



REDCASTLE RESOURCES LIMITED
(Formerly Transcendence Technologies Limited)

ABN 57 096 781 716

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2022

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CORPORATE DIRECTORY

Board of Directors

| | |
|---------------------|--|
| Mr Jeremy King | Non-Executive Chairman |
| Mr Trevor Dixon | Technical Director (appointed 14 December 2021) |
| Mr Patrick Holywell | Non-Executive Director |
| Mr Mauro Piccini | Non-Executive Director (resigned 14 December 2021) |

Secretary

Ms Sarah Smith

Registered Office & Principal Place of Business

Suite 11,12, Level 2
23 Railway Road
Subiaco WA 6008

Telephone: 08 6559 1792
Website: redcastle.net.au

Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: RC1)

Statement of Corporate Governance

<https://redcastle.net.au/corporate/corporate-governance/>

Auditors

BDO (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2, 5 Spring St
Perth WA 6000

Solicitors

Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
Perth WA 6000

Bankers

Westpac Banking Corporation
Level 4, Brookfield Place, Tower Two
123 St Georges Terrace
Perth WA 6000

Share Registry

Automic Share Registry
Level 5, 191 St Georges Terrace,
Perth WA 6000

Telephone: 1300 288 664

DIRECTORS' REPORT

The Directors of Redcastle Resources Limited (formerly Transcendence Technologies Limited) ("RC1" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of Redcastle Resources Limited and its controlled entity for the financial year ended 30 June 2022 ("the Year").

INFORMATION ON DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Jeremy King | Non-Executive Chairman
(Appointed 8 June 2016)

Mr King is a corporate advisor and lawyer with over 16 years' experience in domestic and international legal, financial and corporate matters. Mr King spent several years in London where he worked with Allen & Overy LLP and Debevoise & Plimpton LLP and has extensive corporate experience, particularly in relation to cross-border private equity, leveraged buy-out acquisitions and acting for financial institutions and corporate issuers in respect of various equity capital raising.

During the past three years, Mr King held the following directorships in other ASX listed companies:

- Non-Executive Chairman ECS Botanics Holdings Ltd (current);
- Non-Executive Chairman of Sultan Resources Limited (current);
- Non-Executive Director of Smart Parking Limited (current);
- Non-Executive Director of Burgundy Diamond Mines Limited (Resigned 9 December 2021);
- Executive Director of Red Mountain Mining Limited (resigned 15 November 2021);
- Non-Executive Chairman of Aldoro Resources Limited (resigned November 2019);
- Non-Executive Director of Vanadium Resources Limited (resigned July 2019); and
- Non-Executive Director of DTI Group Limited (resigned January 2019).

Trevor Dixon | Technical Director
(Appointed 14 December 2021)

Mr Dixon is a member of the Australian Institute of Company Directors. He is an entrepreneur with more than 30 years of experience in the mining and exploration sector in Western Australia. He was a founding vendor to listed companies including Jubilee Mines, Terrain Minerals, Regal Resources and Kin Mining NL where he served as the founding MD and a former Chairman. He has managed mining services businesses and as a private individual identifying and acquiring prospective mineral projects. He has management experience in areas of contractual outcomes, Mining Act regulatory procedures and standards, Tenement Management and a long history of Native Title negotiations and resolutions.

During the past three years, Mr King held the following directorships in other ASX listed companies:

- Executive Director of Mt Malcolm Mines NL (current).

Patrick Holywell | Non-Executive Director
(Appointed 20 November 2019)

Mr Holywell has over fifteen years of experience in accounting, finance and corporate governance, including employment at Deloitte and Patersons. He is a Chartered Accountant and a Fellow of the Governance Institute of Australia with the last ten years focused on Director/CFO/Company Secretarial roles. He has held roles with various companies particularly in the resources and technology space. Mr Holywell has completed a Bachelor of Commerce at UWA, a Graduate Diploma of Chartered Accounting with the Institute of Chartered Accountants and the Company Directors Course with the Australian Institute of Company Directors.

DIRECTORS' REPORT

During the past three years, Mr Holywell held the following directorship in other ASX listed companies:

- Executive Chairman Si6 Metals Limited (resigned)
- Non-Executive Director Norfolk Metals Limited (current).

Mauro Piccini | Non-Executive Director

(Appointed 28 June 2021, resigned 14 December 2021)

Mr Piccini is a Chartered Accountant (CA) and a member of the Governance Institute of Australia (GIA). Mauro spent 7 years at the ASX and possesses core competencies in publicly listed and unlisted company secretarial, administration and governance disciplines. Mauro specialises in corporate advisory matters, company secretarial

and financial management services for ASX listed companies, capital raisings and IPOs, due diligence reviews and ASX and ASIC compliance. Mauro regularly advises ASX listed companies on a range of corporate matters and has acted as the Company Secretary of a number of ASX listed and unlisted companies. Mauro also currently serves on the Board of The Pioneer Development Fund (Aust) Limited.

During the past three years, Mr Piccini has not held any directorships in other ASX listed companies.

COMPANY SECRETARY

Sarah Smith

(Appointed 16 March 2016)

Ms Smith specialises in corporate advisory, company secretarial and financial management services. Ms Smith's experience includes company secretarial and financial management services for ASX listed companies, capital raisings and IPOs, due diligence reviews and ASX and ASIC compliance. Ms Smith is a Chartered Accountant and has acted as the Company Secretary for a number of ASX listed companies.

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

The following table sets out each current Director's relevant interest in shares and options of the Company or a related body corporate as at the date of this report.

| Director | Ordinary Shares | Listed Share Options | Unlisted Share Options |
|--|-------------------|----------------------|------------------------|
| Mr Jeremy King | 2,674,948 | 5,534,990 | 5,049,686 |
| Mr Trevor Dixon (appointed 14 December 2021) | 23,750,000 | 9,750,000 | - |
| Mr Patrick Holywell | 500,000 | 5,100,000 | 4,000,000 |
| Mr Mauro Piccini (resigned 14 December 2021) | - | - | - |
| Total | 26,924,948 | 20,384,990 | 9,049,686 |

DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Director's held office are:

| Name | Number Eligible to Attend | Number Attended |
|--|---------------------------|-----------------|
| Mr Jeremy King | 4 | 4 |
| Mr Trevor Dixon (appointed 14 December 2021) | 4 | 4 |
| Mr Patrick Holywell | 4 | 4 |
| Mr Mauro Piccini (resigned 14 December 2021) | - | - |

DIRECTORS' REPORT

During the year, the Directors met regularly on an informal basis to discuss all matters associated with investment strategy, review of operations, and other Company matters.

Due to the size and scale of the Company, there is no Remuneration and Nomination Committee or Audit Committee at present. Matters typically dealt with by these Committees are, for the time being, managed by the Board. For details of the function of the Board, please refer to the Corporate Governance Statement on page 49.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year was the exploration of mining projects.

FINANCIAL RESULTS

The financial results of the Company for the financial year ended 30 June 2022 and 30 June 2021 are:

| | 30-Jun-22 | 30-Jun-21 |
|--------------------------------|-----------|-----------|
| Cash and cash equivalents (\$) | 3,223,820 | 492,489 |
| Net assets (\$) | 4,673,083 | 409,169 |

| | 30-Jun-22 | 30-Jun-21 |
|-------------------------|-------------|-----------------------|
| Revenue (\$) | 176 | 540 |
| Net loss after tax (\$) | (1,174,758) | (333,124) |
| Loss per share (cents) | (0.57) | (0.55) ⁽ⁱ⁾ |

(i) After taking account into the share consolidation effect 1 for 2.858 on 21 October 2021.

REVIEW OF OPERATIONS AND ACTIVITIES

During the year, the Company completed the re-compliance with Chapters 1 and 2 of the ASX Listing Rules and was reinstated to official quotation on 24 December 2021.

The Company is now a gold and mineral resources exploration company. Its immediate focus is on pursuing success at the 100% owned Redcastle Gold Project. The Redcastle Gold Project covers a prospective area of 1,088ha, surrounding the locality of the historical Redcastle Mining Centre within the Mt Morgans District of the Mt Margaret Mineral Field of WA, approximately 60km east of Leonora and 60km west of Laverton in the North-eastern Goldfields. Gold was originally discovered at the Redcastle Mining Centre in 1897. The Company has identified immediate target areas based on its review of historical exploration results including drilling programs by previous owners.

Two drilling campaigns have been conducted during the year or an advance of 2,641 metres in 41 holes across three target areas at the main Redcastle Reef workings, Queen Alexandra and Trixie East prospects.

The drilling was designed to confirm:

- Orientation and continuity of the known mineralisation
- Details regarding the extent of the historic underground workings
- Preliminary geotechnical data
- Extensions to the mineralised horizons along strike and at depth

Significant high grade mineralisation has been encountered at all drilled targets tested thus far, with the geological understanding of the near surfaces domains now coming into clear focus around the lithologies characterising the styles of mineralised envelopes being encountered.

Data base compilation and validation is well advanced adding to our knowledge of regional controls over mineralisation.

