Note 14. Financial liabilities (continued)

Placement shares may be issued at two different prices, being either $0.089 per share (Fixed Subscription Price) or 90% of the average of the five lowest daily VWAPs during the 20 days the Company's shares trade on the ASX prior to the date on which the price is to be determined, rounded down to the lowest $0.001 (Variable Subscription Price). Lind and SBC can subscribe for Placement Shares during the Term until 28 February 2023, at the Fixed Subscription Price, and from 1 March 2023 until 21 November 2023, the Fixed Subscription Price or the Variable Subscription Price, however Lind and SBC may only subscribe for shares at the Variable Subscription Price up to a maximum amount of $200,000 each for each calendar month during this period. Following 21 November 2023 at the Fixed Subscription Price or the Variable Subscription Price, without monthly limits.

From 31 December 2022 until 30 June 2023, investors exercised their conversion option on 6 occasions with:

- 10,810,812 conversion shares issued at $0.037 per share on 8 March 2023;
- 8,000,000 conversion shares issued at $0.025 per share on 13 April 2023;
- 9,090,910 conversion shares issued at $0.022 per share on 28 April 2023;
- 9,523,810 conversion shares issued at $0.021 per share on 5 May 2023;
- 23,529,412 conversion shares issued at $0.017 per share on 1 June 2023; and
- 16,666,667 conversion shares issued at $0.012 per share on 29 June 2023.

Valuation summary	Grant date	Revaluation date
Valuation date	30 November 2022	30 June 2023
Spot price	$0.058	$0.016
Conversion price	$0.048	Lower of applicable fixed or variable subscription price
Maturity date	30 May 2024	30 May 2024
Expected future volatility	85%	75%
Discounted rate	3.11%	4.18%

Accounting policy for share subscription agreements
Share subscription agreements are treated as hybrid financial instruments and separated into the host liability and embedded derivative components based on the terms of the agreement. On issuance of the share subscription agreements, the host liability component is initially recognised at the residual value from deducting the fair value of the derivative liability from the amount of financial liabilities. The embedded derivative component is initially recognised at fair value. The host debt is carried at amortised cost using the effective interest method until it is extinguished on conversion or redemption. An interest expense of $788,831 was recognised under this method for the year ended 30 June 2023.

Embedded Derivative
An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative.

The embedded derivative is separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. The embedded derivative is measured at fair value with changes in value being recorded in profit or loss.

Note 15. Issue of options

Under the Share Subscription Agreement, the Company issued of 21,186,441 free-attaching options each to Lind Global Fund II, LP and SBC Global Investment Fund with exercise price of $0.08 and expiry date of 36 months after issue, being 30 November 2025, valued at fair value using a binomial option valuation model with the inputs as shown in the table below at grant date.

Note 15. Issue of options (continued)

Assumptions	Grant date
Valuation date	30 November 2022
Spot price	$0.058
Conversion price	$0.044
Maturity date	30 May 2024
Expected future volatility	85%
Discount rate	3.11%

The opening share option reserve was $494,361 and under the Share Subscription Agreement, the number of share options issued in the period was 21,186,441 valued at $1,016,950 per option based on the above valuation inputs. For the year ended 30 June 2023, the share option reserve increased by $1,016,950 being the fair value of the options issued. This represents the equity portion of the $4,550,000 cash initial investment received from Lind and SBC.

Note 16. Issued capital

	Consolidated			
	2023 Shares	2022 Shares	2023 $'000	2022 $'000
Ordinary shares - fully paid	620,489,043	468,713,841	105,599	102,115

