Mallee Resources Limited

(Formerly Myanmar Metals Limited)

ABN 48 124 943 728

Annual Report - for the year ended - 30 June 2022

Directors	Jeffrey Moore – Non-Executive Chairman John Lamb – Managing Director Rowan Caren – Executive Director Paul Arndt – Non-Executive Director
Company secretary	Rowan Caren
Alternate company secretary	Meagan Hamblin
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Email	info@malleeresources.com.au
Website	www.malleeresources.com.au
Registered office	Suite 1, Ground Floor 9 Havelock Street West Perth WA 6005 Australia
Share registry	Automic Group Level 2 267 St Georges Terrace Perth WA 6000 www.automic.com.au T: 1300 288 664
Auditor	Grant Thornton Audit Pty Ltd Level 43, Central Park 152-158 St Georges Terrace Perth WA 6000 Australia
Solicitors	Steinepreis Paganin Level 4, The Read Buildings 16 Milligan Street Perth WA 6000
Stock exchange listing	Australian Securities Exchange (ASX code: MYL)
ACN	124 943 728
ABN	48 124 943 728

The Directors present their report, together with the financial statements of Mallee Resources Limited (formerly Myanmar Metals Limited) (the Company, MYL or parent entity) and the entities it controlled at the end of, or during, the year ended 30 June 2022 (the Consolidated Entity or Group).

General information

Mallee Resources Limited is a public listed company limited by shares, incorporated and domiciled in Australia. The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

The financial statements are authorised for issue by a resolution of Directors on 29 September 2022.

Directors

The names of Directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire year unless otherwise stated:

Jeffrey Moore
John Lamb
Rowan Caren
Paul Arndt
Andrew Teo (resigned 24 November 2021)
Stephen Hendel (appointed 5 July 2022, resigned 3 September 2022)

Principal activities

During the financial year the Company sought to identify a new project, reviewed many opportunities and conducted due diligence on several.

A Deed of Company Arrangement (DOCA) jointly proposed by the Company with Hartree Metals LLC (Hartree) for the acquisition of the Avebury Nickel project was authorised for execution by the creditors of Allegiance Mining Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) (Allegiance) at the second creditors meeting held on 22 February 2022. The Allegiance Group wholly owns the Avebury nickel sulphide mine, near Zeehan in Tasmania (Avebury Nickel Project). The DOCA was executed on 7 March 2022.

On 29 June 2022 at an Extraordinary General Meeting, Company shareholder approval was granted, in accordance with ASX Listing Rule 11.1.2, in favour of the DOCA, the acquisition of the Avebury Nickel Project and for a change in the nature and scale of the Company's activities as a result of the acquisition. On effectuation of the DOCA, the Company would acquire 100% of the issued capital in Allegiance through its subsidiary Mallee Tas (Operating) Pty Ltd. The DOCA was effectuated on 6 July 2022 (DOCA Effectuation Date) and from that date the Company's principal activities are commissioning, mining and production of nickel sulphide in Tasmania, Australia.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

On 17 August 2021 the Company announced it had entered into a binding agreement to dispose of its entire interest in the Bawdwin Project to its local Bawdwin Joint Venture (BJV) partner Win Myint Mo Industries Co. Ltd (WMM) for total proceeds of US$30 million. The sale was approved by Company shareholders at the General Meeting held on 24 September 2021.

Of the US$30 million, US$16.875 million was to be paid in reimbursement of acquisition expenditure by the Company and the repayment of loans advanced by MYL and its wholly owned Myanmar operating subsidiary, Bright Mountain Resources Myanmar Co., Ltd (BMR). The balance of the US$13.125 million is comprised of US$51,000 payable as consideration for the sale of all the shares comprising BMR's 51% interest in BJV Company Limited and US$13.074 million to settle outstanding loans made by BMR to BJV. As at 30 June 2022 all of the total US$30 million proceeds has been received by the Group after deducting US$0.955 million which was applied to the settlement of operational expenditure incurred on the Bawdwin project between April and October 2021.

As noted above, in March 2022, the Company entered into a DOCA to acquire the Allegiance Group, which wholly owns the Avebury nickel sulphide mine, for total consideration of A$86.6 million ($35.5 million in cash, $51.13 million in shares) and $16.17 million in contingent consideration. The acquisition is pursuant to the terms of the DOCA, which extinguishes historical claims of Allegiance and allows the Company to pursue its future at the Avebury Nickel Project without the burden of historical liabilities. The Company also made a cash payment of $25.3 million to reimburse Hartree for funding provided during the DOCA period.

During the financial year trading of the Company's securities remained in suspension from trading on ASX. The Company expects its securities will remain in suspension until it satisfies the requirements of Chapters 1 and 2 of the ASX Listing Rules.

Operating results for the year

Net profit attributable to equity holders of the Company for the year ended 30 June 2022 was $14,807,202 (30 June 2021: $8,636,767).

The net profit for the current year has primarily arisen from the profit on sale of the Bawdwin Project of $20,435,969.

At 30 June 2022, the Group had $31.01 million in cash (30 June 2021: $10.74 million).

Significant changes in the state of affairs

During the year:

- The Company entered into a binding agreement to dispose of the Company's entire interest in the Bawdwin Project to its local BJV partner Win Myint Mo Industries Co. Ltd for total proceeds of US$30 million less US$0.955 million applied to the settlement of operational expenditure incurred on the Bawdwin Project between April and October 2021, for a total of A$39.89 million received in cash by the Group. The sale was approved by shareholders at a General Meeting held on 24 September 2021.
- The Company changed its name to Mallee Resources Limited and its 100% owned subsidiary, Locrian WA Pty Ltd, changed its name to Mallee Tas (Misc) Pty Ltd.
- The Company consolidated its issued capital on the basis that every 10 shares were consolidated into 1 share and all options on issue were consolidated in accordance with Listing Rule 7.22.1. The Company had:
  - 1,901,109,600 ordinary shares on issue pre consolidation and 190,110,960 ordinary shares on issue post consolidation.
  - 13,000,000 unquoted options expiring 7 November 2022 on issue pre consolidation with an exercise price of A$0.065 and 1,300,000 options with an exercise price of A$0.65 on issue post consolidation.
  - 40,000,000 unquoted options expiring 15 June 2022 on issue pre consolidation with an exercise price of A$0.078 and 4,000,000 options with an exercise price of A$0.78 on issue post consolidation.
- Mr Andrew Teo resigned as a Non-Executive Director effective 24 November 2021.
- On 10 December 2021 the Company issued 4,653,175 performance rights under an employee/director incentive scheme with an expiry date of 10 December 2023.
- Mallee Tas (Operating) Pty Ltd - 100% subsidiary of Mallee Resources Limited was incorporated on 25 February 2022.
- In March 2022, a DOCA was executed by the Company with Hartree for the acquisition of the Avebury Nickel Project and Company Shareholders approved the DOCA and acquisition on 29 June 2022. The DOCA effectuated on 6 July 2022 to complete the acquisition of the Avebury Nickel Project.
- 4,000,000 unlisted options with an exercise price of A$0.78 expired on 15 June 2022.

There were no other significant changes, other than those stated above, in the state of affairs of the Group during the financial year.

Subsequent Events

As at the date of this report, since 30 June 2022 the following matters or circumstances have arisen that significantly impacted or may significantly impact either:

- The Company's operations in future financial years;
- The results of those operations in future financial years; or
- The Company's state of affairs in future financial years.

Appointment and resignation of Director

On 5 July 2022, Mr. Stephen Hendel was appointed as Non-Executive Director of Mallee Resources Limited as the nominee director of Hartree Metals LLC (Hartree). Mr Hendel subsequently resigned effective 3 September 2022. As of the date of this report Hartree has not appointed an alternate nominee director.

Acquisition of the Avebury Nickel Project

On 6 July 2022, the Company announced that the Deed of Company Arrangement (DOCA) for Allegiance Mining Pty Ltd (Allegiance) was effectuated and accordingly the Company has acquired 100% of the shares in Allegiance, 100% owner of the Avebury Nickel Project for a total consideration of A$86.6 million payable in cash and shares and $16.17 million in contingent consideration.