DIRECTORS' REPORT

Significant (+1g/t Au) Drilling Results are detailed below:

| Hole | From | To | M | Au (g/t) |
|-----------|---------|-------|------|----------|
| RRC069 | 9 | 10.5 | 1.5 | 1.3 |
| and | 10.5 | 12.75 | 2.25 | Stope |
| and | 12.75 | 14 | 1.25 | 2.01 |
| and | 20 | 21 | 1 | 1.61 |
| and | 24 | 28 | 4 | 1.25 |
| RRC070 | 24 | 27.75 | 3.75 | 1.82 |
| and | 27.75 | 28.6 | 0.85 | Stope |
| and | 28.6 | 32 | 3.4 | 1.79 |
| RRC071 | 22 | 24 | 2 | 2.14 |
| and | 31 | 32 | 1 | 5.04 |
| and | 39 | 40 | 1 | 1.99 |
| RRC072 | 20 | 21 | 1 | 4.9 |
| RRC074 | 26 | 30 | 4 | 5.15 |
| including | 26 | 28 | 2 | 7.78 |
| RRC075 | 33 | 36 | 3 | 4.39 |
| including | 34 | 35 | 1 | 8.26 |
| and | 40 | 44 | 4 | 1.53 |
| RRC076 | Surface | 6 | 6 | 2.07 |
| and | 9 | 10 | 1 | 1.39 |
| and | 14 | 16 | 2 | 1.31 |
| RRC081 | 30 | 31 | 1 | 1.72 |
| RRC082 | 25 | 26 | 1 | 2.21 |
| and | 28 | 31 | 3 | 8.94 |
| including | 28 | 29 | 1 | 22.3 |
| and | 36 | 37 | 1 | 2.9 |
| and | 42 | 44 | 2 | 7.28 |
| including | 43 | 44 | 1 | 13.5 |
| RRC083 | 22 | 23 | 1 | 24 |
| and | 27 | 29 | 2 | 1.69 |
| RRC085 | 69 | 70 | 1 | 8.1 |
| RRC088 | 24 | 28 | 4 | 5.13 |

| Hole | From | To | M | Au (g/t) |
|-----------|------|----|----|----------|
| RRC093 | 54 | 57 | 3 | 7.07 |
| Including | 54 | 55 | 1 | 12.03 |
| RRC094 | 20 | 21 | 1 | 1.09 |
| and | 34 | 37 | 3 | 26.62 |
| including | 35 | 36 | 1 | 54.64 |
| RRC095 | 9 | 10 | 1 | 1.38 |
| and | 79 | 80 | 1 | 3.08 |
| and | 83 | 88 | 5 | 3.86 |
| RRC096 | 8 | 9 | 1 | 1.96 |
| RRC097 | 16 | 17 | 1 | 3.16 |
| and | 61 | 64 | 3 | 10.36 |
| including | 62 | 63 | 1 | 20.12 |
| RRC099 | 20 | 22 | 2 | 15.06 |
| Including | 20 | 21 | 1 | 27.5 |
| and | 70 | 71 | 1 | 1.86 |
| RRC100 | 24 | 28 | 4 | 1.58 |
| RRC101 | 32 | 36 | 4 | 1.82 |
| RRC103 | 13 | 14 | 1 | 2.13 |
| RRC105 | 6 | 16 | 10 | 29.16 |
| including | 11 | 12 | 1 | 250 |
| RRC106 | 26 | 27 | 1 | 1.5 |
| RRC108 | 14 | 16 | 2 | 2.06 |

Having raised \$4.5m under its re-compliance prospectus, the Company is well funded to carry out its activities at the Redcastle Gold Project as well as pursuing other opportunities within the mineral resources industry.

The Board has significant expertise and experience in the resources industry particularly with the appointment of Mr Trevor Dixon as technical director. Mr Dixon is an entrepreneur with more than 30 years of experience in the mining and exploration sector in Western Australia. He was a founding vendor to listed companies including Jubilee Mines, Terrain Minerals, Regal Resources and Kin Mining where he served as the founding managing director and former chairman.

DIRECTORS' REPORT

Background to the Project

The Project is a gold focused holding consisting of:

- a) three (3) pending Mining Lease (MLA) (which is expected to be granted in the next 3-6 months, following native title negotiations);
- b) one (1) granted Mining Lease (ML); and
- c) eight (8) granted Prospecting Licences (PL's),

covering a prospective area (1,088ha) surrounding the locality of the historical Redcastle Mining Centre within the Mt Morgans District of the Mt Margaret Mineral Field of WA approximately 60km east of Leonora and 60km west of Laverton in the North Eastern Goldfields.

The tenements comprising the Project (Tenements) are set out below:

| Tenement | Area (ha) | Expiry Date | Status |
|----------|-----------|-------------|---------|
| M39/318 | 106 | 15/09/2036 | Live |
| P39/5184 | 54 | 15/12/2019 | Live |
| M39/1140 | 54 | Application | Pending |
| P39/5307 | 155 | 05/02/2022 | Live |
| M39/1155 | 155 | Application | Pending |
| M39/1149 | 58 | Application | Pending |
| P39/5568 | 151 | 17/04/2024 | Live |
| P39/5573 | 123 | 18/04/2024 | Live |
| P39/5814 | 197 | 07/02/2026 | Live |
| P39/5815 | 172 | 07/02/2026 | Live |
| P39/5858 | 57 | 01/07/2022 | Live |
| P39/6185 | 15 | 30/06/2025 | Live |

Gold was originally discovered at the Redcastle mining centre in 1897.

Gold targets are located within highly altered and sheared mafic rocks that have been intruded by small ovoid granites and porphyries. Several significant historical drill intersections that have never been followed up present as immediate target areas.

The northern portion of the project area hosts the 7.5km long east-west trending mineralised 'Red castle Reef'(Fig1).

Exploration is focusing on the delineation of structures sub-parallel to the Redcastle Reef that could potentially be concealed beneath the weathered regolith. The majority of mineralised zones in the Redcastle area are open along strike and at depth, they have not been tested beneath the zone of weathering and oxidation, 40-50m (vertical depth). The Redcastle Reef and associated sub-parallel structures are the most obvious target zones.

DIRECTORS' REPORT

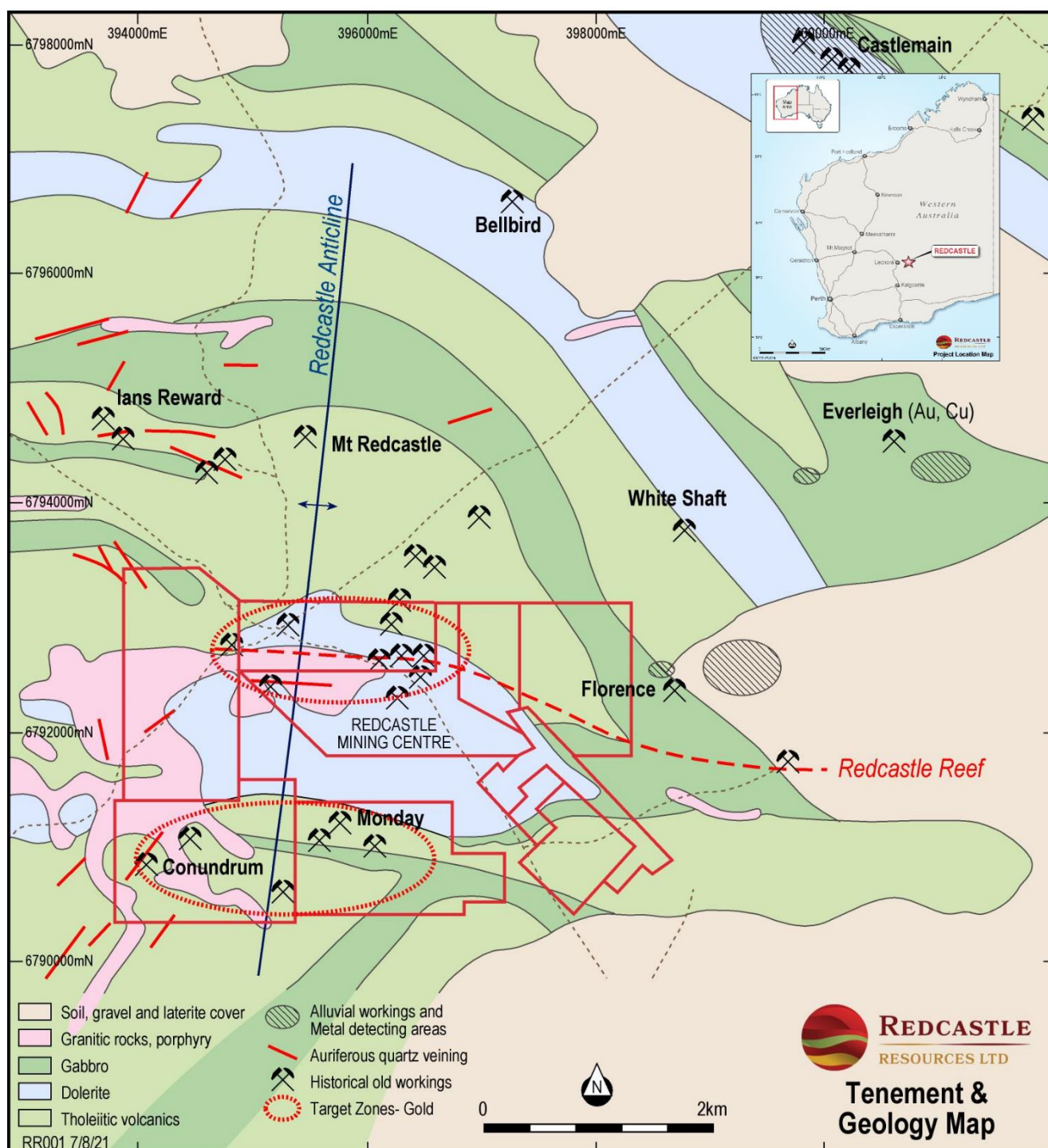


Figure 1 Redcastle tenement holding and regional geology

The source of the alluvial gold on the holdings with the exception of the Redcastle Mining Centre remains unknown however additional mineralisation on site could be sitting directly above an as yet undiscovered sub-parallel reef, related to the Redcastle Reef, that is concealed beneath the regolith.

The Redcastle Reef appears to be a large scale, late stage local dilational feature caused by folding and subsequent brittle fracturing of the mafic greenstone sequence along granitic contacts.

DIRECTORS' REPORT

The local greenstone terrain is characterised by open, upright folds, low grade metamorphism and relatively continuous stratigraphy. Regionally the Redcastle Project area is separated by the Keith-Kilkenny Tectonic Zone, to the west, and the Laverton Tectonic Zone to the east with polyphase deformation, variable metamorphic grade, discontinuous stratigraphy and an association with fault bound polymictic conglomerates developed during late extension.

Gold mineralisation is associated with NW trending quartz lodes and the alluvial cover in close proximity to such lodes. The most extensive workings are for eluvial gold but numerous hard rock workings are scattered throughout the Redcastle area. The majority of the districts major producers lie within or immediately adjacent to a major tectonic zone. Gold mines in mafic sequences tend to occur in quartz reefs in dilational fault zones with little host rock alteration.

Following the Acquisition, the Vendors of the Tenements will retain rights to all alluvial gold and a 2% overriding gross royalty over all minerals sold from the Tenements.

Further details with respect to the Project were included in the notice of meeting lodged with ASX on 10 September 2021 and the Prospectus dated 20 September 2021.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company's strategic focus will be developing value from exploration across the Redcastle tenements in Western Australia, with the aim of delivering JORC compliant resources to underpin the value proposition of the company. The Company may look to acquire additional complementary gold projects.

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2022 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent company.

a) Key Management Personnel Disclosed in this Report

Key Management Personnel of the Group during or since the end of the financial year were:

| | |
|------------------|--|
| Jeremy King | Non-Executive Chairman |
| Trevor Dixon | Technical Director (appointed 14 December 2021) |
| Patrick Holywell | Non-Executive Director |
| Mauro Piccini | Non-Executive Director (resigned 14 December 2021) |

There have been no other changes after reporting date and up to the date that the financial report was authorised for issue.