	2023 $	2023 No.	2022 $	2022 No.
Reconciliation of contributed equity				
Balance at beginning of 1 July	102,115,529	468,713,841	91,904,488	3,961,453,850
Share placement (i)	-	40,000	-	-
Share placement (ii)	-	25,000,000	-	-
Share placement @ $0.059 (iii)	1,034,814	17,539,212	-	-
Share placement @ $0.059 (iv)	251,000	4,254,235	-	-
Share placement @ $0.059 (v)	1,611,906	27,320,144	-	-
Share rights issue @ $0.037 (vi)	400,000	10,810,812	-	-
Share rights issue @ $0.025 (vii)	200,000	8,000,000	-	-
Share rights issue @ $0.022 (viii)	200,000	9,090,910	-	-
Share rights issue @ $0.021 (ix)	200,000	9,523,810	-	-
Share rights issue @ $0.017 (x)	400,000	23,529,412	-	-
Share rights issue @ $0.012 (xi)	200,000	16,666,667	-	-
Costs of capital raising	(1,014,000)	-	-	-
Share placement @ $0.019 (xii)	-	-	6,500,000	342,105,264
Share consolidation (xiii)	-	-	-	(3,873,201,417)
Share placement @ $0.115 (xiv)	-	-	3,700,000	32,173,913
Share rights issue @ $0.115 (xv)	-	-	710,966	6,182,231
Costs of capital raising	-	-	(699,925)	-
Balance at end of year	105,599,249	620,489,043	102,115,529	468,713,841

(i) On 1 September 2022 Australian Mines Limited issued 40,000 shares to Michael Holmes under a share loan plan. Additionally, 4,020,000 shares were transferred to him under a share loan plan on 24 October 2022, resulting in a total of 4,060,000 share loan plan shares granted to Michael Holmes in accordance with his employment contact.

Note 16. Issued capital (continued)

(ii) On 25 November 2022 Australian Mines Limited issued 12,500,000 shares to Lind Global Fund II, LP and 12,500,000 shares to SBC Global Investment Fund, under the terms of the share subscription agreements.

(iii) On 22 December 2022 Australian Mines Limited raised $1,034,814 via an entitlement offer of 17,539,212 shares and 8,769,606 unlisted options, settled through Underwriter Bell Potter at an issue price of $0.059 per share.

(iv) On 22 December 2022 Australian Mines Limited issued 4,254,235 shares at a price of $0.059 per share under clause 5.6 of the KMP Underwriting Agreement (Entitlement Offer). For every two securities issued one unlisted option was provided, for a total of 2,127,118 options.

(v) On 30 December 2022 Australian Mines Limited raised $1,611,906 via an entitlement offer of 27,320,144 shares and 13,660,480 unlisted options at an issue price of $0.059 per share.

(vi) On 8 March 2023 Australian Mines Limited issued 10,810,812 shares at an issue price of $0.037 per share under the subscription agreement.

(vii) On 13 April 2023 Australian Mines Limited issued 8,000,000 shares at an issue price of $0.025 per share under the subscription agreement.

(viii) On 28 April 2023 Australian Mines Limited issued 9,090,910 shares at an issue price of $0.022 per share under the subscription agreement.

(ix) On 5 May 2023 Australian Mines Limited issued 9,523,810 shares at an issue price of $0.021 per share under the subscription agreement.

(x) On 1 June 2023 Australian Mines Limited issued 23,529,412 shares at an issue price of $0.017 per share under the subscription agreement.

(xi) On 29 June 2023 Australian Mines Limited issued 16,666,667 shares at an issue price of $0.012 per share under the subscription agreement.

(xii) On 4 August 2021 Australian Mines Limited raised $6.5 million via a fully committed Share Placement of 342,105,264 shares at an issue price of $0.019 per share.

(xiii) On 17 December 2021 shareholders approved a 1 for 10 consolidation of Australian Mines Limited's share capital. On the 21 December 2021 implementation date, the total number of ordinary shares on issue was reduced by 3,873,201,417 to bring into effect the consolidation.

(xiv) On 27 May 2022 Australian Mines Limited raised $3.7 million via a fully committed Share Placement of 32,173,913 shares at an issue price of $0.115 per share.