The Company has performed a provisional assessment of the fair value of assets and liabilities of Allegiance as at the date of acquisition being A$128.44 million (as shown in the table below), this gives rise to a provisional $25.67 million gain on bargain purchase on acquisition. In accordance with Australian Accounting Standards, the Company has up to 12 months from the date of acquisition to complete its initial acquisition accounting. As of the date of this report, this assessment is not complete. The fair values adopted are based on property, equipment, other assets and mine valuations carried out by valuation specialists.

Under the DOCA effectuation, the Company completed the following transactions:

- Drew down on a US$20 million debt facility and a US$10 million bridging loan made available by Hartree Metals LLC (Hartree) (total A$43.72 million equivalent after deducting drawdown fees).
- Made a total payment of A$17.09 million to meet its payment obligations under the DOCA, this included a net payment of US$10.4 million (A$14.78 million) to Hartree, consisting of A$33.16 million consideration for the purchase of the Avebury Nickel Project, A$25.3 million reimbursements to Hartree of payments made during the DOCA period, an offset of the above finance facility and A$2.3 million (for costs associated with the transaction) to lawyers and Receivers.
- On 1 July 2022, issued 91,973,769 effectuation shares to Hartree's nominee, Hartree Metals Investment SARL, at a deemed fair value of $0.42 per share and issued 19,841,270 effectuation shares to the liquidators of Dundas Metals Pty Ltd (in liquidation) (the Liquidators) at a minimum fair value of $12,500,000. The number of shares issued to the Liquidator is contingent on the value of shares being $12,500,000 at a deemed fair value equal to the volume weighted average price of shares over the 5 trading days prior to the 30 trading days after the date upon which the Company is reinstated to trading (Liquidator Top-Up Date). An adjustment has been included in the contingent consideration (refer to note 1 below) for the Liquidator Top-Up Shares.

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Provisional details of the acquisition are as follows:	
Cash and cash equivalents	-
Plant and equipment	20,638,610
Rehabilitation asset	10,479,907
Other assets (environmental bond)	7,900,000
Exploration, evaluation and development assets	101,000,000
Trade and other payables	(1,100,000)
Rehabilitation provision	(10,479,907)
Net assets acquired	128,438,610
Gain on bargain purchase	(25,665,767)
Acquisition-date fair value of the total consideration transferred	**102,772,843**

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Representing total consideration paid or payable	
Cash paid or payable to vendor	
Net payable for costs associated with the transaction	2,313,678
Net payable to Hartree (US$39.73 million)	33,159,804
Total cash payable	35,473,482
Shares issued to vendor	
91,973,769 shares issued to Hartree at $0.42 per share	38,628,983
19,841,270 Effectuation Shares issued to Liquidators	12,500,000
	51,128,983
Contingent consideration	
Contingent consideration - (note 1)	16,170,378
Total consideration paid or payable	**102,772,843**

Note 1: Contingent consideration includes management's estimated probability of the following events occurring which may result in:

- The issue of up to 63,492,063 Liquidator Top-Up Shares as required to result in the value of shares issued to the Liquidator under the DOCA having a value of $12,500,000 at a deemed fair value equal to the volume weighted average price of Shares calculated over the 5 trading days before the Liquidator Top-Up Date (being 30 trading days after the date upon which the Company is reinstated to trading on the ASX). To the extent a shortfall remains after the issue of the Liquidator Top-Up Shares, the Company may make a cash payment; and
- The issue of up to 47,300,226 Hartree Top-Up Shares if the Company has not repatriated US$12,237,000 (Outstanding Amount) from its former investment in Myanmar within one month following the DOCA Effectuation Date and has not completed a capital raising of not less than the Outstanding Amount within 2 months of the DOCA Effectuation Date; and/or the issue of up to 10,403,143 Hartree Shortfall Shares if the Company has not repatriated US$12,237,000 (Outstanding Amount) from its former investment in Myanmar within one month following the DOCA Effectuation Date. As of the date of this report, management's best estimate of the Hartree Top-Up Shares is 34,409,462 shares at a deemed fair value of $0.42 per share, which is subject to final confirmation from Hartree.

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Acquisition costs expensed to profit or loss	588,200

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Cash used to acquire the business, net of cash acquired:	
Acquisition-date fair value of the total cash consideration transferred	(35,473,483)
Reimbursement to Hartree of funding provided during the DOCA period	(25,333,511)
Less: net off of Hartree facility as of 6 July 2022	43,721,488
Net cash used in the acquisition of Avebury Project	**(17,085,506)**

As part of the DOCA effectuation, the Company drew down on the Hartree facility and will recognise contingent consideration in relation to the potential issue of Hartree Top-Up Shares, Liquidator Top-Up Shares and Hartree Shortfall Shares (see note 1 above) under the DOCA. As a result, the Company's balance sheet will include the following liabilities in relation to the Avebury Nickel Project acquisition:

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MYL Provisional balance sheet	
Borrowings (US$30 million)	(43,721,488)
Contingent consideration	(16,170,378)
Total liabilities	**(59,891,866)**

The Company announced on 7 September 2022 that the repayment date of the short term US$10 million Hartree bridging loan has been extended to 30 September 2022.

Acquisition of tenement assets for shares
On 7 July 2022, the Company announced, after receiving shareholder approval at the MYL General Meeting on 29 June 2022, that subject to the securities of MYL being reinstated to trading on the official list of the ASX, it intends to issue an aggregate of 13,095,238 Shares at $0.42 per share to D&B Mining Pty Ltd and Zebs Minerals Pty Ltd and to pay an aggregate of $4 to D&B Mining, Zebs Minerals, Moina Gold Pty Ltd and Mr Geoffery Summers, as consideration to acquire the following assets for a total value of $5.5 million:

- Exploration licence EL5/2020 (tenement), together with all associated technical information which relates to the Tenement and any statutory licences, approvals, consents, authorisations, rights or permits relating to the Tenement (together the Tenement Assets);
- An underground mine loader, valued at $1 million; and
- Technical information relating to the Avebury Nickel Project and the Tenement (Other Mining Information).

On 29 September 2022, the Company issued 13,095,238 shares at $0.42 per share to complete the above acquisition of tenement assets, having waived the condition precedent for the securities of MYL to be reinstated to trading on the official list of the ASX.

Sale of Bright Mountain Resources
On 24 July 2022 the Company announced it had agreed to sell 100% of the shares in its Myanmar subsidiary, Bright Mountain Resources (Myanmar) Limited (BMR) to 24 Hour Mining & Industry Company Limited's subsidiary Myanmar Airways International Company Limited (MAI) for total consideration of US$10.2 million. Settlement of the transaction is to occur in tranches over the next six months with completion due by 17 January 2023. The performance of the transaction is subject to security in the form of a share pledge in favour of the Company. The net assets of BMR have been recognised as assets held for sale as at 30 June 2022.

Capital raising
On 2 August 2022 the Company issued a Prospectus to raise a minimum of $20 million and a maximum of $70 million via the issue of up to 100,000,000 fully paid ordinary shares at an issue price of $0.70 per Share. The primary purpose of the offer is to provide the necessary funds to bring the Avebury Project back into production and to enable a return of the Company's shares to quotation on the ASX. The offer was withdrawn on 2 September 2022.

Share placement
On 8 September 2022 the Company completed the first tranche share placement of 18.37 million shares at $0.42 per share to sophisticated investors to raise a total of $7.7 million. On 27 September 2022 the Company completed the second tranche share placement of 26.87 million shares at $0.42 per share to sophisticated investors to raise a total of $11.3 million. The first and second tranche share placements, together with existing cash resources and expected sales revenues, are anticipated to fund the Company’s operations as it commences commercial production of nickel concentrates from the Avebury Nickel Project.

Hartree Facility/line of credit
The Company is in negotiations with Hartree to secure either an extension of the existing US$10 million bridge facility or a US$10 million line of credit, which may require the Company's Shareholder's approval or the grant of a waiver of the ASX Listing Rules in respect of any security granted in connection with the line of credit.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

As mentioned above, the Company announced on 24 July 2022 that it had entered into a binding agreement to dispose of its Myanmar subsidiary BMR. As such, the assets and liabilities of BMR have been recognised as held-for-sale as at 30 June 2022.

Environmental legislation

The exploration and evaluation activities of the Company are conducted in accordance with the relevant government legislation. The company has a policy of complying with its environmental performance obligations and at the date of this report, is not aware of any breach of such regulations.