DIRECTORS' REPORT

The Remuneration Report is set out under the following main headings:

- A Remuneration Philosophy
- B Remuneration Governance, Structure and Approvals
- C Remuneration and Performance
- D Details of Remuneration
- E Contractual Arrangements
- F Share-based Compensation
- G Equity Instruments Issued on Exercise of Remuneration Options
- H Voting and comments made at the Company's 2020 Annual General Meeting
- I Loans with KMP
- J Other Transactions with KMP
- K Additional Information

A Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP of Redcastle Resources Limited comprise of the Board of Directors.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No remuneration consultants were employed during the financial year.

B Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Group's development, nor has the Board engaged the services of an external remuneration consultant. It is considered that the size of the Board along with the level of activity of the Group renders this impractical. The Board is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

❖ Non-Executive Remuneration Structure

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The total aggregate fixed sum per annum to be paid to Non-Executive Directors in accordance with the Company's Constitution is currently A\$250,000 and may be varied by ordinary resolution of the Shareholders in a General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company and which is designed to provide superannuation benefits for both present and future Non-Executive Directors, and they may from time to time vary this scheme or plan.

The remuneration of Non-Executive Directors is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Contractual Arrangements".

DIRECTORS' REPORT

Remuneration may also include an invitation to participate in share-based incentive program in accordance with Company policy.

The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

❖ Executive Remuneration Structure

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high-performance Directors.

The main objectives sought when reviewing executive remuneration is that the Company has:

- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Group, the performance of the Executives and the general pay environment.

The remuneration of Executives is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Contractual Agreements".

❖ Executive Remuneration Approvals

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with market practice. Executive contracts are reviewed annually by the Board, in the absence of a Remuneration Committee, for their approval. The process consists of a review of company, business unit and individual performance, relevant comparative remuneration internally and externally and where appropriate, external advice independent of management.

Executive remuneration and incentive policies and practices must be aligned with the Company's vision, values and overall business objectives. Executive remuneration and incentive policies and practices must be designed to motivate management to pursue the Company's long-term growth and success and demonstrate a clear relationship between the Company's overall performance and performance of the executives.

C Remuneration and Performance

The following table shows the gross revenue, losses, losses per share ("EPS") and share price of the Group as at 30 June 2022 and 30 June 2021.

| | 30-Jun-22 | 30-Jun-21 |
|-------------------------|-------------|----------------------|
| Revenue (\$) | 176 | 540 |
| Net loss after tax (\$) | (1,174,758) | (333,124) |
| EPS (cents) | (0.57) | (0.55) |
| Share price (\$) | 0.016 | 0.023 ⁽ⁱ⁾ |

(i) Closing share price on 23 September 2019, when the Company was suspended from official quotation.

Relationship between Remuneration and Company Performance

Given the early stages of product development, the Board did not consider earnings during the current or previous financial year when determining, and in relation to, the nature and amount of remuneration of KMP.

DIRECTORS' REPORT

The pay and reward framework for key management personnel may consist of the following areas:

- a) Fixed Remuneration – base salary;
- b) Variable Short-Term Incentives; and
- c) Variable Long-Term Incentives.

The combination of these would comprise the key management personnel's total remuneration.

a) Fixed Remuneration – Base Salary

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation. It is structured as a total employment cost package.

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. No external advice was taken this year. Base salary for key management personnel is reviewed annually to ensure the executives' pay is competitive with the market. The pay of key management personnel is also reviewed on promotion. There is no guaranteed pay increase included in any key management personnel's contract.

b) Variable Remuneration – Short Term Incentives (STI)

Discretionary cash bonuses may be paid to senior executives annually, subject to the requisite Board and shareholder approvals where applicable. No bonus payments were made during the financial year.

c) Variable Remuneration – Long Term Incentives (LTI)

The Company adopted an Incentive Option Scheme during the year ended 30 June 2016. The Scheme allows eligible participants to be granted Options to acquire Shares in the Company. The Board may grant Options to any Director, full or part time employee, or casual employee or contractor who falls within the definition of an Eligible Participant as defined in ASIC Class Order 14/1000. Each Option granted under the Scheme will be granted for nil or nominal consideration. Each Option is exercisable into one Share in the Company and the exercise price and expiry date for Options granted under the Scheme will be determined by the Board prior to the grant of the Options.

The Options granted may be subject to conditions on exercise as may be fixed by the Directors prior to grant of the Options.

Other than options disclosed in section D of the Remuneration Report, there have been no other options issued to employees at the date of this financial report.

D Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Group during the financial year are:

DIRECTORS' REPORT

Table 1 – Remuneration of Directors of the Group for the year ended 30 June 2022 is set out below:

| 30 June 2022 | Fixed Remuneration | | | Post-Employment | Share Based Payments | Total | Proportion of total performance related |
|-----------------------------------|--------------------|-----------------------|----------|-----------------|-----------------------|----------------|---|
| | Salary & fees | Non-monetary benefits | Other | Super-annuation | Options | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | |
| Directors | | | | | | | |
| Jeremy King ⁽ⁱ⁾ | 39,000 | - | - | 3,000 | 74,641 ^(v) | 116,641 | 64% |
| Trevor Dixon ⁽ⁱⁱ⁾ | 70,000 | - | - | - | 25,000 ^(v) | 95,000 | 70% |
| Patrick Holywell ⁽ⁱⁱⁱ⁾ | 31,885 | - | - | - | 74,641 ^(v) | 108,557 | 26% |
| Mauro Piccini ^(iv) | 9,000 | - | - | - | - | 9,000 | - |
| Total | 149,885 | - | - | 3,000 | 174,282 | 327,167 | 53% |

- (i) An amount of \$42,000 has been paid to Bushwood Nominees Pty Ltd relating to Jeremy King's Director Fees.
(ii) An amount of \$70,000 has been paid to Trevor J Dixon relating to Trevor Dixon's Director Fees. Trevor Dixon was appointed as a technical director on 14 December 2021.
(iii) An amount of \$31,885 has been paid to PWT Corporate Pty Ltd relating to Patrick Holywell's Director Fees.
(iv) Mauro Piccini resigned as a non-executive director on 14 December 2021.
(v) On 13 December 2021, the Company issued 12,000,000 unlisted options to the directors as the remunerations for the services previously provided by the Company's current or former directors: Peter Wall, Patrick Holywell and Jeremy King (4,000,000 each), exercisable at \$0.03 on or before 13 December 2025.

On 25 March 2022, the Company issued 15,000,000 listed options to directors (Incentive Options) at \$0.001 per share, exercisable at \$ 0.032 on or before 8 September 2025. The options were issued to provide cost effective remuneration to the director for services previously provided to the Company.

Please refer to the Note 4 Share Based Payments for valuation of Directors' Options.

Details of the remuneration of Directors of the Group for the year ended 30 June 2021 is set out below:

| 30 June 2021 | Fixed Remuneration | | | Post-Employment | Share Based Payments | Total | Proportion of total performance related |
|----------------------------------|--------------------|-----------------------|----------|-----------------|----------------------|---------------|---|
| | Salary & fees | Non-monetary benefits | Other | Super-annuation | Options | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | |
| Directors | | | | | | | |
| Jeremy King ⁽ⁱ⁾ | 18,000 | - | - | - | - | 18,000 | - |
| Patrick Holywell ⁽ⁱⁱ⁾ | 19,710 | - | - | - | - | 19,710 | - |
| Mauro Piccini ⁽ⁱⁱⁱ⁾ | - | - | - | - | - | - | - |
| Peter Wall ^(iv) | 18,000 | - | - | - | - | 18,000 | - |
| Total | 55,710 | - | - | - | - | 55,710 | - |

- (i) An amount of \$18,000 has been paid to Bushwood Nominees Pty Ltd relating to Jeremy King's Director Fees.
(ii) An amount of \$19,710 has been paid to PWT Corporate Pty Ltd relating to Patrick Holywell's Director Fees.
(iii) Mauro Piccini was appointed as a Non-Executive Director on 28 June 2021.
(iv) An amount of \$18,000 has been paid to Pheakes Pty Ltd relating to Peter Wall's Director Fees. Peter Wall resigned as Non-Executive Director on 28 June 2021.

DIRECTORS' REPORT

Table 2 – Shareholdings of KMP (direct and indirect holdings)

| Name | Balance at 01/07/2021 | Received as Remuneration | On Exercise of Options | Net Change - other | Balance at 30/06/2022 |
|------------------|-----------------------|--------------------------|------------------------|----------------------------|-----------------------|
| Directors | | | | | |
| Jeremy King | 500,000 | - | - | 2,174,948 ⁽ⁱ⁾ | 2,674,948 |
| Trevor Dixon | - | - | - | 23,750,000 ⁽ⁱⁱ⁾ | 23,750,000 |
| Patrick Holywell | - | - | - | 500,000 ⁽ⁱⁱⁱ⁾ | 500,000 |
| Mauro Piccini | - | - | - | - | - |
| Total | 500,000 | - | - | 26,424,948 | 26,924,948 |

- (i) Jeremy King's primary holding of 500,000 shares were consolidated 1 for 2.858 on 21 October 2021, based on the Share Consolidation approved by shareholders at the General Meeting held on 12 October 2021, reducing his holding position to 174,948. On 13 December 2021, Jeremy King took up 2,500,000 shares under the Public Offer pursuant to the Prospectus lodged with ASX on 21 September 2021.
- (ii) On 13 December 2021, Trevor Dixon received 23,250,000 Consideration Shares in his capacity as a Vendor under the Acquisition Agreement, according to the Prospectus arrangement. Trevor Dixon also took up 500,000 shares for the IPO participation pursuant to the Prospectus.
- (iii) On 13 December 2021, Patrick Holywell took up 500,000 shares under the Public Offer in accordance with the Prospectus.