(xv) On 24 June 2022 Australian Mines Limited raised $710,966 via a rights issue of 6,182,231 shares and 6,182,231 listed options at an issue price of $0.115 per share.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Note 16. Issued capital (continued)

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 17. Reserves

	Consolidated 2023 $'000	Consolidated 2022 $'000
Share-based payments reserve	3,858	3,756
Share option reserve	1,511	494
	5,369	4,250

Movements in reserve
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share option reserve $'000	Share-based payments reserve $'000	Total $'000
Balance at 1 July 2021	494	3,587	4,081
Director share loan transactions	-	140	140
Share based payment employees/director's transactions	-	29	29
Balance at 30 June 2022	494	3,756	4,250
Options issued under the share subscription agreement (note 15)	1,017	-	1,017
Share based payment employees/director's transactions (note 13)	-	102	102
Balance at 30 June 2023	1,511	3,858	5,369

The share option reserve represents the cost of options issued to shareholders.

The share based payment reserve represents the fair value of share options granted. The estimate of fair value of the services received is based on the Black-Scholes model. The calculated fair value is based on parameters as set out in note 13.

Note 18. Financial risk management

Overview

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

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

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

Note 18. Financial risk management (continued)

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

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

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

(a) Interest rate risk

	Weighted average interest rate	6 month or less $'000	6 to 12 months $'000	1 to 5 years $'000	Non-interest bearing $'000	Total $'000
2023						
Financial assets						
Trade and other receivables		-	-	-	27	27
Cash and cash equivalents	6.26% (variable)	4,633	-	-	-	4,633
		4,633	-	-	27	4,660
Financial liabilities						
Trade and other payables		-	-	-	218	218
Share subscription agreements - debt component	45.75% (variable)	-	2,834	-	-	2,834
		-	2,834	-	218	3,052

	Weighted average interest rate	6 month or less $'000	6 to 12 months $'000	1 to 5 years $'000	Non-interest bearing $'000	Total $'000
2022						
Financial assets						
Trade and other receivables		-	-	-	157	157
Cash and cash equivalents	6.26% (variable)	3,994	-	-	-	3,994
		3,994	-	-	157	4,151
Financial liabilities						
Trade and other payables		-	-	-	376	376
Lease liability	10% (fixed)	90	91	-	-	181
		90	91	-	376	557

Note 18. Financial risk management (continued)

(b) Liquidity risk

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

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

	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6 to 12 months $'000	1 to 5 years $'000
2023					
Trade and other payables	218	218	218	-	-
Share subscription agreements	3,443	3,443	-	3,443	-
	3,661	3,661	218	3,443	-
2022					
Trade and other payables	376	376	376	-	-
Lease liability	181	181	90	91	-
	557	557	466	91	-

(c) Credit risk

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

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

	Carrying amount 2023 $'000	Carrying amount 2022 $'000
Cash at bank	4,633	3,994
Other debtors	27	157
	4,660	4,151

	2023 $'000	2022 $'000
Credit rating		
Cash at bank		
S&P Global Ratings' rating AA-	4,633	3,994

Note 18. Financial risk management (continued)

(d) Capital management

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

(e) Fair values

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

Note 19. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Share subscription agreements	-	609	-	609
Total liabilities	-	609	-	609

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Note 20. Contingent liabilities and commitments

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

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

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

Note 20. Contingent liabilities and commitments (continued)

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

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

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

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

There are no other contingent liabilities.

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

Note 21. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 3:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Flemington Mining Operations Pty Ltd	Australia	100.00%	100.00%
Sconi Mining Operations Pty Ltd	Australia	100.00%	100.00%
Auzrnd Pty Ltd	Australia	100.00%	100.00%
AML Advanced Materials Limited	UK	100.00%	100.00%
EOS Resources Pty Ltd	Australia	100.00%	100.00%

Note 22. Events after the reporting period

Australian Mines Limited wholly owned subsidiary Sconi Mining Operations Pty Ltd was granted Mining Lease 10368 for the Greenvale mining area by the Queensland Government Department of Resources (DoR) on 4 July 2023. The Greenvale mining lease combined with the Lucknow and Kokomo mining leases contains the critical battery minerals resource of the Sconi Battery Minerals Project in North Queensland.