Information on Directors

Name:	**Jeffrey Moore**
Title:	Non-Executive Chairman
Qualifications:	B.SC, MAUSIMM, MGSA
Experience and expertise:	Mr Moore was appointed as a Non-Executive Director of the Company on 19 June 2017 and subsequently on 1 July 2019 was determined to be an Executive Director. Mr Moore was appointed as Non-Executive Chairman on 22 February 2022. Mr Moore is a member of the Remuneration and Nomination Committee and a member of the Audit Committee. He is also a corporate member of the Australasian Institute of Mining and Metallurgy and a member of the Geological Society of Australia.
Other current directorships:	Nil
Former directorships (last 3 years):	During the last three years, Mr Moore has not served as a director of any other listed company.
Interests in securities:	1,260,000 Fully Paid Ordinary Shares and 783,012 Performance Rights.

Name:	**John Lamb**
Title:	Managing Director
Qualifications:	B. Surv(IT), Grad.Dip.Man, MBA, F.AusIMM(CP), GAICD
Experience and expertise:	Mr Lamb was appointed as a Non-Executive Director and Chairman of the Company on 19 June 2017 and as Executive Chairman and CEO from 3 October 2017. Mr Lamb stepped down as Executive Chairman and Chief Executive Officer on 22 February 2022 and assumed the role of Managing Director. Mr Lamb oversees the Avebury Nickel Project site operations as General Manager. Mr Lamb is an experienced business leader in the mining, construction, forestry and transport sectors. His career of over 30 years includes Chief Executive roles for Shaw Contracting (civil construction) and Lloyds North (transport and forest services); general management roles at the Rosebery (underground polymetallic) and Century (open cut zinc/lead) mines and many years of business and technical management, principally in the minerals sector. Mr Lamb has built and managed mining operations throughout Australia and has served as a director on the boards of industry bodies, regional land management councils, a large pastoral company and several small businesses. He has consulted widely in the fields of business improvement, risk management and strategic planning. A qualified surveyor, he also holds degrees in management and business; is a Chartered Professional Fellow of the Australian Institute of Mining and Metallurgy and an Order of Merit Graduate of the AICD Company Directors course.
Other current directorships:	Nil
Former directorships (last 3 years):	During the last three years, Mr Lamb has not served as a director of any other listed company.
Interests in securities:	1,882,000 Fully Paid Ordinary Shares and 1,358,688 Performance Rights.

Name:	**Rowan Caren**
Title:	Executive Director, Company Secretary
Qualifications:	B. Com, CA
Experience and expertise:	Mr Caren was appointed as a Non-Executive Director and Company Secretary of the Company on 19 June 2017 and as an Executive Director, Company Secretary and CFO from 1 March 2018. He stepped down as CFO on 6 September 2022. Mr Caren has over 25 years commercial experience as a Chartered Accountant, having qualified with PricewaterhouseCoopers in 1992. He has been involved in the minerals exploration industry for over twenty years and in 2004 created a specialist company secretarial and advisory consultancy, Dabinett Corporate Pty Ltd. He has provided financial and corporate services to several listed and unlisted companies involved in the resources sector. Mr Caren graduated with a Bachelor of Commerce (Accounting) from the University of Western Australia and is a Member of the Institute of Chartered Accountants in Australia.
Other current directorships:	Nil
Former directorships (last 3 years):	During the last three years, Mr Caren has not served as a director of any other listed company.
Interests in securities:	1,225,000 Fully Paid Ordinary Shares and 735,914 Performance Rights.

Name:	**Paul Arndt**
Title:	Non-Executive Director
Qualifications:	BSc, MSc, Grad Dip Engineering, MBA
Experience and expertise:	Mr Arndt was appointed as a Non-Executive Director of the Company on 19 June 2018. Mr Arndt is a member of the Remuneration and Nomination Committee and the Audit Committee. Mr Arndt was appointed as Executive General Manager of Operations and Development of Perilya Limited (Perilya) in February 2008 and subsequently appointed to the joint roles of Managing Director and Chief Executive Officer of Perilya on 25 November 2008. Mr Arndt is the nominated representative of Perilya (previously the Company's largest shareholder) on the Company's board. Effective July 2022, Mr Arndt ceased to be the Managing Director and Chief Executive Officer of Perilya. During Mr Arndt's tenure at Perilya, it acquired and commenced development of an underground polymetallic (copper, zinc, gold and silver) mine in the Dominican Republic. Mr Arndt's former roles include senior general management positions with Newcrest Mining Limited at their Telfer operation in Western Australia, Pasminco Limited's Cockle Creek smelter in Boolaroo (NSW), and MIM Holdings Limited's Britannia zinc and lead operation in Avonmouth (UK).
Other current directorships:	Nil
Former directorships (last 3 years):	During the last three years, Mr Arndt has not served as a director of any other listed company.
Interests in securities:	Nil

Name:	**Andrew Teo (resigned 24 November 2021)**
Title:	Former Non-Executive Director
Qualifications:	B.Com, UWA, (CPA)
Experience and expertise:	Mr Teo is an accountant with 40 years of extensive and diversified experience in accounting, treasury, corporate, legal and business administration across several industries, including the mining industry. He was, until his retirement in March 2018, Chief Financial Officer/Executive Director of BGC (Australia) Pty Ltd., one of Australia's largest privately-owned companies, with annual turnover in excess of $2 billion and 7,000 plus staff (including sub-contractors). Mr Teo worked at BGC in excess of 35 years.
Other current directorships:	Mr Teo is the Chairman of ASX listed Medusa Mining Limited (ASX: MML)
Former directorships (last 3 years):	During the last three years, Mr Teo has not served as a director of any other listed company except Medusa Mining Limited.
Interests in securities:	Nil

Name:	**Stephen Hendel (appointed 5 July 2022, resigned 3 September 2022)**
Title:	Non-Executive Director
Qualifications:	B.A, J.D
Experience and expertise:	Mr Hendel is currently serving, and has served since March 1997, as a Founding Partner and Managing Director of Hartree Metals LLS (Hartree), where he is actively involved in the management of the firm. Mr Hendel is also the Chairman of the board of directors of Sprague Resources LP. Prior to co-founding Hartree, from 1985 to 1996, Mr Hendel was a partner at Goldman Sachs Group Inc, where he held various management roles in the J. Aron division including co-head of energy trading and oversight of J. Aron's division of quantitative strategies. From 1994 to 1996, Mr Hendel shared responsibility for the energy, commodity and currency business for J. Aron. Prior to joining J. Aron in 1980, he was an associate at Paul, Weiss, Rifkind, Wharton & Garrison. Mr Hendel holds a Bachelor's degree from Yale University and a Juris Doctor from the University of Connecticut School of Law.
Other current directorships:	Hartree, Sprague Resources LP
Former directorships (last 3 years):	During the last three years, Mr Hendel has not served as a director of any other listed company.
Interests in securities:	91,973,769 (Hartree Metals Investment SARL is the registered holder of the securities). Mr Hendel has a relevant interest in the securities pursuant to section 608(3) of the Corporations Act.

Meetings of Directors

The number of meetings of the Company's Board of Directors (the Board) held during the year ended 30 June 2022, and the number of meetings attended by each Director were:

	Directors' Meetings		Nomination and Remuneration Committee		Audit Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Jeffrey Moore	12	12	-	-	2	2
John Lamb	12	12	-	-	-	-
Rowan Caren	12	12	-	-	2	2
Paul Arndt	12	12	-	-	2	2
Andrew Teo	4	4	-	-	1	1

Remuneration report (audited)

This report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for the key management personnel (KMP) of the Company for the financial year ended 30 June 2022. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company.

Key Management Personnel
Directors

Jeffrey Moore	Non-Executive Director (appointed Chairman on 22 February 2022)
John Lamb	Managing Director (previously Executive Chairman until 22 February 2022)
Rowan Caren	Executive Director, Company Secretary and Chief Financial Officer (resigned as CFO 6 September 2022)
Paul Arndt	Non-Executive Director
Andrew Teo	Non-Executive Director (resigned 24 November 2021)

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

A Remuneration policy and elements of remuneration
B Details of remuneration for the year ended 30 June 2022
C Service agreements
D Share-based compensation
E Security holdings of Key Management Personnel
F Other transactions and balances with Key Management Personnel
G Voting and comments made at the Company's last Annual General Meeting

A. Remuneration policy and elements of remuneration

(a) Remuneration philosophy

The performance of the Company depends upon the quality of its people. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its compensation framework:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation;
- maintain a significant portion of executive compensation 'at risk', dependent upon meeting pre-determined performance benchmarks; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

During the Company's exploration and evaluation phase at Bawdwin in Myanmar and during its subsequent phase of identifying a new project, it is not anticipated that the Group will be generating operating revenue nor paying dividends or returning capital. Accordingly, there is currently no relationship between the Company's earnings or changes in the Company's share price and the Board's policy for determining the nature and amount of compensation of KMP. Subsequent to 30 June 2022, the Company acquired the Avebury Nickel Project which includes a mining asset and there is expected to be a change in the relationship between the Company's earnings or changes in the Company's share price and the Board's policy for determining the nature and amount of compensation to KMP which will be effective in FY23.