Table 3 – Option holdings of KMP (direct and indirect holdings)

| Name | Balance at 01/07/2021 | Granted as Remuneration | Exercised | Other | Balance at 30/06/2022 | Vested & Exercisable |
|------------------|-----------------------|--------------------------|-----------|-----------------------------|-----------------------|----------------------|
| Directors | | | | | | |
| Jeremy King | 3,000,000 | 9,000,000 ⁽ⁱ⁾ | - | (1,415,324) ⁽ⁱⁱ⁾ | 10,584,676 | 10,584,676 |
| Trevor Dixon | - | 5,000,000 ⁽ⁱ⁾ | - | 4,750,000 ⁽ⁱⁱ⁾ | 9,750,000 | 9,750,000 |
| Patrick Holywell | - | 9,000,000 ⁽ⁱ⁾ | - | 100,000 ⁽ⁱⁱ⁾ | 9,100,000 | 9,100,000 |
| Mauro Piccini | - | - | - | - | - | - |
| Total | 3,000,000 | 23,000,000 | - | 6,434,676 | 29,434,676 | 29,434,676 |

- (i) Refer to the issue of 8,000,000 unlisted Directors Options on 13 December 2021 to Patrick Holywell and Jeremy King (4,000,000 each), and the listed Incentive Options issued to Jeremy King, Trevor Dixon, and Patrick Holywell (5,000,000 each) on 25 March 2022. Both issuances were granted as remuneration.
- (ii) Jeremy King's beginning position of 3,000,000 were consolidated on a 2.858:1 basis under the Share Consolidation resolution approved at the General Meeting held on 12 October 2021, reducing 1,950,314 shares of his option holdings.

On 15 February 2022, the Company lodged a Loyalty Option Offer Prospectus, proposed a non-renounceable loyalty issue of one (1) Loyalty Option for every five (5) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.001 per Loyalty Option to raise up to \$ 65,657 (Loyalty Offer). The numbers in the table came up by the directors' number of ordinary share holdings divided by 5, increasing Jeremy's option holdings by 534,990 shares.

DIRECTORS' REPORT

E Contractual Arrangements

❖ Mr Jeremy King – Non-Executive Chairman

- Contract: Commenced on 8 June 2016.
- Director's Fee: \$36,000 per annum. From 1 July 2021, fee has been reduced by 50% to \$18,000 per annum. From 21 December 2021, fee has been raised to \$60,000 per annum (plus statutory superannuation entitlements) in accordance to the Public Offer Prospectus lodged with ASX on 21 September 2021.
- Term: See Note 1 below for details pertaining to re-appointment and termination.

❖ Mr Trevor Dixon – Technical Director (appointed 14 December 2021)

- Consultancy Agreement: Commenced on 14 December 2021.
- Director's Fee: Consulting services at a rate of \$220 per hour or \$1750 per day (plus GST), up to a maximum of \$10,000 per calendar month (plus GST).
- Term: End date being the 12-month anniversary of the Commencement Date. The Company may extend the Term for a further period of time by providing the Consultant with written notice of the same at any time before the conclusion of the Term. Either party at any time by giving notice in writing for the Notice of Termination period specified in the Special Terms (being 3 months).

❖ Mr Patrick Holywell – Non-Executive Director

- Contract: Commenced on 20 November 2019.
- Director's Fee: \$36,000 per annum. From 1 July 2021, fee has been reduced by 50% to \$18,000 (plus statutory superannuation) per annum. From 21 December 2021, fee has been raised to \$40,000 per annum (plus statutory superannuation entitlements) in accordance to the Public Offer Prospectus lodged with ASX on 21 September 2021.
- Term: See Note 1 below for details pertaining to re-appointment and termination.

❖ Mr Mauro Piccini – Non-Executive Director (resigned 14 December 2021)

- Contract: Commenced on 28 June 2021
- Director's Fee: \$36,000 per annum. Fee has been reduced by 50% to \$18,000 per annum.
- Term: See Note 1 below for details pertaining to re-appointment and termination.

Note 1: The term of each Non-Executive Director is open to the extent that they hold office subject to retirement by rotation, as per the Company's Constitution, at each AGM and are eligible for re-election as a Director at the meeting. Appointment shall cease automatically in the event that the Director gives written notice to the Board, or the Director is not re-elected as a Director by the shareholders of the Company. There are no entitlements to termination or notice periods.

F Share-based Compensation

The Company rewards Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options and/or performance rights. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits.

Options

On 13 December 2021, the Company issued 8,000,000 unlisted options to the directors as the remunerations for the services previously provided by the Company's current or former directors: Patrick Holywell and Jeremy King (4,000,000 each), exercisable at \$0.03 on or before 13 December 2025. These options vested immediately but in escrow for 24 months.

DIRECTORS' REPORT

On 25 March 2022, the Company issued 15,000,000 listed options to directors (Incentive Options) at \$0.001 per share, exercisable at \$ 0.032 on or before 8 September 2025. The options were issued to provide cost effective remuneration to the director for services previously provided to the Company. These options vested immediately.

The listed options issued to the Directors were valued at the market price on the issuance date at \$0.006 per share, in total \$90,000 were granted, of which \$15,000 were paid in by cash from directors, and \$75,000 were recognised as the equity-based benefits to directors. The unlisted options issued to the directors were valued using the Black Sholes valuation model as the value of the underlying service provided was unable to be reliably measured. The model and assumptions for unlisted options are shown in the table below:

| | Current Director Options |
|-----------------------------|---------------------------------|
| Number of Instruments | 8,000,000 |
| Underlying share price (\$) | 0.02 |
| Life of the options (years) | 4 |
| Exercise Price (\$) | 0.03 |
| Expected volatility | 100% |
| Expected dividends | Nil |
| Risk free rate | 0.73% |
| Value per option (\$) | 0.01241 |
| Value per Tranche (\$) | 99,282 |

| Director | Number of granted | Grant date | Fair value per option at date \$ | Exercise price \$ | Vested and exercisable date | Expiry date |
|---------------------|-------------------|------------|----------------------------------|-------------------|-----------------------------|-------------|
| Mr Jeremy King | 4,000,000 | 13/12/2021 | 0.01241 | 0.03 | 13/12/2021 ⁽ⁱ⁾ | 13/12/2025 |
| Mr Patrick Holywell | 4,000,000 | 13/12/2021 | 0.01241 | 0.03 | 13/12/2021 ⁽ⁱ⁾ | 13/12/2025 |
| Mr Jeremy King | 5,000,000 | 25/03/2022 | 0.006 | 0.032 | 25/03/2022 | 8/9/2025 |
| Mr Patrick Holywell | 5,000,000 | 25/03/2022 | 0.006 | 0.032 | 25/03/2022 | 8/9/2025 |
| Mr Trevor Dixon | 5,000,000 | 25/03/2022 | 0.006 | 0.032 | 25/03/2022 | 8/9/2025 |

(i) The shares are in escrow for 24 months and not exercisable until 13/12/2023.

At the date of this report, the unissued ordinary shares of the Company under option carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company.

Shares

Short and Long-term Incentives

No short or long-term incentive based shares were issued as remuneration to Directors or other KMP during the current financial year.

G Equity Instruments Issued on Exercise of Remuneration Options

No remuneration options were exercised during the financial year.

H Voting and Comments made at the Company's 2021 Annual General Meeting ('AGM')

DIRECTORS' REPORT

At the 2021 AGM, 98.11% of the votes received supported the adoption of the Remuneration Report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

I Loans with KMP

There were no loans made to any KMP during the year ended 30 June 2022 (2021: nil).

There were no loans from any KMP during the year ended 30 June 2022 (2021: nil).

J Other Transactions with KMP

During the financial year, the Company incurred company secretarial and accounting services fees of \$115,727, paid to Mirador Corporate (a Company of which Jeremy King is a Director). On 13 December 2021, Trevor Dixon received 23,250,000 Consideration Shares valued \$465,000 in his capacity as a Vendor under the Acquisition Agreement.

All transactions were made on normal commercial terms and conditions and at market rates.

There were no other transactions with KMP during the year ended 30 June 2022.

K Additional Information

The earnings/(losses) of the consolidated entity for the five years to 30 June 2022 are summarised below:

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------------|-------------|-----------|-----------|-----------|-----------|
| Revenue (\$) | 176 | 540 | 5,840 | 21,476 | 35,796 |
| EBITDA (\$) | (1,174,934) | (333,664) | (418,455) | (617,330) | (878,116) |
| EBIT (\$) | (1,174,934) | (333,664) | (418,455) | (617,330) | (878,116) |
| Loss after income tax (\$) | (1,174,758) | (333,124) | (412,615) | (596,004) | (842,528) |
| Share Price (\$) | 0.017 | 0.023 | 0.023 | 0.014 | 0.022 |
| EPS (cents per share) | (0.57) | (0.55) | (0.68) | (0.34) | (0.48) |

[End of Audited Remuneration Report]

SHARES UNDER OPTION

| Option | Number | Grant Date | Expiry Date | Exercise Price |
|------------------|------------|------------|-------------|----------------|
| Unlisted Options | 6,298,113 | 5/12/2018 | 4/12/2022 | \$0.091 |
| Unlisted Options | 42,000,000 | 13/12/2021 | 12/12/2025 | \$0.030 |
| Listed Options | 51,520,684 | 8/03/2021 | 8/09/2025 | \$0.032 |
| Listed Options | 14,136,116 | 23/03/2021 | 8/09/2025 | \$0.032 |
| Listed Options | 35,000,000 | 25/03/2022 | 8/09/2025 | \$0.032 |
| Listed Options | 10,000,000 | 5/04/2022 | 8/09/2025 | \$0.032 |

Option holders do not have any rights to participate in any issues of shares or other interests of the company or any other entity.

For details of options issued to Directors as remuneration, refer to the Remuneration Report.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

DIRECTORS' REPORT

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the year ended 30 June 2022, the Company paid premiums in respect of a contract insuring the directors and officers of the Company against liabilities incurred as directors or officers to the extent permitted by the Corporations Act 2001.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of these proceedings.

ENVIRONMENTAL REGULATIONS

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements under this Act, but this may change in the future. The Company is not aware of any matters that requires disclosure regarding any significant environmental regulation in respect of its operating activities.

DIVIDENDS

No dividends have been paid or declared by the Group since the end of the previous financial year.

No dividend is recommended in respect of the current financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year, the Company acquired tenements from Redcastle Gold Project. On completion of the Acquisition, the Company has changed its name to Redcastle Resources Limited and changed its principal activity to mineral exploration.

Other than above, there were no other significant changes in state of affairs during and subsequent to the end of the financial year.

CORPORATE

During the year, the Company completed the 1 for 2.858 share consolidation which was approved by the shareholders at the General Meeting held on 12 October 2021.

On 13 December 2021, the Company issued 12,000,000 unlisted options to Directors, exercisable at \$0.03 on or before 13 December 2025. On the same day, the Company issued 30,000,000 Lead Manager Options with the same expiry date and exercise price to Xcel Capital Pty Ltd or its nominees for its services in connection with the IPO capital raising.

DIRECTORS' REPORT

On 20 December 2021, The Company recommenced trading on ASX. The Company raised \$4,500,000 through issuing 267,500,000 shares at \$0.02 per share as part of its re-compliance with chapter 1 and 2 of the listing rules, comprising of:

- a) 42,500,000 consideration shares to vendors for Redcastle Gold Project acquisition.
- b) 225,000,000 shares pursuant to the public offer.