A decision by the Federal Government's Department of Climate Change, Environment, Energy and Water (DCCEEW) on the EPBC referral was made on 24 July informing that the Sconi Battery Minerals Project is a controlled action and consideration is required on the potential impacts on listed threatened species and communities, and the environment on Commonwealth Land protected by the EPBC Act under Chapter 2. The decision included that the proposed action will be assessed by an accredited assessment process under the Queensland Environmental Protection Act 1994. The Queensland Department of Environment and Science (DES) will coordinate the Environmental Impact Statement (EIS) which will satisfy both State and Commonwealth assessment requirements. Feedback from the DCCEEW on the EPBC submission will be incorporated into the Terms of Reference (ToR) for the EIS.

Executive Director Lee (Les) Gordan Guthrie resigned from Australian Mines Limited on 18 July 2023 due other work commitments, effective immediately. Les did not receive a termination payment upon resignation and had no Loan Share Plan.

Note 22. Events after the reporting period (continued)

CEO Michael Holmes resigned from Australian Mines Limited effective 6 October 2023 to pursue other interests. Michael did not receive a termination payment, but employee leave entitlements were paid out. As per the terms of the Loan Share Plan, the 4,060,000 Performance Shares held by Michael Holmes will be forfeited upon his termination. A reversal of the Share Based Payment expense recorded to date will be recognised in the accounts at the date of termination.

On 22 November 2022, Australia Mines Limited announced that it had executed agreements with Lind Global Fund II, LP ("Lind"), and SBC Global Investment Fund ("SBC") for a combined investment of $4.55 million before costs by way of the Share Subscription Agreements. Under the agreement, Lind and SBC pre-paid a total of $4,550,000 (Advance Payment), in return for the options and in total a credit amount worth $5,000,000 (Advance Payment Credit), which may be used to subscribe to shares during the Term (Placement Shares).

Since 1 July 2023, there have been 3 additional instances where Lind and SBC have exercised their conversion options as follows:

- 16,666,667 conversion shares issued at $0.012 per share on 3 July 2023;
- 16,666,667 conversion shares issued at $0.012 per share on 12 July 2023; and
- 21,428,573 conversion shares issued at $0.014 per share on 29 August 2023;

As part of the executed agreements with Lind and SBC, Australian Mines Limited issued 12,500,000 initial shares to each investor. Over the period of the agreement Lind and SBC have the option to either pay for the shares at the price prescribed in the agreement or utilise the unused advance payment credit to offset the payment obligation. In July 2023 Lind and SBC elected to make payment of the initial shares issued under the agreement as follows:

- Lind made a payment of $150,000 for 12,500,000 shares at $0.012 per share on 27 July 2023
- SBC made a payment of $36,000 for 3,000,000 shares at $0.012 per share on 26 July 2023

All obligations for Lind have been met, however SBC still need to make an election on how they will treat their remaining 9,500,000 shares.

On 25 September 2023, Australian Mines Limited announced the appointment of Andrew Luke Nesbitt as Chief Executive Officer (CEO) of the Company, effective 2 October 2023.

There have been no other events subsequent to reporting date.

Note 23. Segment information

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

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

Note 24. Related parties

Parent entity
Australian Mines Limited is the parent entity of the Group.

Note 24. Related parties (continued)

Subsidiaries
Interests in subsidiaries are set out in note 21.

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

Non-Executive Directors
Mr M Ramsden - Chairman
Mr M Elias
Mr D Marinelli

Executive Director
Mr L Guthrie (resigned on 18 July 2023)

Key Management Personnel
Michael Holmes - CEO (appointed on 5 September 2022, Resignation effective 6 October 2023)
Benjamin Bell – Managing Director (appointed on 23 January 2012 and resigned on 11 May 2022)
Tim Maclean (Chief Operating Officer)

The key management personnel compensation included in ‘personnel expenses’ (refer note 4) is as follows:

	Consolidated	
	2023	2022
	$	$
Short-term employee benefits	1,012,087	979,890
Post-employment benefits	233,625	77,664
Long-term benefits	32,008	40,155
Share-based payments	85,852	-
	1,363,572	1,097,709

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

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

Refer note 13 and the Remuneration Report for details of the Loan Share Plan provided to key management personnel.