Remuneration may consist of fixed remuneration and variable components.

(b) Remuneration determination and review
The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors and all other key management personnel based on the recommendations of the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee comprises of the following Directors:

- Paul Arndt
- Jeffrey Moore

The Committee reviews and determines the remuneration policy and structure annually to ensure it remains aligned to business needs and meets remuneration principles.

Remuneration consultants were not engaged during the financial year for assistance on the current year remuneration of Executive or Non-Executive Directors. However, the remuneration committee engaged BDO Australia to assist the Remuneration and Nomination Committee to determine future Executive and Non-Executive remuneration that will be effective on the Company's shares being reinstated to trading on the ASX and will reflect the change in the nature and scale of the Company's principal activities, being the mining and production of nickel sulphide at the Avebury Nickel Project in Tasmania, Australia. Details of the proposed remuneration for FY23 were disclosed in the Company's Prospectus dated 2 August 2022.

The Remuneration and Nomination Committee will assess the appropriateness of the nature and amount of compensation of key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team.

The Board of Directors reviews fixed remuneration annually. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices.

(c) Remuneration structure
In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

(d) Fixed remuneration – executives
Executives may receive their fixed remuneration as cash, or cash with non-monetary benefits. Fixed remuneration is reviewed annually, or on promotion. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation.

The committee aims to position executives at or near the median, with flexibility to take into account capability, experience, value to the organisation and performance of the individual.

(e) Variable remuneration
In 2017 the Company adopted the Performance Rights Plan (Plan) which was approved by shareholders at the AGM on 23 October 2017.

The objective of the Plan is to attract, motivate and retain key Directors, employees and contractors. It is considered by the Company that the adoption of the Plan and the future issue of Performance Rights under the Plan will provide selected participants with the opportunity to participate in the future growth of the Company.

Refer to section D below for details of Performance Rights issued under the Plan.

(f) Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the General Meeting held on 29 June 2022 when shareholders approved an aggregate remuneration of $500,000 per year. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each non-executive director receives a fee for being a director of the company. From 1 July 2021, the fee for each non-executive director is $51,233 inclusive of superannuation.

Any services provided by the Non-Executives that are in addition to those of a Non-Executive and approved by the Chairman are charged at $1,600 per day plus applicable GST.

The compensation of directors for the year ended 30 June 2022 is detailed in the table below.

B. Details of remuneration for the year ended 30 June 2022

KMP	Year	Primary Benefits			Post-Employment	Equity	Total	%
		Salary & Fees	Annual Leave Provision[6]	Non Monetary Benefits	Superannuation	Performance Rights		Performance Related
		$	$	$	$	$	$	%
Jeffrey Moore[1]	**2022**	**197,021**	**-**	**2,142**	**18,315**	**78,751**	**296,229**	**26.6%**
Jeffrey Moore	2021	237,810	-	617	22,592	-	261,019	-
John Lamb	**2022**	**442,019**	**6,735**	**-**	**23,568**	**136,649**	**608,971**	**22.4%**
John Lamb	2021	423,397	(6,747)	-	21,694	-	438,344	-
Rowan Caren[2]	**2022**	**255,747**	**21,853**	**-**	**16,984**	**74,014**	**368,598**	**20.1%**
Rowan Caren	2021	263,489	-	-	4,277	-	267,766	-
Paul Arndt[3]	**2022**	**51,233**	**-**	**-**	**-**	**-**	**51,233**	**-**
Paul Arndt[3]	2021	49,300	-	-	-	-	49,300	-
Andrew Teo[4]	**2022**	**19,406**	**-**	**-**	**1,941**	**-**	**21,347**	**-**
Andrew Teo	2021	45,023	-	-	4,277	-	49,300	-
Roberto Cicchini	**2022**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Roberto Cicchini[5]	2021	394,957	(37,570)	-	20,470	-	377,857	-
Total KMP	**2022**	**965,426**	**28,588**	**2,142**	**60,808**	**289,414**	**1,346,378**	**-**
Total KMP	2021	1,413,976	(44,317)	617	73,310	-	1,443,586	-

Notes:

1. Mr Moore was appointed Non-Executive Chairman effective 22 February 2022.
2. Mr Caren transitioned to full time employee effective 1 November 2021 (previously Director and contractor for CFO/Company Secretary Services).
3. The amounts disclosed for Mr Arndt are paid to Perilya Limited in lieu of director fees.
4. Mr Teo resigned from the Company effective 24 November 2021.
5. Mr Cicchini resigned from the Company effective 4 June 2021.
6. The amounts disclosed in this column represent the movement in the associated provisions.

C. Service agreements

(a) Non-Executive Directors
Each of the current Non-Executive Directors has entered into a Non-Executive Director Service Deed which sets out the minimum monthly fees.

Mr Jeffrey Moore
On 22 February 2022, Mr Moore was appointed as Non-Executive Chairman and will receive $125,000 per annum inclusive of superannuation. Previously Mr Moore was employed as Executive Director, effective from 1 July 2019 and entered into a consultancy agreement effective from that date. From 1 July 2021, he received an annual director's fee of $51,233 inclusive of superannuation (prior year: $51,000 inclusive of superannuation) plus a consulting fee of $200.91 per hour including GST. The previous executive service agreement with Mr Moore was subject to four weeks' notice in the event of termination.

(b) Executive Directors

Mr John Lamb
Effective from 1 October 2017, Mr Lamb has been employed as CEO, Executive Director and Executive Chairman of the Company and has entered into an executive services agreement from that date. Effective from 1 July 2021 Mr Lamb's contracted salary is $461,565 inclusive of superannuation (previously from 1 September 2020 to 30 June 2021: $459,000 inclusive of superannuation). Mr Lamb ceased to act a CEO, Executive Director and Executive Chairman on 22 February 2022 and was appointed as Managing Director on the same date with no change to his contracted salary.

The following key terms are included in the service agreement with Mr Lamb:
- Notice period by Company or Executive is 3 months;
- In a Company initiated termination, a payment of 6 months' base fee is also payable; and
- Upon the occurrence of a change of control transaction, the Executive is entitled to a bonus payment of 12 months' base fee, subject to certain conditions.

Mr Rowan Caren
Effective from 1 March 2018, Mr Caren has been employed as Executive Director, Company Secretary and CFO of the Company and entered into a consultancy agreement effective from that Date. On 1 November 2021 Mr Caren transitioned to an employee of the Company.

From 1 July 2021, he received an annual director's fee of $51,233 inclusive of superannuation (prior year: $51,000 inclusive of superannuation) plus a consulting fee of $162,000 per annum plus GST. Any additional services provided by Mr Caren, prior to 1 November 2022, were charged at $1,600 per day plus applicable GST. Effective from 1 November 2022 Mr Caren received $226,273 per annum exclusive of superannuation until 22 February 2022 when he transitioned to full time basis for a contracted salary of $284,091 per annum exclusive of superannuation.

The following key terms are included in the service agreement with Mr Caren:
- Notice period by Company or Executive is 3 months;
- In a Company initiated termination, a payment of 6 months' base fee is also payable; and
- Upon the occurrence of a change of control transaction, the Executive is entitled to a bonus payment of 12 months' base fee, subject to certain conditions.

D. Share-based compensation

On 10 December 2021, the Company issued 2,877,614 performance rights to Directors, subject to various vesting conditions, under the director incentive scheme as approved by the Company's shareholders at the annual general meeting held on 30 November 2021. The fair value of the performance rights was determined using a Monte Carlo valuation methodology to incorporate a probability-based value impact of the market vesting conditions.

The performance rights are subject to the vesting conditions set out below. For the Performance Rights to vest, all vesting conditions must be met.