On 8 March 2022, the Company issued 51,520,684 listed options at \$0.001 (with expiry date 08/09/2025 and exercise price \$0.032) as part of the Loyalty Option Offer ("Offer") announced on 15 December 2022. The Offer raised \$65,657 through issuing 65,656,800 listed options, and on 23 March 2022, another 14,136,116 listed options issued upon completion of the Offer.

Following on the Offer, on 25 March 2022, the Company issued 15,000,000 listed options to directors (Incentive Options) at \$0.001 per share, exercisable at \$ 0.032 on or before 8 September 2025. The options were issued to provide cost effective remuneration to the director for services previously provided to the Company. Meanwhile, the Company issued 20,000,000 Lead Manager Options to Xcel Capital Pty Ltd, with same expiry date and exercise price, for its services provided in relation to the Loyalty Option Offer.

On 5 April 2022, the Company issued another 10,000,000 listed options to Xcel Capital Pty Ltd as part of the Corporate Advisory Mandate fee arrangement. The options were issued at \$0.001 per share, with the same term as the Lead Manager Options under the Loyalty Options offer, which the exercise price is \$0.032 per share, expiring on or before 8 September 2025.

FINANCIAL RESULTS

The financial results of the Group for the financial year ended 30 June 2022 are:

| | 30-Jun-22 | 30-Jun-21 |
|--------------------------------|-----------|-----------|
| Cash and cash equivalents (\$) | 3,223,820 | 492,489 |
| Net assets (\$) | 4,673,083 | 409,169 |

| | 30-Jun-22 | 31-Jun-21 |
|-------------------------|-------------|-----------|
| Revenue (\$) | 176 | 540 |
| Net loss after tax (\$) | (1,174,758) | (333,124) |
| Loss per share (cents) | (0.57) | (0.19) |

EVENTS OCCURRING AFTER REPORTING DATE

No matter or circumstance has arisen since the end of the financial year which has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

NON-AUDIT SERVICES

The Board of Directors have considered any non-audit services and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditor independent requirements of the Corporations Act 2001 for the following reasons:

DIRECTORS' REPORT

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

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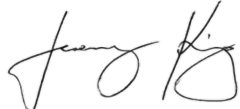
During the financial year, BDO Audit (WA) Pty Ltd, the Group paid BDO \$20,394 for issued Independent Limited Assurance Report for Redcastle's re-listing on ASX (please refer to Notes to the Consolidated Financial Statements Note 7 Auditor's Remuneration), other than this, BDO did not provide any services besides their statutory duties.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is set out on page 22 and forms part of the Directors' Report for the financial year ended 30 June 2022.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Jeremy King
Non-Executive Chairman
23 September 2022

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF REDCASTLE RESOURCES LIMITED

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

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

This declaration is in respect of Redcastle Resources Limited and the entities it controlled during the period.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 23 September 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 June 2022

| | Note | 30-Jun-22 \$ | 30-Jun-21 \$ |
|---|------|--------------------|------------------|
| Interest income | 2 | 176 | 540 |
| Compliance and regulatory expenses | | (168,985) | (77,227) |
| Consulting and corporate expenses | 3 | (234,581) | (137,998) |
| Legal fees | | (209,905) | (40,208) |
| Exploration expense | | (22,335) | - |
| Employee and director benefits expense | 3 | (152,885) | (55,710) |
| Marketing and investor relations | | (44,239) | - |
| Share based payment expense | 4 | (273,923) | - |
| Other expenses | | (68,081) | (22,521) |
| Loss before income tax for the year | | (1,174,758) | (333,124) |
| Income tax expense | | - | - |
| Loss after income tax for the year | | (1,174,758) | (333,124) |
| Total comprehensive loss for the year attributable to members of Redcastle Resources Limited | | (1,174,758) | (333,124) |
| Loss per share for the year attributable to the members of Redcastle Resources Limited: | | | |
| Basic and diluted loss per share (cents) | 6 | (0.57) | (0.55) |

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 June 2022

| | Note | 31-Jun-22 \$ | 30-Jun-21 \$ |
|----------------------------------|------|------------------|-----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 9 | 3,223,820 | 492,489 |
| Trade and other receivables | 10 | 79,676 | 14,287 |
| Total Current Assets | | 3,303,496 | 506,776 |
| Non-Current Assets | | | |
| Exploration and evaluation asset | 11 | 1,429,600 | - |
| Total Non-Current Assets | | 1,429,600 | - |
| TOTAL ASSETS | | 4,733,096 | 506,776 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 12 | 60,013 | 97,607 |
| Total Current Liabilities | | 60,013 | 97,607 |
| TOTAL LIABILITIES | | 60,013 | 97,607 |
| NET ASSETS | | 4,673,083 | 409,169 |
| EQUITY | | | |
| Issued capital | 13 | 18,974,404 | 14,471,769 |
| Reserves | 14 | 1,301,419 | 365,382 |
| Accumulated losses | | (15,602,740) | (14,427,982) |
| TOTAL EQUITY | | 4,673,083 | 409,169 |

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 June 2022

| | Issued Capital \$ | Reserves \$ | Accumulated Losses \$ | Total Equity \$ |
|--|----------------------|------------------|-----------------------------|--------------------|
| At 1 July 2021 | 14,471,769 | 365,382 | (14,427,982) | 409,169 |
| Loss for the year | - | - | (1,174,758) | (1,174,758) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss for the year after tax | - | - | (1,174,758) | (1,174,758) |
| Issued of share capital | 5,350,000 | - | - | 5,350,000 |
| Share issue costs | (847,365) | - | - | (847,365) |
| Listed options issued | - | 65,657 | - | 65,657 |
| Unlisted options issued | - | 870,380 | - | 870,380 |
| Balance at 30 June 2022 | 18,974,404 | 1,301,419 | (15,602,740) | 4,673,083 |
| At 1 July 2020 | 14,471,769 | 365,382 | (14,094,858) | 742,293 |
| Loss for the year | - | - | (333,124) | (333,124) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss for the year after tax | - | - | (333,124) | (333,124) |
| Balance at 30 June 2021 | 14,471,769 | 365,382 | (14,427,982) | 409,169 |

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 June 2022

| | Note | 30-Jun-22 \$ | 30-Jun-21 \$ |
|---|------|--------------------|------------------|
| Cash flows used in operating activities | | | |
| Payment to suppliers and employees | | (1,003,994) | (255,017) |
| Interest received | | 176 | 540 |
| Net cash flows used in operating activities | 9 | (1,003,818) | (254,477) |
| Cash flows used in investing activities | | | |
| Payments for exploration and evaluation costs | | (579,600) | - |
| Net cash flows used in investing activities | | (579,600) | - |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | 13 | 4,500,000 | - |
| Share issue costs | | (295,908) | - |
| Proceeds from issue of listed options | | 110,657 | - |
| Net cash flows provided by financing activities | | 4,314,749 | - |
| Net increase/decrease in cash and cash equivalents | | 2,731,331 | (254,477) |
| Cash and cash equivalents at the beginning of the year | | 492,489 | 746,966 |
| Cash and cash equivalents at the end of the year | | 3,223,820 | 492,489 |

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Redcastle Resources Limited (referred to as “RC1” or the “Company”, formerly “Transcendence Technologies Limited”) is a company domiciled in Australia. The address of the Company’s registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. The consolidated financial statements of the Company as at and for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the “consolidated entity” or the “Group”). The nature of the operations and principal activities of the Group are described in the Directors’ Report.

(b) Basis of Preparation

Statement of Compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (“IFRS”) adopted by the International Accounting Standards Board (“IASB”). Redcastle Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are authorised for issue on 23 September 2022 by the directors of the Company.

Basis of measurement

The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

New, revised or amended standards and interpretations adopted by the Group

The Company 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. The Company’s assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2022 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Company may need to review such policies under the revised framework.

At this time, the application of the Conceptual Framework is not expected to have a material impact on the Company’s financial statements.

Significant Judgements and Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(f).

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Redcastle Resources Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Principles of Consolidation

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(e) Functional and Presentation Currency

The financial statements have been presented in Australian dollars, which is the Company’s functional currency.

(f) Critical Accounting Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

Exploration and evaluation expenditure

Exploration and evaluation costs have been capitalised on the basis that activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees or suppliers by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Hoadley ES02 model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Determination of fair values on exploration and evaluation assets acquired in asset acquisition

On initial recognition, the assets and liabilities of the acquired business are included in the statement of financial position at their fair values. In measuring fair value of exploration projects, management considers generally accepted technical valuation methodologies and comparable transactions in determining the fair value. Due to the subjective nature of valuation with respect to exploration projects with limited exploration results, management have determined the price paid to be indicative of its fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recoverability of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself, or, if not, whether it successfully recovers the

related exploration and evaluation asset through sale. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

(g) Comparatives

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current year.

(h) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision makers have been identified as the Board of Directors.

NOTE 2 REVENUE

| | 2022 | 2021 |
|----------------------|------|------|
| | \$ | \$ |
| <i>Other revenue</i> | | |
| Interest income | 176 | 540 |

Accounting Policy

Interest Income

Interest income is recognised when the Company gains controls of the right to receive the interest payment.

All revenue is stated net of the amount of goods and services tax.

NOTE 3 EXPENSES

| | 2022 | 2021 |
|--|----------------|----------------|
| | \$ | \$ |
| Consulting and corporate expenses | | |
| Accounting and company secretarial fees | 131,952 | 82,000 |
| Consulting fees | 7,629 | - |
| Corporate advisory fees | 95,000 | 55,998 |
| Total | 234,581 | 137,998 |
| Employee benefit expenses | | |
| Director fees | 147,285 | 55,710 |
| Superannuation | 5,600 | - |
| Total | 152,885 | 55,710 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 SHARE-BASED PAYMENTS

During the year the Group recognised share-based payments via the issue of equity instruments to Directors, former Directors and consultants (as disclosed below), as well as to vendors in relation to the acquisition of exploration assets (refer Note 11).

| (a) Recognised share-based payment transactions | 2022 | 2021 |
|---|----------------|----------|
| | \$ | \$ |
| Options issued to Directors ⁽ⁱ⁾ | 174,282 | - |
| Options issued to former Directors ⁽ⁱ⁾ | 49,641 | - |
| Options issued to Lead Manager ⁽ⁱⁱ⁾ | 50,000 | - |
| Total share-based payment expenses | 273,923 | - |

(i) Options issued to Directors

On 13 December 2021, the Company issued 12,000,000 unlisted options to current and former Directors, exercisable at \$0.03 on or before 13 December 2025. The issue of 12,000,000 Director Options, being the aggregate of 4,000,000 Director Options to each of the Company's current or former Directors: Peter Wall, Patrick Holywell and Jeremy King (or their respective nominees).