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

Note 24. Related parties (continued)

		Consolidated	
		2023	2022
		$	$
Related party transactions			
Mr M Ramsden	Reimbursements (i)	4,114	3,010

(i) The Company reimbursed Terrain Capital Unit Trust for Mr M Ramsden's travel costs associated with his role as a director of Australian Mines. No amounts were owing to Terrain Capital Unit Trust at 30 June 2023.

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

Note 25. Parent entity information

	Parent	
	2023	2022
	$'000	$'000
Statement of financial position		
Current assets	4,681	4,136
Non-current assets	40,635	38,079
Total assets	45,316	42,215
Current liabilities	3,846	1,244
Non-current liabilities	-	-
Total liabilities	3,846	1,244
Net assets	41,469	40,971
Equity		
Contributed equity	105,599	102,116
Reserves	5,369	4,250
Accumulated losses	(69,499)	(65,395)
Total equity	41,469	40,971
Loss attributable to equity holders of the Company	(4,104)	(5,789)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Note 25. Parent entity information (continued)

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 3, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 26. Non-cash investing and financing activities

	Consolidated	
	2023	2022
	$'000	$'000
Shares issued under employee share plan	102	169

AUSTRALIAN MINES LIMITED
DIRECTORS' DECLARATION
30 JUNE 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 3 to the financial statements;

- the attached financial statements and notes give 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; and

- 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 required by section 295A of the Corporations Act 2001.

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

On behalf of the Directors

Dominic Marinelli
Director
27 September 2023

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INDEPENDENT AUDITOR'S REPORT

To the members of Australian Mines Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Mines Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

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

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Material uncertainty related to going concern

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

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

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.

Accounting and Valuation of Share Subscription agreement

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 14, On 30 November 2022 the Group entered into an executed agreement with Lind Global Fund II ("Lind"), LP and SBC Global Fund ("SBC") for a combined investment of \$4.55 million before costs by way of share subscription agreement. The \$4.55 million investment is via a pre-payment for a placement of ordinary fully paid shares and 21,186,441 unlisted 3 years options to each investor, with an exercise price of \$0.089. The agreement comprises a hybrid financial instrument that has been separated into a host liability and embedded derivative based on terms of the agreement for accounting purposes. On initial recognition, the host liability component is recognised as the residual value from deducting the fair value of the derivative liability from the face value of the total subscription agreement. The embedded derivative component is recognised at fair value. While the host debt is carried at amortised cost using the effective interest method until conversion or redemption. We have identified the accounting and valuation of the convertible note as a key audit matter due to the complexity and judgements involved in determining the various conversion features which can have a significant effect on the classification of the components of this instrument together with complexities as to the initial and subsequent measurement of the identified components.	Our procedures included, but were not limited to: • Reading the executed transaction agreement; • Agreeing key terms contained within the agreement to the underlying valuations; • Obtaining and reviewing the work of specialists (internal/external) who were engaged to review the accounting and valuation of the share subscription agreement along with assessing the expert's competency and objectivity; • Assessing management's position paper on the accounting and valuation for the share subscription agreement and the classification as either a financial liability or equity and the unwinding of the share subscription agreement ensuring accounting treatment is in accordance with applicable accounting standards; • Consulting with our financial reporting and valuation specialists on the accounting and valuation of the share subscription agreement; • Assessing the impact of conversions during the year; and • Assessing the adequacy of the related disclosures.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

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

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 24 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Australian Mines 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.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 27 September 2023

Australian Mines Limited ("The Company") and its Board are committed to achieving and demonstrating high standards of corporate governance. This statement sets out the main corporate governance practices of the Company during the financial year, providing disclosure in accordance with the Corporate Governance Principles and Recommendations 2nd edition August 2007 as published by the ASX Corporate Governance Council. All these practices, unless otherwise stated, were in place for the entire year. Disclosure is made at the end of this statement of areas of non-compliance with the recommendations.