- Condition 1:
  The options vest if an acquisition of a new project becomes unconditional and the Company returns to quotation; or a takeover offer for the Company or by the Company becomes unconditional and/or the Company returns to quotation; or a scheme of arrangement to be approved by the Company or the target's shareholders is approved by the applicable party, is approved by the court at the second court hearing and is successfully implemented and/or the Company returns to quotation.
- Condition 2:
  In the event the Company continues to be a listed entity upon completion of a transaction that satisfies vesting condition 1, the Company's market capitalisation must not be less than $60 million. This is to be measured using a 10-trading day VWAP over the 30 days following the Company's shares recommencement of trading.
- Condition 3:
  Continuous service until both vesting condition 1 and vesting condition 2 have been satisfied.

As the above vesting conditions were not met as at 30 June 2022, the options have not vested. Note that, as disclosed in Note 30, subsequent to balance sheet date, the DOCA has been effectuated resulting in the Company acquiring the Avebury Nickel Project. Management have taken the conservative view that, as of 30 June 2022, there is still a level of uncertainty of when or if the vesting conditions will be achieved and as such, the performance rights have not been fully expensed as at 30 June 2022.

Director	Grant Date	Balance at start of the year	Issued during the year	Vested	Balance at the end of the year (unvested)	Value recognised to date	Total Fair Value
		Number	Number	Number	Number	($)	($)
Jeffrey Moore	10/12/2021	-	783,012	-	783,012	78,751	274,694
John Lamb	10/12/2021	-	1,358,688	-	1,358,688	136,649	476,651
Rowan Caren	10/12/2021	-	735,914	-	735,914	74,014	258,171

The fair value of the performance rights granted during the financial year were estimated on the date of grant using the following assumptions:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Expected Volatility	Dividend Yield	Risk-Free Interest Rate	Fair Value at Grant Date
		$	$	%		%	$
10/12/2021	10/12/2023	0.42	-	100.00%	-	0.87%	0.3508

E. Security holdings of Key Management Personnel

(a) Shareholdings of Key Management Personnel
Shareholdings of key management personnel as at the end of the year.

	Balance at the start of the year	Equity Consolidation (10:1)	Acquired	Balance at the end of the year
	Number	Number	Number	Number
Jeffrey Moore	12,600,000	(11,340,000)	-	1,260,000
John Lamb	18,820,000	(16,938,000)	-	1,882,000
Rowan Caren	12,250,000	(11,025,000)	-	1,225,000
Paul Arndt	-	-	-	-
Andrew Teo	-	-	-	-
	43,670,000	(39,303,000)	-	4,367,000

(b) Performance rights holdings of Key Management Personnel

	Balance at the start of the year	Issued	Balance at the end of the year
	Number	Number	Number
Jeffrey Moore	-	783,012	783,012
John Lamb	-	1,358,688	1,358,688
Rowan Caren	-	735,914	735,914
Paul Arndt	-	-	-
Andrew Teo	-	-	-
	-	2,877,614	2,877,614

F. Other transactions and balances with Key Management Personnel

There are no other transactions or balances between the company and current key management personnel that have not otherwise been disclosed in this remuneration report.

G. Voting and comments made at the Company’s last Annual General Meeting

A total of 83.06% of proxy votes cast at the Company’s 2021 Annual General Meeting on the resolution dealing with the Remuneration Report for the financial year ended 30 June 2021 were cast in favour of the resolution. The resolution was passed by the required 75% majority on a show of hands. There was no specific feedback at the Annual General Meeting in relation to the Remuneration Report.

End of audited remuneration report.

This concludes the remuneration report, which has been audited.

Share options and performance rights

Details of unissued ordinary shares under option at the date of this report are as follows:

- 1,300,000 Unlisted Options exercisable at 6.5 cents each and expiring on 7 November 2022.
- 4,653,175 performance rights, subject to various vesting conditions and expiring on 10 December 2023.

No ordinary shares were issued during the financial year as a result of the exercise of listed options (2021: 5,850,000). No ordinary shares were issued during the financial year as a result of the conversion of performance rights (2021: nil). There are no unpaid amounts on the shares issued.

Indemnity and insurance of officers

The Company has agreed to indemnify the directors of the Company against all liabilities to another person (other than the Company or related body corporate) that may arise from their position as officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has insured all of the Directors and Officers of the Company. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act 2001 does not require disclosure of the information in these circumstances.

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 purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 28 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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

____

Rowan Caren
Director

29 September 2022
Perth

Grant Thornton Audit Pty Ltd
Level 43 Central Park
152-158 St Georges Terrace
Perth WA 6000
PO Box 7757
Cloisters Square
Perth WA 6850

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Auditor's Independence Declaration

To the Directors of Mallee Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Mallee Resources Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 29 September 2022

	Note	2022 $	2021 $
Other income	6	46,917	29,445
Exploration and evaluation expenses		-	(1,747,020)
Corporate and administration expenses		(4,488,034)	(2,677,370)
Net foreign exchange gain/(loss)		1,389,911	(108,341)
Finance expenses	7	(12,293)	(10,980)
Loss before income tax expense from continuing operations		(3,063,499)	(4,514,266)
Income tax expense	9	-	-
Loss after income tax expense from continuing operations		(3,063,499)	(4,514,266)
Profit/(loss) after income tax expense from discontinued operations	10	17,870,701	(4,122,501)
Profit/(loss) after income tax expense for the year attributable to the owners of Mallee Resources Limited		14,807,202	(8,636,767)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(5,446,826)	(240,655)
Other comprehensive loss for the year, net of tax		(5,446,826)	(240,655)
Total comprehensive income/(loss) for the year attributable to the owners of Mallee Resources Limited		9,360,376	(8,877,422)
Total comprehensive income/(loss) for the year is attributable to:			
Continuing operations		(8,510,325)	(4,754,921)
Discontinued operations		17,870,701	(4,122,501)
		9,360,376	(8,877,422)

	Note	Cents	Cents
Earnings per share for loss from continuing operations			
Basic loss per share	11	(1.61)	(0.24)
Diluted loss per share	11	(1.61)	(0.24)
Earnings per share for profit/(loss) from discontinued operations			
Basic earnings/(loss) per share	11	9.40	(0.22)
Diluted earnings/(loss) per share	11	9.40	(0.22)
Earnings per share for profit/(loss) attributable to the owners of Mallee Resources Limited			
Basic earnings/(loss) per share	11	7.79	(0.46)
Diluted earnings/(loss) per share	11	7.79	(0.46)

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

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	12	31,006,250	10,735,507
Trade and other receivables	13	228,298	112,442
		31,234,548	10,847,949
Non-current assets classified as held for sale	10	14,820,761	25,699,121
Total current assets		46,055,309	36,547,070
Non-current assets			
Plant and equipment	14	296,719	10,072
Right-of-use assets	16	116,485	170,247
Total non-current assets		413,204	180,319
Total assets		46,468,513	36,727,389
Liabilities			
Current liabilities			
Trade and other payables	15	822,517	204,831
Lease liabilities	17	54,617	50,130
Provisions		224,549	177,046
		1,101,683	432,007
Liabilities directly associated with assets classified as held for sale	10	14,548	710,737
Total current liabilities		1,116,231	1,142,744
Non-current liabilities			
Lease liabilities	17	71,428	126,045
Total non-current liabilities		71,428	126,045
Total liabilities		1,187,659	1,268,789
Net assets		45,280,854	35,458,600
Equity			
Issued capital	18	102,320,558	102,320,558
Other contributed equity	19	777,194	777,194
Reserves	20	(4,736,172)	1,973,989
Accumulated losses		(53,080,726)	(69,613,141)
Total equity		45,280,854	35,458,600

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

	Issued capital $	Other equity $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2020	92,606,479	777,194	2,423,821	(60,976,374)	34,831,120
Loss after income tax expense for the year	-	-	-	(8,636,767)	(8,636,767)
Other comprehensive loss for the year, net of tax	-	-	(240,655)	-	(240,655)
Total comprehensive loss for the year	-	-	(240,655)	(8,636,767)	(8,877,422)
Transactions with owners recorded directly in equity:					
Issue of shares	9,500,000	-	-	-	9,500,000
Exercise of options	409,500	-	-	-	409,500
Transfer from reserves	224,251	-	(224,251)	-	-
Share-based payment expense	-	-	15,074	-	15,074
Transaction costs arising from share issue	(419,672)	-	-	-	(419,672)
Balance at 30 June 2021	102,320,558	777,194	1,973,989	(69,613,141)	35,458,600