On 25 March 2022, the Company issued 15,000,000 listed options to directors (Incentive Options) at \$0.001 per share, exercisable at \$ 0.032 on or before 8 September 2025. The options were issued to provide cost effective remuneration to the director for services previously provided to the Company. Directors paid \$15,000 in cash, and the rest of valuation based on the market price \$0.006 per share option were recognised as the share-based payment expense totalling \$75,000.

(ii) Options issued to Lead Manager

On 5 April 2022, the Company issued another 10,000,000 listed options to Xcel Capital Pty Ltd as part of the Corporate Advisory Mandate fee arrangement. The value of the underlying services received were unable to be reliably measured and consequently the value was determined by the value of equity instruments granted. The options were issued at \$0.001 per share, with the same expiry date and exercise price as the Lead Manager Options under the Loyalty Options offer. Xcel paid \$10,000 in cash, and the difference based on the market price \$0.006 per share option were recognised as the share-based payment expense totalling \$50,000.

(b) Summary of share-based payment options granted during the year

| Options | Issue Date | Date of Expiry | Exercise Price | Beginning Balance | Granted during the year | Exercised during the year | Expired during the year | Balance at the end of the year |
|-------------------------------|------------|----------------|----------------|-------------------|-------------------------|---------------------------|-------------------------|--------------------------------|
| Directors | 13/12/2021 | 13/12/2025 | \$0.030 | - | 12,000,000 | - | - | 12,000,000 |
| Lead Manager ⁽ⁱ⁾ | 13/12/2021 | 13/12/2025 | \$0.030 | - | 30,000,000 | - | - | 30,000,000 |
| Directors ⁽ⁱⁱ⁾ | 25/03/2022 | 8/09/2025 | \$0.032 | - | 15,000,000 | - | - | 15,000,000 |
| Lead Manager ⁽ⁱ⁾ | 25/03/2022 | 8/09/2025 | \$0.032 | - | 20,000,000 | - | - | 20,000,000 |
| Lead Manager ⁽ⁱⁱⁱ⁾ | 5/04/2022 | 8/09/2025 | \$0.032 | - | 10,000,000 | - | - | 10,000,000 |
| Total | | | | - | 87,000,000 | - | - | 87,000,000 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 SHARE-BASED PAYMENTS (continued)

- (i) On 13 December 2021, the Company issued 30,000,000 Lead Manager Options to Xcel Capital Pty Ltd or its nominees for its services in connection with the IPO capital raising. The Lead Manager Options are exercisable at \$0.03 with expiry date of 13 December 2025. The valuation of the options was capitalised as share issue cost. On 25 March 2022, the Company issued 20,000,000 Lead Manager Options to Xcel Capital Pty Ltd, exercisable at \$0.032, on or before 8 September 2025, for its services provided in relation to the Loyalty Option Offer. The valuation of the options was capitalised as share issue cost.
- (ii) Refer Note 4(a)

The listed options issued to the Directors and the Lead Manager were valued at the market price on the issuance date (refer Note 4 (a)). The unlisted options issued to the Lead Manager, have been recognised in equity as capital raising costs and valued using the Black Scholes valuation model as the value of the underlying service provided was unable to be reliably measured. The model and assumptions for unlisted options are shown in the table below:

| | Current and former Director Options | Lead Manager Options | Lead Manager Options |
|-----------------------------|---|----------------------|----------------------|
| Number of Instruments | 12,000,000 | 30,000,000 | 20,000,000 |
| Underlying share price (\$) | 0.02 | 0.02 | 0.018 |
| Life of the options (years) | 4 | 4 | 3.5 |
| Exercise Price (\$) | 0.03 | 0.03 | 0.032 |
| Expected volatility | 100% | 100% | 100% |
| Expected dividends | Nil | Nil | Nil |
| Risk free rate | 0.73% | 0.73% | 1.86% |
| Value per option (\$) | 0.01241 | 0.01241 | 0.00996 |
| Value per Tranche (\$) | 148,923 | 372,308 | 199,149 |

Accounting Policy:

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using Black Scholes valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 SHARE-BASED PAYMENTS (continued)

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

In the event management are unsuccessful in measuring the fair value of an exploration project acquired after considering generally accepted technical valuation methodologies and comparable transactions, management will determine the equity consideration (plus any cash consideration) to be indicative of the project's fair value. Equity consideration transferred is measured in accordance with AASB 2 *Share-Based Payments* being the fair value of instruments granted.

NOTE 5 INCOME TAX EXPENSE

| | 2022 | 2021 |
|---|-----------|----------|
| | \$ | \$ |
| (a) The prima facie tax on loss from ordinary activities before income tax is reconciled to income tax expense as follows: | | |
| Prima facie tax payable on loss from ordinary activities before income tax at 30% (2021: 30%) | (352,427) | (99,937) |
| Add: | | |
| Tax Effect of: | | |
| - Non-allowable items | 82,177 | - |
| - Temporary differences | 150 | (750) |
| - Deferred tax assets not recognised | 270,100 | 100,687 |
| Income Tax Attributable to the Entity | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 INCOME TAX EXPENSE (continued)

(b) Tax Losses

The amount of deductible temporary differences and unused tax losses for which no deferred tax assets have been brought to account:

| | | |
|--|-----------|-----------|
| - Temporary differences | 18,500 | 18,000 |
| - Tax Losses: Operating Losses Carried Forward | 3,848,835 | 2,889,318 |
| - Tax Losses: Capital Carried Forward | 83,009 | 83,009 |

The benefit of the above temporary differences and unused tax losses will only be realised if the conditions for deductibility are met as set out in the note below. These amounts have no expiry date.

Based on the failure of the Continuity of Ownership Test (COT) and the Same Business Test (SBT) for the 2015 financial year, tax losses carried forward of \$16,647,675 are unable to be offset against any future income.

Accounting Policy

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current Tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax

liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred Tax

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where

amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 INCOME TAX EXPENSE (continued)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTE 6 LOSS PER SHARE

| | 2022 \$ | 2021 \$ |
|--|--------------------|-------------|
| Net loss for the year | (1,174,758) | (333,124) |
| Weighted average number of ordinary shares for basic and diluted loss per share. | 206,626,621 | 173,720,669 |
| Basic and diluted loss per share (cents) | (0.57) | (0.55) |

Accounting Policy

Basic Earnings Per Share

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-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 7 AUDITOR'S REMUNERATION

| | 2022 \$ | 2021 \$ |
|---|---------------|------------|
| Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for: | | |
| - Audit and review of the financial report of the Group | 38,022 | 28,406 |
| - Independent Limited Assurance Report | 20,394 | - |
| Total Auditor Remuneration | 58,416 | 28,406 |

NOTE 8 RELATED PARTY TRANSACTIONS

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company Key Management Personnel ("KMP") for the year ended 30 June 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 RELATED PARTY TRANSACTIONS (continued)

(a) Key management personnel compensation

| | 2022 \$ | 2021 \$ |
|------------------------------|----------------|---------------|
| Short-term employee benefits | 147,285 | 55,710 |
| Post-employment benefits | 5,600 | - |
| Equity compensation benefits | 174,282 | - |
| Total | 327,167 | 55,710 |

Information regarding individual Directors and Executive compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 are provided in the Remuneration Report section of the Directors' Report.

(b) Transactions with related parties

| | 2022 \$ | 2021 \$ |
|--|------------|------------|
| Steinepreis Paganin | - | 40,208 |
| Mirador Corporate Pty Ltd ⁽ⁱ⁾ | 115,727 | 79,500 |
| Trevor Dixon ⁽ⁱⁱ⁾ | 465,000 | - |

(i) Company secretarial and financial management fees of \$115,727 was paid to Mirador Corporate Pty Ltd during the financial year, of which Mr Jeremy King, is a director.

(ii) On 13 December 2021, Trevor Dixon received 23,250,000 Consideration Shares valued \$465,000 in his capacity as a Vendor under the Acquisition Agreement, according to the Prospectus arrangement.

NOTE 9 CASH AND CASH EQUIVALENTS

| | 2022 \$ | 2021 \$ |
|--------------|------------------|----------------|
| Cash at bank | 3,223,820 | 492,489 |
| | 3,223,820 | 492,489 |

Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made in varying periods between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

(b) Reconciliation of net loss after income tax to net cash flows used in operating activities

| | 2022 \$ | 2021 \$ |
|--|--------------------|------------------|
| Loss for the financial year | (1,174,758) | (333,124) |
| <i>Adjustments for:</i> | | |
| Share-based payments | 273,923 | - |
| Change in assets and liabilities | | |
| (Increase) / decrease in trade and other receivables | (65,389) | 13,738 |
| Increase / (decrease) in trade and other payables | (37,594) | 64,909 |
| Net cash flow used in operating activities | (1,003,818) | (254,477) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 CASH AND CASH EQUIVALENTS (continued)

(c) Non-cash investing and financing activities

| | 2022 | 2021 |
|--|------------------|----------|
| | \$ | \$ |
| Acquisition of exploration and evaluation assets | 850,000 | - |
| Shares issued to lead manager | 551,457 | - |
| | <u>1,401,457</u> | <u>-</u> |

Accounting Policy

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term high liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities in the statement of financial position.

NOTE 10 TRADE AND OTHER RECEIVABLES

| | 2022 | 2021 |
|----------------|---------------|---------------|
| | \$ | \$ |
| GST receivable | 64,082 | 10,743 |
| Prepayments | 15,594 | 3,544 |
| | <u>79,676</u> | <u>14,287</u> |

Due to the short-term nature of these receivables, their carrying value is assumed to be the same as their fair value.

Accounting Policy

Trade Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or 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 taxation authority is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST on investing and financial activities, which are disclosed as operating cash flows.

Other Receivables

Other receivables are recognised at amortised cost, less any provision for expected credit loss. Other receivables do not contain impaired assets and are not past due. Based on the credit history, it is expected that these other balances will be received when due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 EXPLORATION AND EVALUATION ASSET

| | 2022 \$ | 2021 \$ |
|---|------------|------------|
| Carrying amount of exploration and evaluation expenditure | 1,429,600 | - |
| At the beginning of the year | - | - |
| Acquired through share consideration | 850,000 | - |
| Exploration expenditure incurred | 579,600 | - |
| At the end of the year | 1,429,600 | - |

Management have not identified any impairment indicators as at 30 June 2022.