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

The Board of Directors and Management

The Board has adopted a formal statement of its roles, functions and responsibilities.
The Board's primary role is the optimisation of Company performance and protection and enhancement of shareholder value. Its functions and responsibilities include:

- provides leadership for the Company;
- sets and approves policy, strategic direction and objectives of the Company and establishes goals to promote the achievement of those strategic objectives and ensures appropriate resources are available to the Company to meet those strategic objectives;
- oversees and monitors management's implementation of the Company's strategic operations and its performance;
- approves and monitors annual budgets and financial plans;
- approving all significant business transactions;
- oversees the integrity of the Company's accounting and corporate reporting systems, including its external audit;
- delegating authority to management where appropriate;
- oversees the Company's processes for making timely and balanced disclosures of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's shares;
- ensures that the Company has in place an appropriate risk management framework and sets the ambit of risk within which the Board expects management to operate, by implementing appropriate reporting controls by management in relation to risk, finance, and operational matters;
- monitors the effectiveness of the Company's governance practices, with the Board retaining the ultimate oversight and decision-making power in respect of any matters delegated to any Board committees;
- ensures the Company complies with its responsibilities under the Corporations Act 2001 (Cth), the Company's Constitution, the ASX Listing Rules and other relevant laws to ensure the Company remains an ASX listed company and complies with the applicable legal requirements;
- considers the social, ethical and environmental impact of the Company's activities, setting standards and monitoring compliance with the Company's sustainability policies and practices;
- adopting procedures to ensure the business of the Company is conducted in an honest, open and ethical manner consistent with Company values;
- appointing senior management, monitoring senior management's conduct and performance and overseeing remuneration, development and succession

The Board of Directors and Management (cont.)

- ensuring that the Board remains appropriately skilled to meet Company needs and:
- reports to and communicates with shareholders.

This statement is included on the Company's website and is to be reviewed every 2 years to ensure it remains appropriate to the needs of the Company given its size, complexity and ownership structure and the skills of directors and managers.

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

A strategic balance is maintained between the responsibilities of the Board and the Chief Executive Officer.

Board Members

During the period the Company had four directors, Michael Ramsden, Michael Elias, Dominic Marinelli and Lee Guthrie. Details of these directors, including their skills, experience and terms of office are set out in the Company's annual report. Following the period Mr Guthrie resigned leaving three directors. None of the directors are currently substantial shareholders and in accordance with the guidelines adopted by the Board, they are considered independent non-executive directors.

Mr Guthrie was appointed Interim Chief Executive Officer on 11 May 2022, before resuming as a non-executive director on the appointment of Michael Holmes as Chief Executive Officer on 5 September 2023. Therefore, in accordance with guidelines adopted by the Board he was not considered independent as he held an executive role during the last three years.

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

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

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

Directors' Independence

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

Term of Office

The Company's Constitution specifies that all non-executive directors must retire from office no later than the third annual general meeting following the last election. Where eligible, directors may stand for re-election.

Responsibilities of Management

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

Responsibilities of Management (cont.)

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

The Board adopted its formal statement and its various policies in June 2005.

Independent Professional Advice

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

Indemnification and insurance of Directors and Officers

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

Performance assessment

The Board Charter sets out the process to undertake an annual assessment of the Board's collective performance, the performance of the Chair and its committees. The Board also assesses the performance of the Chief Executive Officer.

The performance of senior executives is assessed by the Chief Executive Officer. The assessment involves an annual review of performance and development, and the results of the review are formally documented.

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

The annual performance assessment of the Chief Executive Officer was not carried out by the Board given he was appointed during the year.

Remuneration Committee

A Remuneration Committee was established by the Board in 2004. A majority of the members of the Committee are required to be non-executive directors and the Committee is required to be chaired by the non-executive Chair.