	Issued capital $	Other equity $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2021	102,320,558	777,194	1,973,989	(69,613,141)	35,458,600
Profit after income tax expense for the year	-	-	-	14,807,202	14,807,202
Other comprehensive loss for the year, net of tax	-	-	(5,446,826)	-	(5,446,826)
Total comprehensive income/(loss) for the year	-	-	(5,446,826)	14,807,202	9,360,376
Transactions with owners recorded directly in equity:					
Issue of shares	-	-	-	-	-
Exercise of options	-	-	-	-	-
Transfer from reserves	-	-	-	-	-
Share-based payment expense	-	-	461,878	-	461,878
Transaction costs arising from share issue	-	-	-	-	-
Expiry of options	-	-	(1,725,213)	1,725,213	-
Balance at 30 June 2022	102,320,558	777,194	(4,736,172)	(53,080,726)	45,280,854

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

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		27,000	-
Payments to suppliers and employees (inclusive of GST)		(4,288,647)	(8,425,209)
Interest received		6,416	29,052
Net cash used in operating activities		(4,255,231)	(8,396,157)
Cash flows from investing activities			
Payments to acquire other non-current assets	14	(313,891)	(1,740)
Payments to acquire exploration assets		-	(205,601)
Cash received from sale of JV interest	10	39,898,011	-
Proceeds from disposal of property, plant and equipment		800	-
Net cash from/(unused in) investing activities		39,584,920	(207,341)
Cash flows from financing activities			
Proceeds from issue of equity securities	18	-	9,909,500
Equity securities issue transaction costs	18	-	(419,672)
Lease repayments	17	(64,738)	(84,093)
Net cash (used in)/from financing activities		(64,738)	9,405,735
Net increase in cash and cash equivalents		35,264,951	802,237
Cash and cash equivalents at the beginning of the financial year		11,425,951	11,116,138
Effects of exchange rate changes on cash and cash equivalents		1,839,890	(492,424)
Cash and cash equivalents at the end of the financial year		48,530,792	11,425,951
Cash and cash equivalents included in disposal group		17,524,542	690,444
Cash and cash equivalents for continuing operations		31,006,250	10,735,507
		48,530,792	11,425,951

**The above consolidated statement of cash flows includes both continuing and discontinued operations. Amounts relating to discontinued operations are disclosed in Note 10.*

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

Note 1. General information

Mallee Resources Limited (the Company) is a company domiciled in Australia. The financial statements of the Company as at and for the year ended 30 June 2022 comprise the Company and its consolidated entities (Consolidated Entity or Group).

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 September 2022.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation
These consolidated general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Mallee Resources Limited is a listed public company limited by shares, incorporated in Australia. The financial report is presented in Australian dollars.

(i) Statement of compliance
These financial statements comply with Australian Accounting Standards and International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) Historical cost convention
The financial statements have been prepared on an accrual basis under the historical cost convention unless otherwise stated.

(b) New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.
Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(c) Going concern
The consolidated financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business. As disclosed in the financial statements, the Company incurred net cash outflows from operating activities of $4.26 million. The Directors are satisfied the Company is a going concern, whilst it incurred a total comprehensive income of $9.36 million for the year ($8.51 million loss from continuing operations and $17.87 million profit from discontinued operations), it has a net asset position of $45.28 million and a cash balance of $31.01 million as at 30 June 2022.

Subsequent to year end the Company, on Effectuation of the DOCA and acquisition of the Avebury Project, drew down on a US$20 million debt facility and a US$10 million bridging loan made available by Hartree Metals LLC (Hartree) (total A$43.72 million equivalent after deducting drawdown fees). The Company also paid a total of $17 million to Hartree, lawyers and the Receivers in relation to the acquisition of Allegiance. On 8 September 2022, the Company completed the first tranche share placement of 18.37 million shares at $0.42 per share to sophisticated investors to raise a total of $7.7 million and on 27 September 2022 the Company completed the second tranche share placement of 26.87 million shares at $0.42 per share to sophisticated investors to raise a total of $11.3 million. The first and second tranche share placements, together with existing cash resources and expected sales revenues, are anticipated to fund the Company’s operations as it commences commercial production of nickel concentrates from the Avebury Nickel Project.

The Company has secured an extension of the Hartree US$10 million bridging loan to 30 September 2022 and is negotiating additional finance from Hartree to replace or extend that facility upon its expiry.

The Company has forecast positive cash flows from its Avebury Nickel Project, which is anticipated to commence production in September 2022, with first revenues expected in October 2022.

Note 2. Significant accounting policies (continued)

(c) Going concern (continued)

The Company anticipates repatriating the full amount of the proceeds of sale (US$10.2 million) from the sale of Bright Mountain Resources Myanmar Limited (BMR) by January 2023.

The Company has the ability to reduce forecast expenditure if required and it is anticipated that additional capital can be raised in the future if required.

The financial report has been prepared on a going concern basis which assumes that the Company will continue to pay its debts as and when they fall due. The validity of this assumption depends on:

- The Company being able to repatriate proceeds from the sale of BMR;
- The Company being able to secure further funding from Hartree Metals LLC or another party;
- The Company's ability to raise additional capital as required; and
- The Company's ability to generate cash flows from the successful mining and production from its Avebury Nickel operation.

Should the Company be unable to maintain sufficient funding as outlined above, there is material uncertainty whether or not the Company will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

The Directors believe that the Company will be successful in the above matters and accordingly, have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2022.

(d) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company and the results of all its subsidiaries.

Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power.

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, is exposed or has rights to variable returns from its involvement and has the ability to use its power to affect the returns of those entities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Intercompany transactions and balances, income and expenses and profits and losses between Group companies, are eliminated.

A change in ownership interest, without the loss of control, is accounted for as an equity transaction. All investments in subsidiaries made by the parent are held at cost.

Note 2. Significant accounting policies (continued)

The Group's interests in joint arrangements, whereby the Group has the right to it's share of the assets and obligations for the liabilities of the joint arrangement is accounted for by recognising the Group's share of assets, liabilities, revenues and expenses.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars ($), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as held for trading financial assets are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

(f) Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Note 2. Significant accounting policies (continued)

(g) New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2022.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

(h) Other taxes
Revenues, expenses and assets are recognised net of the amount of GST except:
- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amounts of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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

Note 3. Financial instruments

Recognition and derecognition
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

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

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:
- amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorised as FVOCI. The classification is determined by both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items.

Subsequent measurement of financial assets
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Note 3. Financial instruments (continued)

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

Financial assets at fair value through profit or loss (FVTPL)
Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets
AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. Instruments within the scope of AASB 9 include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:
- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2).

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities
The Company's financial liabilities include trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

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

Note 4. Critical accounting judgements, estimates and assumptions

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Estimates and underlying assumptions that management has made in the process of applying the Company's accounting policies in these financial statements have been included in the following notes:

- Note 10 - discontinued operations - the values of the assets and liabilities held for sale are carried at the lower of cost or fair value less costs of disposal;
- Note 13 - trade and other receivables - the carrying value of receivables and the required expected credit loss charge. The carrying value of receivables at 30 June 2022 has been assessed as being considered recoverable;
- Note 20 - reserves and Note 21 share-based payments - the value of the Company's granted unlisted share options, which are determined using a Monte Carlo valuation model and include key estimates such as volatility rate and risk-free interest rate; and
- Note 30 - subsequent events - given the business combination is not complete by the end of the current reporting period, the numbers presented in the company’s subsequent events note will be provisional amounts.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Note 5. Segment reporting

During the year, the Group operated predominantly in one reportable business segment, managed by one segment manager and in one geographical location. The operations of the consolidated entity consisted of minerals exploration and evaluation, within Myanmar up until November 2021 and subsequently operations consisted of Australian based operations searching for, reviewing and performing due diligence on potential new projects.

The information disclosed in the financial statements is the same information utilised in internal reporting by the chief operating decision maker (CODM). Accordingly, no additional quantitative or qualitative disclosures are required.

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company. Unless otherwise stated, all amounts reported to the Board of Directors as the CODM with respect to operating segments, are determined in accordance with AASB 8 Operating Segments.