Tenement acquisition

In December 2021, Redcastle (Formerly "TTL") issued 42,500,000 ordinary shares at an issue price of \$0.02 each in consideration for the acquisition of tenements of Redcastle. In measuring the fair value of the exploration project acquired, management considers generally accepted technical valuation methodologies and comparable transactions in determining the fair value. Due to the subjective nature of valuation with respect to the exploration project with limited exploration results, management have determined the price paid to be indicative of its value. The total of \$850,000 share value of the acquisition is allocated to the tenements under the exploration and evaluation asset.

Accounting Policy

Acquisition, exploration and evaluation costs associated with mining tenements are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the Group's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful commercial development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

Each area of interest is also reviewed annually, and acquisition costs written off to the extent that they will not be recoverable in the future.

NOTE 12 TRADE AND OTHER PAYABLES

| | 2022 \$ | 2021 \$ |
|------------------------|------------|------------|
| Trade creditors | 41,513 | 79,607 |
| Accrued expenses | 17,000 | 18,000 |
| Superannuation payable | 1,500 | - |
| | 60,013 | 97,607 |

Trade and other payables are non-interest bearing and are normally settled on 30-day terms.

Due to the short-term nature of these payables, their carrying value is assumed to be the same as their fair value.

Accounting Policy

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 ISSUED CAPITAL

| | 2022 | | 2021 | |
|--|----------------------|-------------------|-------------|------------|
| | No. | \$ | No. | \$ |
| Fully paid ordinary shares | 328,284,155 | 18,974,404 | 173,720,669 | 14,471,769 |
| <i>Movement in ordinary shares</i> | | | | |
| Balance at 1 July 2021 | 173,720,669 | 14,471,769 | | |
| Effect of the consolidation (1:2.858) ⁽ⁱ⁾ | (112,936,514) | - | | |
| Shares issued under the public offer ⁽ⁱⁱ⁾ | 225,000,000 | 4,500,000 | | |
| Shares issued for the Acquisition | 42,500,000 | 850,000 | | |
| Share issue costs ⁽ⁱⁱⁱ⁾ | - | (847,365) | | |
| Balance at 30 June 2022 | 328,284,155 | 18,974,404 | | |
| <i>Movement in ordinary shares</i> | | | | |
| Balance at 1 July 2020 | 60,784,155 | 14,471,769 | | |
| Balance at 30 June 2021 | 60,784,155 | 14,471,769 | | |

- (i) The Company consolidated its ordinary shares at the ratio of 1:2.858 in October 2021. the consolidation of the Company's Shares on such basis result in the Company having 60,784,155 ordinary Shares and 6,298,113 Options (expiring 05-Dec-22 with an exercise price of \$0.0915 each) on issue on a post-Consolidation basis.
- (ii) In December 2021, the Company issued 225,000,000 with the share price of \$0.02 each, raising \$4,500,000 in total. The share issue costs of 6% gross proceeds, in total \$270,000 are paid to Xcel Capital Pty Ltd ("Xcel") under the Lead Manager Mandate agreement. In addition, the Company paid 30,000,000 Lead Manager Options to Xcel or its nominees for its services in connection with the IPO capital raising. The Lead Manager Options are exercisable at \$0.03 with expiry date of 13 December 2025 and have a fair value of \$372,308 (refer Note 4).

On 25 March 2022, the Company issued 20,000,000 Lead Manager Options to Xcel, exercisable at \$0.032, on or before 8 September 2025, for its services provided in relation to the Loyalty Option Offer and have a fair value of \$199,149 (refer Note 4).

Please refer to Note 4 Share-Based Payments for option valuations.

Ordinary shares entitle the holder to participate in the dividends and the proceeds on winding up in proportion to the number of and amounts paid on the shares held.

At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Accounting Policy

Ordinary shares are classified as equity.

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example, as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 RESERVES

| | 2022 | 2021 |
|--|------------------|----------------|
| | \$ | \$ |
| Opening Balance | 365,382 | 365,382 |
| Equity settled share-based payment transactions ⁽ⁱ⁾ | 870,380 | - |
| Issue of Loyalty Options ⁽ⁱⁱ⁾ | 65,657 | - |
| | 1,301,419 | 365,382 |

(i) *Options issued to Directors*

On 13 December 2021, the Company issued 12,000,000 unlisted options to Directors, exercisable at \$0.03 on or before 13 December 2025. The issue of 12,000,000 Director Options, being the aggregate of 4,000,000 Director Options to each of the Company's current or former Directors: Peter Wall, Patrick Holywell and Jeremy King (or their respective nominees).

On 25 March 2022, the Company issued 15,000,000 listed options to directors (Incentive Options) at \$0.001 per share, exercisable at \$ 0.032 on or before 8 September 2025. The options were issued to provide cost effective remuneration to the director for services previously provided to the Company.

Options issued to Lead Manager

On 13 December 2021, the Company issued 30,000,000 Lead Manager Options to Xcel Capital Pty Ltd or its nominees for its services in connection with the IPO capital raising. The Lead Manager Options are exercisable at \$0.03 with expiry date of 13 December 2025.

On 25 March 2022, the Company issued 20,000,000 Lead Manager Options to Xcel Capital Pty Ltd, exercisable at \$0.032, on or before 8 September 2025, for its services provided in relation to the Loyalty Option Offer.

On 5 April 2022, the Company issued another 10,000,000 listed options to Xcel Capital Pty Ltd as part of the Corporate Advisory Mandate fee arrangement. The options were issued at \$0.001 per share, with the same term as the Lead Manager Options under the Loyalty Options offer, which the exercise price is \$0.032 per share, expiring on or before 8 September 2025.

Please refer to Note 4 for option valuations.

- (ii) On 15 February 2022, the Company lodged a Loyalty Option Offer Prospectus, proposed a non-renounceable loyalty issue of one (1) Loyalty Option for every five (5) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.001 per Loyalty Option to raise up to \$ 65,657 (Loyalty Offer). A total of 65,656,800 options were issued on 8 March 2022 and 23 March 2023, exercisable at \$0.032 on or before 8 September 2025.

NOTE 15 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Following the Acquisition, the Vendors of the Tenements will retain rights to all alluvial gold and a 2% overriding gross royalty over all minerals sold from the Tenements. There were no other contingent liabilities as at 30 June 2022 (2021: nil).

There were no contingent assets as at 30 June 2022 (2021: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 COMMITMENTS

(a) Tenement Commitments

| | 2022 \$ | 2021 \$ |
|---|----------------|------------|
| Below are the commitments in relation to its exploration and evaluation assets: | | |
| Within one year | 42,823 | - |
| Later than one year but not later than five years | 107,091 | - |
| | 149,915 | - |

NOTE 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unprofitability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods included sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by the Board of Directors ('the Board') and includes identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits.

The carrying values of the Group's financial instruments are as follows:

| | 2022 \$ | 2021 \$ |
|------------------------------|------------------|------------|
| Financial Assets | | |
| Cash and cash equivalents | 3,223,820 | 492,489 |
| Trade and other receivables | 79,676 | 14,287 |
| | 3,303,496 | 506,776 |
| Financial Liabilities | | |
| Trade and other payables | 60,013 | 97,607 |
| | 60,013 | 97,607 |

(a) Market risk

(i) Foreign exchange risk

The Company is not significantly exposed to foreign currency risk fluctuations.

(ii) Interest rate risk

The Group is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Group's exposure to this risk relates primarily to the Group's cash and any cash on deposit. The Group does not use derivatives to mitigate these exposures. The Group manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

| | 2022 | | 2021 | |
|---------------------------|--|-----------|-----------------------------------|---------|
| | Weighted average interest rate ⁽ⁱ⁾ | Balance | Weighted average interest rate | Balance |
| | | \$ | | \$ |
| Cash and cash equivalents | 0.01% | 3,223,820 | 0.01% | 492,489 |

(i) This interest rate represents the average interest rate for the period.

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counterparty, with maximum exposure equal to the carrying amount of the financial assets.

The Group's policy is to trade only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group except for cash and cash equivalents.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

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

The following are the contractual maturities of financial liabilities:

| | 6 months | 6-12 months | 1-5 years | > 5 years | Total |
|--------------------------|----------|-------------|-----------|-----------|--------|
| 2022 | \$ | \$ | \$ | \$ | \$ |
| Trade and other payables | 60,013 | - | - | - | 60,013 |
| 2021 | | | | | |
| Trade and other payables | 97,607 | - | - | - | 97,607 |

(d) Sensitivity analysis

Within this analysis, consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 1% increase and 1% decrease in rates is based on reasonably expected possible changes over a financial year, using the observed range of historical rates for the preceding five-year period.

At 30 June 2022, if interest rates had moved, as illustrated in the table below, with all other variables held constant, losses and equity would have been affected as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

| | Profit /(Loss) Higher/(Lower) | | Equity Higher/(Lower) | |
|---|----------------------------------|---------|--------------------------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| <i>Judgements of reasonably possible movements:</i> | \$ | \$ | \$ | \$ |
| + 1.0% (100 basis points) | 32,238 | 4,925 | 32,238 | 4,925 |
| - 1.0% (100 basis points) | (32,238) | (4,925) | (32,238) | (4,925) |

(e) Capital risk management

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the stage of the Group's development there are no formal targets set for return on capital. There were no changes to the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements. The net equity of the Group is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

NOTE 18 PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

| | 2022 | 2021 |
|--|------------------|----------------|
| | \$ | \$ |
| Statement of Financial Position | | |
| Assets | | |
| Current assets | 3,303,496 | 506,776 |
| Non-current assets | 1,429,600 | |
| Total Assets | 4,733,096 | 506,776 |
| Liabilities | | |
| Current liabilities | 60,013 | 97,607 |
| Total Liabilities | 60,013 | 97,607 |
| Equity | | |
| Issued capital | 18,974,404 | 14,471,769 |
| Accumulated losses | (15,602,740) | (14,427,982) |
| Reserves | 1,301,419 | 365,382 |
| Total Equity | 4,673,083 | 409,169 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 PARENT INFORMATION (continued)

Statement of Profit or Loss and Other Comprehensive Income

| | | |
|-----------------------------------|--------------------|------------------|
| Loss for the year | (1,174,758) | (333,124) |
| Total Comprehensive Income | (1,174,758) | (333,124) |

NOTE 19 INVESTMENT IN SUBSIDIARIES

Information about Principal Subsidiaries

The subsidiary listed below has share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

| Name of Subsidiary | Principal Place of Business | Ownership Interest Held by the Group | |
|--------------------------|-----------------------------|--------------------------------------|------|
| | | 2022 | 2021 |
| | | % | % |
| <i>E-Collate Pty Ltd</i> | Australia | 100 | 100 |

NOTE 20 EVENTS AFTER THE REPORTING DATE

No matter or circumstance has arisen since the end of the financial year which has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

DIRECTORS' DECLARATION

In the Directors' opinion:

The attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting In the Directors' opinion:

The financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:

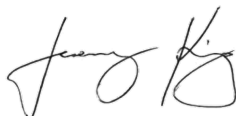
- complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- giving a true and fair view of the entity's financial position as at 30 June 2022 and of its performance for the year ended on that date.