The members of the Remuneration Committee are nominated by the Board and their attendance at Remuneration Committee meetings is set out in the Company's annual report.

The Committee is chaired by a non-executive Chair. Due to their experience and expertise in the areas in which the Company operates and their non-executive status, the Board considers that nominated Chair is suitably skilled to perform the role of chair of the Remuneration Committee. The Committee consisted of a majority of independent directors.

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

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

Remuneration Committee (cont.)

Executive remuneration and other terms of employment is reviewed annually by the Committee having regard to personal and corporate performance, contribution to long term growth, relevant comparative information and independent expert advice. As well as a base salary and compulsory superannuation, remuneration packages may include retirement and termination entitlements, performance-related bonuses

and fringe benefits. Non-executive directors and executives are eligible to participate in the Employee Share Option Plan which provides for the issue of options in the Company. Any allotment of options to directors must be approved by shareholders at a general meeting.

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

Audit and Risk Committee

The Company recognises the importance of an audit committee and established a Committee in September 2012.

Until the Audit and Risk Committee was formed, the Board considered and dealt with matters which would ordinarily be attended to by an audit committee, including:

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

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

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

External Auditors Policy

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

Analysis of fees paid to external auditors, including a break-down of fees for non-audit services, is provided in the Annual Report at Note 7 to the financial statements. The external auditors are required to provide an annual declaration of their independence to the Board and to the Audit Committee. The external auditor is required to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Nomination Committee

The Company recognises the importance of a nomination committee however currently there is no nomination committee in place. See comments made in the non-compliance statement.

Risk Assessment and Management

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

Risk Assessment and Management (cont.)

- the Board oversees the establishment and implementation of risk management systems and control frameworks, and in the absence of a separate audit committee has the responsibility to establish, implement and maintain these systems and frameworks; and

- the Company's senior management is delegated the tasks of management of operational risk and the implementation of risk management strategies with the Chief Executive Officer having ultimate responsibility to the Board for the risk management and control framework.

The Board reviews the Company's risk management systems and control frameworks, and the effectiveness of their implementation every 2 years. The Board also considers the management of risk at its regular meetings. The Company's risk profile, which is assessed and determined on the basis of the Company's business in commercial mining and mineral exploration, is reviewed annually upon advice from management including, where appropriate, as a result of regular interaction with management and relevant staff from across the Company's business.

The Board or the Company's senior management may consult with the Company's external accountants on external risk matters as required.

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

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

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

Environment, Health and Safety

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

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

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

Code of Conduct

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

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

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

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

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

- trading in Company securities and other tradeable financial products is only permitted upon notification, in the case of employees, to the Chief Executive Officer or, in the case of officers, to the Company's Chair. If the Chair wishes to trade he must notify the Company's Chief Executive Officer. Trading is only permitted for 2 weeks following notification and confirmation of trading must be provided to the Chief Executive Officer or Chair (as the case may be);

- no trading is permitted at any time where an officer or employee is in possession of information which, if it was generally available, a reasonable person would expect to have a material effect on the price or value of the security or product, or for a period of 2 days following a public announcement by the Company in relation to the matter the subject of that information; and

- active dealing, being trading in a manner which involves frequent and regular trading, in the Company's securities is not permitted.

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

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

Continuous Disclosure and Shareholder Communication

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

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

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

- assess information and co-ordinate the timely disclosure to the ASX or the seeking of advice on the information;

- provide an audit trail of decisions regarding disclosure; and

- ensure officers and employees of the Company understand the obligation to bring relevant information to the attention of the Chair.

Continuous Disclosure and Shareholder Communication (cont.)

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

In every 24 month period, the Board will review the Company's compliance with this continuous disclosure policy and update it from time to time, if necessary.

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

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

Diversity Policy

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

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

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

Currently there are three women in the organization, and none on the board. Given the present size of the Company, there are no plans to establish measurable objectives for achieving gender diversity at this time. The need for establishing and assessing measurable objectives for achieving gender diversity will be re- assessed as the size of the Company increases.