Note 6. Other income

	2022 $	2021 $
Interest income	5,622	29,836
(Loss) on disposal of assets	-	(391)
Other income	41,295	-
Other income	46,917	29,445

Other income in the current period mostly relates to monthly hire income on the underground grader used at the Avebury Mine ($40,500) and minor insurance refund ($795).

Note 6. Other income (continued)

Accounting policy for other income
Other income is recognised when the amount can be reliably measured and on satisfaction of the respective performance obligation. Interest is recognised using the effective interest method.

Note 7. Finance expenses

	2022 $	2021 $
Interest expense - leases	12,293	10,980

Accounting policy for finance costs
Finance costs are recognised in profit or loss for all interest-bearing instruments on an accrual basis using the effective interest method.

Note 8. Other expenses

Disclosure of specific expenses by nature that are included in the result for the year:

	2022 $	2021 $
Expenses by nature		
Employee benefits expense (including share-based payments)	2,337,768	781,816
Depreciation	25,799	4,778
Amortisation of right-of-use asset	53,762	37,948
Impairment expense (note 1)	-	242,127

Note 1: The prior year impairment expense relates to the impairment of the capitalised exploration and evaluation asset relating to the Company's option agreement with Locrian Precious Metals Company Limited (Locrian) to acquire up to an 85% equity interest in Locrian by the way of phased investment. The exploration and evaluation asset was impaired upon termination of the Locrian agreement on 15 March 2021.

Note 9. Income tax

(a) Income tax recognised in profit or loss

	2022 $	2021 $
Income tax expense comprises:		
Current tax benefit	(1,250,150)	(788,171)
Deferred tax benefit	3,413,329	1,375,876
Deferred tax assets not brought to account	(511,466)	163,975
Adjustment in respect of current income tax of previous periods	(1,651,713)	(751,680)
Aggregate income tax expense	-	-

Note 9. Income tax (continued)

(b) Numerical reconciliation between income tax expense and loss before income tax

Loss before income tax expense from continuing operations	(3,063,499)	(4,514,266)
Profit/(loss) before income tax expense from discontinued operations	17,870,701	(4,122,501)
	14,807,202	(8,636,767)
Tax at the statutory tax rate of 30% (2021: 30%)	4,442,161	(2,591,030)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible overseas expenses	5,869,899	1,665,059
Non-deductible share-based payment expenses	(138,563)	4,522
Non-deductible other expenses	(2,469)	65,263
Difference in overseas tax rates	(8,007,848)	268,481
Adjustments in respect of current income tax of previous periods	(1,651,714)	751,680
	511,466	163,975
Current year losses for which no deferred tax asset was recognised	(511,466)	(163,975)
Income tax expense	-	-

(c) Deferred tax assets and liabilities

	2022 $	2021 $
Deferred tax assets and liabilities		
Deferred tax assets		
Annual leave provision	67,365	53,114
Capital raising costs	141,355	167,156
Other accruals	26,071	16,998
Tax losses - revenue	3,806,661	2,899,056
Tax losses - capital	1,566,807	1,566,807
Right-of-use asset	2,868	1,778
Unrealised foreign exchange	-	27,978
	5,611,127	4,732,887
Deferred tax liabilities		
Receivables	(17,100)	-
Property, plant and equipment	(88,253)	(2,354)
	(105,353)	(2,354)
Net deferred tax assets not recognised	(5,505,774)	(4,730,533)
Net deferred tax assets	-	-

(d) Carry forward tax losses

	2022 $	2021 $
Unused tax losses for which no deferred tax asset has been recognised	12,688,870	8,521,702
Potential tax benefit @ 30% (2021: 30%)	3,806,661	2,556,511

Note 9. Income tax (continued)

The benefit of deferred tax assets not brought to account will only be brought to account if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
(c) no changes in tax legislation adversely affect the Group in realising the benefit.

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 10. Discontinued operations

	$
Profit before income tax from discontinued operations - BJV (Note 10a)	20,435,969
Loss before income tax from discontinued operations - BMRML (Note 10b)	(2,564,861)
Loss from other assets disposed	(407)
	17,870,701

a) Divestment of Bawdwin Project

In July 2021, management announced to the market, it had committed to a plan to divest its interest in the Bawdwin Project. Accordingly, all assets and liabilities associated with the project are presented as a disposal group held for sale. Revenue and expenses relating to the divestment of the interest in this project have been eliminated from profit or loss from the group's continuing operations and are shown as a single line item in the statement of profit or loss.

On 17 August 2021 the Company announced it had entered into a binding agreement to dispose of its entire interest in the Bawdwin Project including its shareholding in BJV Company Limited to its local Bawdwin Joint Venture (BJV) partner Win Myint Mo Industries Co. Ltd (WMM) for total proceeds of US$30 million. The sale was approved by Company shareholders at the General Meeting held on 24 September 2021.

Of the US$30 million, US$16.875 million was to be paid in reimbursement of acquisition expenditure by the Company and the repayment of loans advanced by MYL and its wholly owned Myanmar operating subsidiary, Bright Mountain Resources Myanmar Co., Ltd (BMR). The balance of the US$13.125 million is comprised of US$51,000 payable as consideration for the sale of all the shares comprising BMR’s 51% interest in BJV Company Limited and US$13.074 million to settle outstanding loans made by BMR to BJV. As at 30 June 2022 all of the total US$30 million proceeds has been received by the Group less US$0.955 million applied to the settlement of operational expenditure incurred on the Bawdwin project between April and October 2021.

As of 1 November 2021, WMM gained control over BJV Company Limited. Details of the assets and liabilities disposed of, and the calculation of the gain or loss on disposal, are presented below.

Financial performance information - BJV	**$**
Loss from discontinued operations	(1,285,701)
Gain on disposal of discontinued operations	21,721,670
Profit before income tax expense from discontinued operations	20,435,969
Income tax expense for discontinued operations	-
Profit after income tax expense from discontinued operations	20,435,969

Note 10. Discontinued operations (continued)

Gain on disposal - BJV	$
Proceeds received	
Proceeds received in cash as at 30 June 2022 (US$29.045m)	39,898,011
Less fair value of assets and liabilities disposed	
Cash and cash equivalents	(7,400)
Current other receivables	(6,879)
Non-current other receivables	(949,189)
Property, plant and equipment	(78,444)
Lease asset	(7,198)
Exploration and evaluation asset	(19,579,997)
Trade and other payables	1,776,918
Identifiable net assets disposed	**(18,852,189)**
Foreign currency translation reserve	675,848
Gain arising on disposal of interests in BJV	**21,721,670**

The BJV operation is presented separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as a discontinued operation.

The loss for the BJV business for the reporting period is set out below including comparative information.

Financial performance information - BJV	2022 $	2021 $
Other revenue	-	349,488
Exploration and evaluation expense	(1,285,701)	(4,015,122)
Corporate and administrative expenses	-	(36,291)
Net foreign exchange gain	-	16,040
Finance costs	-	(436,616)
Net loss from discontinued operations	(1,285,701)	(4,122,501)

Cashflow information - BJV	2022 $	2021 $
Net operating cash flows From Discontinuing Operations	(680,729)	(62,864)
Net investing cash flows From Discontinuing Operations	-	(696)
Net financing cash flows From Discontinuing Operations	(2,315)	(41,093)
Net decrease in cash and cash equivalents from discontinued operations	**(683,044)**	**(104,653)**
Cash and cash equivalents of the Discontinued Operation at the beginning of the period	690,444	795,097
Cash and cash equivalents of the Discontinued Operation at the end of the period	**7,400**	**690,444**

Note 10. Discontinued operations (continued)

b) Divestment of Bright Mountain Resources (Myanmar) Limited

On 24 July 2022 the Company announced it had agreed to sell its Myanmar subsidiary, Bright Mountain Resources (Myanmar) Limited (BMR). The Company will sell all the shares in BMR to 24 Hour Mining & Industry Company Limited's subsidiary, Myanmar Airways International Company Limited (MAI) for a total of US$10.2 million. As the sale is highly probable as at 30 June 2022, it meets the criteria in AASB *5 Non-current Assets Held for Sale and Discontinued Operations* to be recognised as a non-current asset held for sale. Accordingly, all assets and liabilities of BMR have been presented as assets and liabilities held for sale as at 30 June 2022. Revenue and expenses relating to BMR's activities have been eliminated from profit or loss from the group's continuing operations and are shown as a single line item in the statement of profit or loss.