The financial statements and notes comply with International Financial Reporting Standards.

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 295(5)a of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Jeremy King
Non-Executive Chairman
23 September 2022

INDEPENDENT AUDITOR'S REPORT

To the members of Redcastle Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Redcastle Resources Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

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.

Accounting for Capitalised Exploration and Evaluation Assets

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



Other information

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

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

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

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 18 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Redcastle Resources Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO


Jarrad Prue

Director

Perth, 23 September 2022

Corporate Governance Statement

The Board of Directors of Redcastle Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company complies with each of the recommendations set out in the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition ("the ASX Principles"). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, are in place.

The Company's Corporate Governance Statement and policies can be found on its website at

<https://redcastle.net.au/>.

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 23 September 2022.

1. Fully paid ordinary shares

- There is a total of 328,284,155 fully paid ordinary shares on issue which are listed on the ASX.
- The number of holders of fully paid ordinary shares is 579.
- Holders of fully paid ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company.
- There are no preference shares on issue.

2. Distribution of fully paid ordinary shareholders is as follows:

The number of shareholders, by size of holding, is:

| Range | Total holders | Units | % of Issued Capital |
|-------------------------|---------------|--------------------|---------------------|
| 1 - 1,000 | 28 | 5,264 | 0.00% |
| 1,001 - 5,000 | 2 | 9,098 | 0.00% |
| 5,001 - 10,000 | 11 | 87,000 | 0.03% |
| 10,001 - 100,000 | 253 | 14,873,325 | 4.53% |
| 100,001 - 9,999,999,999 | 285 | 313,309,468 | 95.44% |
| Total | 579 | 328,284,155 | 100.00% |

3. Holders of non-marketable parcels

Holders of non-marketable parcels are deemed to be those whose shareholding is valued at less than \$500.

There are 117 shareholders who hold less than a marketable parcel of shares, amount to 0.56% of issued capital.

4. Substantial shareholders of ordinary fully paid shares

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

| | Holding Balance | % of Issued Capital |
|-------------------|-----------------|---------------------|
| TREVOR JOHN DIXON | 23,250,000 | 7.08% |
| RIMOYNE PTY LTD | 21,568,599 | 6.57% |

5. Restricted Securities

There are 42,500,000 shares on issue that are subject to voluntary escrow restrictions or mandatory escrow restriction under ASX Listing Rules Chapter 9.

6. Share buy-backs

There is currently no on-market buyback program for any of Redcastle Resources Limited's listed securities.

7. Voting rights of Shareholders

All fully paid ordinary shareholders are entitled to vote at any meeting of the members of the Company and their voting rights are on:

- Show of hands – one vote per shareholders; and
- Poll – one vote per fully paid ordinary share.

ASX Additional Information

8. Tax Status

The Company is treated as a public company for taxation purposes.

9. Major Shareholders

The Top 20 largest fully paid ordinary shareholders together held 51.92% of the securities in this class and are listed below:

| Rank | Shareholders | Number Held | Percentage |
|--|---|--------------------|---------------|
| 1 | MR TREVOR JOHN DIXON | 23,750,000 | 7.23% |
| 2 | RIMOYNE PTY LTD | 21,568,599 | 6.57% |
| 3 | SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C> | 13,859,098 | 4.22% |
| 4 | RUSSELL GEOFFREY MCKNIGHT | 13,375,000 | 4.07% |
| 5 | TELL CORPORATION PTY LTD | 8,901,896 | 2.71% |
| 6 | ELSTREE CAPITAL PTY LTD | 8,899,581 | 2.71% |
| 7 | CAP HOLDINGS PTY LTD <CAP A/C> | 8,597,886 | 2.62% |
| 8 | PAPILLON HOLDINGS PTY LTD <THE VML NO 1 A/C> | 7,254,373 | 2.21% |
| 9 | NIGHTFALL PTY LTD <NIGHTFALL SUPERFUND A/C> | 6,435,970 | 1.96% |
| 10 | EUTHENIA TYCHE PTY LTD | 6,109,599 | 1.86% |
| 11 | SISU INTERNATIONAL PTY LTD | 5,757,773 | 1.75% |
| 12 | MISS YI GU | 5,250,000 | 1.60% |
| 13 | MR ROSS FREDERICK CREW | 4,795,000 | 1.46% |
| 14 | ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C> | 4,725,000 | 1.44% |
| 15 | PHEAKES PTY LTD <SENATE A/C> | 4,500,000 | 1.37% |
| 16 | MS CHUNYAN NIU | 4,000,000 | 1.22% |
| 16 | KALCON INVESTMENTS PTY LTD | 4,000,000 | 1.22% |
| 16 | TRAYBURN PTY LTD | 4,000,000 | 1.22% |
| 17 | MR STEFANO SACCO | 3,871,320 | 1.18% |
| 18 | MS ANGELA MARIA GIUSTI | 3,839,749 | 1.17% |
| 19 | DIMENSIONAL HOLDINGS PTY LTD | 3,500,000 | 1.07% |
| 20 | FERGUSON SUPERANNUATION PTY LTD <FERGUSON SUPERFUND A/C> | 3,444,087 | 1.05% |
| Total: Top 20 holders of ORDINARY FULLY PAID SHARES | | 170,434,931 | 51.92% |

10. Listed Options

| Number of Options | Exercise Price | Expiry Date | Holders |
|-------------------|----------------|------------------|---------|
| 110,656,800 | \$0.032 | 8 September 2025 | 245 |

ASX Additional Information

The Top 20 largest listed option holders together held 75.2% of the securities in this class and are listed below:

| Rank | Shareholders | Number Held | Percentage |
|--|---|-------------------|---------------|
| 1 | PAPILLON HOLDINGS PTY LTD <THE VML NO 1 A/C> | 12,735,923 | 11.51% |
| 2 | KALCON INVESTMENTS PTY LTD | 10,800,000 | 9.76% |
| 3 | MR ALDO SACCO | 6,136,116 | 5.55% |
| 4 | PCTV PTY LTD <TAURUS A/C> | 5,000,000 | 4.52% |
| 5 | BUSHWOOD NOMINEES PTY LTD | 5,000,000 | 4.52% |
| 6 | KALCON INVESTMENTS PTY LTD | 5,000,000 | 4.52% |
| 7 | MR TREVOR JOHN DIXON | 5,000,000 | 4.52% |
| 8 | MR TREVOR JOHN DIXON | 4,750,000 | 4.29% |
| 9 | SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C> | 2,601,820 | 2.35% |
| 10 | ST BARNABAS INVESTMENTS PTY LTD <THE MELVISTA FAMILY A/C> | 2,000,000 | 1.81% |
| 11 | GOFFACAN PTY LTD <KMM FAMILY A/C> | 1,961,757 | 1.77% |
| 12 | MR MD AKRAM UDDIN | 1,694,157 | 1.53% |
| 13 | ELSTREE CAPITAL PTY LTD | 1,500,000 | 1.36% |
| 14 | MR HAOCHEN HU | 1,400,000 | 1.27% |
| 15 | ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C> | 1,200,000 | 1.08% |
| 16 | SISU INTERNATIONAL PTY LTD | 1,151,555 | 1.04% |
| 17 | NIGHTFALL PTY LTD <NIGHTFALL SUPERFUND A/C> | 1,100,000 | 0.99% |
| 18 | DJR 29 PTY LTD <DJR INVESTMENT A/C> | 1,000,000 | 0.90% |
| 18 | RICHSHAM NOMINEES PTY LTD | 1,000,000 | 0.90% |
| 18 | PDFX CONSULTING PTY LTD <DOWNES FAMILY A/C> | 1,000,000 | 0.90% |
| 19 | XWH SMSF PTY LTD <XWH SMSF A/C> | 951,451 | 0.86% |
| 20 | COMSEC NOMINEES PTY LIMITED | 940,000 | 0.85% |
| Total: Top 20 holders of LISTED OPTIONS EXPIRING 8 September 2025 @ \$0.032 | | 83,214,772 | 75.20% |

11. Unlisted Options

| Number of Options | Exercise Price | Expiry Date | Holders |
|-------------------|----------------|------------------|---------|
| 42,000,000 | \$0.03 | 13 December 2025 | 5 |
| 6,298,113 | \$0.091 | 5 December 2022 | 4 |

12. Franking Credits

The Company has no franking credits.

13. Securities Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited under Security Code RC1.

14. Registered Office

Suite 11, 12, Level 2, 23 Railway Road
Subiaco WA 6008
Telephone: 08 6559 1792
Website: <https://redcastle.net.au/>

15. Company Secretary

Ms Sarah Smith

ASX Additional Information

16. Share Registry

Automatic Share Registry
Level 5, 191 St Georges Terrace
Perth WA 6000
Telephone: 1300 288 664

17. Tenement Schedule

Mining tenement interests held at 23 September 2022 and their location

Western Australia

| TEN ID | STATUS | PROJECT | AREA (ha) | EXPIRY |
|----------|---------|-----------|-----------|------------|
| M39/318 | Live | Redcastle | 106ha | 15/09/2036 |
| P39/5184 | Live | Redcastle | 54ha | 15/12/2019 |
| M39/1140 | Pending | Redcastle | 54ha | - |
| P39/5307 | Live | Redcastle | 155ha | 5/02/2022 |
| M39/1155 | Pending | Redcastle | 155ha | - |
| M39/1149 | Pending | Redcastle | 155ha | - |
| P39/5568 | Live | Redcastle | 151ha | 17/04/2024 |
| P39/5573 | Live | Redcastle | 123ha | 18/04/2024 |
| P39/5814 | Live | Redcastle | 197ha | 7/02/2026 |
| P39/5815 | Live | Redcastle | 172ha | 7/02/2026 |
| P39/5858 | Live | Redcastle | 57ha | 1/07/2022 |
| P39/6185 | Live | Redcastle | 15ha | 30/06/2025 |