Financial performance information - BMR	**2022 $**	**2021 $**
Interest income	13,145	69,214
Net foreign exchange (gain)/loss	224,777	(27,296)
Other administrative expenses	(51,249)	(93,294)
Loss on remeasurement of assets to fair value less costs of disposal (note 1)	(2,751,534)	-
Loss before income tax expense from discontinued operations	(2,564,861)	(51,376)
Income tax expense for discontinued operations	-	-
Loss after income tax expense from discontinued operations	(2,564,861)	(51,376)

Note 1: As at 30 June 2022 the value of BMR's net assets held for sale was $17.1m consisting largely of cash balance of A$17.5m due to the receipt of funds from the sale of BJV (refer to note above). On 24 July 2022 the Company announced it had agreed to sell BMR to MAI for US$10.2 million. As a result, the net assets of BMR have been recognised at their fair value of US$10.2 million (A$14.8 million equivalent) and a loss on remeasurement of net assets held for sale has been recognised of A$2.7 million accordingly.

Cashflow information - BMR	**2022 $**	**2021 $**
Net cash used in in operating activities	(224,396)	(76,262)

Carrying amount of assets and liabilities held for sale - BMR	**2022 $**
Cash and cash equivalents	17,524,542
Other receivables	47,517
Property, plant and equipment	236
Loss on remeasurement of assets to fair value less costs of disposal (note 1 above)	(2,751,534)
Total assets	14,820,761
Trade and other creditors	(14,548)
Net assets held for sale	**14,806,213**

Accounting policy for discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is an investment acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Note 11. Loss per share

	2022 $	2021 $
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of Mallee Resources Limited	(3,063,499)	(4,514,266)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	190,111,002	1,859,995,178
Weighted average number of ordinary shares used in calculating diluted earnings per share	190,111,002	1,859,995,178
	Cents	**Cents**
Basic loss per share	(1.61)	(0.24)
Diluted loss per share	(1.61)	(0.24)

	2022 $	2021 $
Earnings per share for profit/(loss) from discontinued operations		
Profit/(loss) after income tax attributable to the owners of Mallee Resources Limited	17,870,701	(4,122,501)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	190,111,002	1,859,995,178
Weighted average number of ordinary shares used in calculating diluted earnings per share	190,111,002	1,859,995,178
	Cents	**Cents**
Basic earnings/(loss) per share	9.40	(0.22)
Diluted earnings/(loss) per share	9.40	(0.22)

	2022 $	2021 $
Earnings per share for profit/(loss)		
Profit/(loss) after income tax attributable to the owners of Mallee Resources Limited	14,807,202	(8,636,767)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	190,111,002	1,859,995,178
Weighted average number of ordinary shares used in calculating diluted earnings per share	190,111,002	1,859,995,178
	Cents	**Cents**
Basic earnings/(loss) per share	7.79	(0.46)
Diluted earnings/(loss) per share	7.79	(0.46)

Note 11. Loss per share (continued)

Note 1: At 30 June 2022, there were no listed options and 1,300,000 unlisted options on issue (2021: Nil listed options, 53,000,000 unlisted options) which represents 1,300,000 potential ordinary shares (2021: 53,000,000) which were considered non-dilutive as they would decrease the earnings/(loss) per share.

Accounting policy for earnings/(loss) per share

Basic earnings per share

Basic earnings/(loss) per share is calculated as net profit/(loss) attributable to members of the company, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

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 12. Cash and cash equivalents

	2022 $	2021 $
Cash and cash equivalents		
Cash at bank and on hand	31,006,250	10,735,507

	2022 $	2021 $
Reconciliation of cash flows from operating activities		
Profit/(loss) for the year	14,807,202	(8,636,767)
Adjustments for		
Depreciation	25,799	22,561
Share based payments	461,878	15,074
Finance expenses	-	84,370
Foreign currency loss/(gain)	(1,389,910)	(340,116)
Depreciation - leases	53,762	74,239
Interest expense - leases	12,293	13,738
Profit/(loss) on disposal of subsidiaries	(18,776,233)	242,127
Loss on disposal of Property, plant and equipment	644	(391)
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(115,855)	220,312
Increase/(decrease) in trade and other payables	617,686	(21,674)
Increase/(decrease) in other provisions	47,503	(69,630)
Net cash used in operating activities	(4,255,231)	(8,396,157)

Accounting policy for cash and cash equivalents

Cash comprises cash at bank and on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Note 13. Trade and other receivables

	2022 $	2021 $
Trade and other receivables - current		
Deposits	46,699	45,515
Other receivables	109,750	65,743
Prepayments	56,999	1,184
Trade receivables	14,850	-
	228,298	112,442

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

Accounting policy for trade and other receivables
Trade receivables are recognised initially at the value of the invoice sent to the counter-party and are subsequently measured at amortised cost less any provisions for expected credit losses (impairment).

The Group uses the general approach to impairment, as applicable under AASB 9: Financial Instruments. Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Note 14. Plant and equipment

	2022 $	2021 $
Plant and equipment		
Plant and equipment - at cost	46,804	72,227
Less: Accumulated depreciation	(17,184)	(62,155)
	29,620	10,072
Machinery - at cost	288,194	-
Less: Accumulated depreciation	(21,095)	-
	267,099	-
	296,719	10,072

Note 14. Plant and equipment (continued)

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

	Machinery $	Plant & Equipment $	Total $
Balance at 1 July 2020	-	128,394	128,394
Additions	-	1,740	1,740
Disposals	-	(3,232)	(3,232)
Foreign currency gain/losses	-	(13,218)	(13,218)
Transfer to non-current asset held for sale (note 10)	-	(81,051)	(81,051)
Depreciation expense	-	(22,561)	(22,561)
Balance at 30 June 2021	-	10,072	10,072
Additions	288,194	25,460	313,654
Disposals	-	(1,208)	(1,208)
Depreciation expense	(21,095)	(4,704)	(25,799)
Balance at 30 June 2022	267,099	29,620	296,719

Accounting policy for property, plant and equipment
Machinery and plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives which for plant and equipment is between 2.5 and 16 years depending on the type of asset and for machinery is 4 years.

Note 15. Trade and other payables

	2022 $	2021 $
Trade and other payables - current		
Trade payables	720,084	113,685
Other payables	102,433	91,146
	822,517	204,831

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. The amounts are unsecured and are usually paid at the end of the month following date of recognition.

Note 16. Right-of-use assets

	2022 $	2021 $
Right-of-use asset		
Land and buildings - right of use	208,195	301,557
Less: Accumulated depreciation	(91,710)	(131,310)
	116,485	170,247

Reconciliations

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

	Land and Buildings $
Balance at 30 June 2020	73,504
Classified as held for sale	(9,576)
New leases	185,582
Exchange differences	(5,024)
Depreciation expense	(74,239)
Balance at 30 June 2021	170,247
Depreciation expense	(53,762)
Balance at 30 June 2022	116,485

Accounting policy for right-of-use assets

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

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

Note 17. Lease liabilities

	2022 $	2021 $
Lease liability - current		
Lease liability	54,617	50,130
Lease liability - non-current		
Lease liability	71,428	126,045

Note 17. Lease liabilities (continued)

Lease Liabilities		
Maturity analysis - contractual undiscounted cashflows		
Lease payments less than 1 year	(62,727)	(63,993)
Lease payments 2-5 years	(75,063)	(161,738)
Lease payments 5+ years	-	-
	(137,790)	(225,731)
Amounts recognised in profit or loss		
Interest on lease liabilities	(12,293)	(13,738)
Depreciation - right-of-use asset	(53,762)	(74,239)
Amounts recognised in the statement of cash flows		
Total cash outflows for leases	(64,738)	(84,093)

Accounting policy for lease liabilities

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

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

Note 18. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	190,111,015	1,901,109,600	102,320,558	102,320,558

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 July 2020	1,768,592,941		92,606,479
Exercise of unlisted options		5,850,000	$0.070	409,500
Issue of shares		93,333,326	$0.075	7,000,000
Share purchase plan		33,333,333	$0.075	2,500,000
Transaction costs on share issues		-	-	(419,672)
Transfer to reserves		-	-	224,251
Balance	30 June 2021	1,901,109,600		102,320,558
Consolidation of share capital (1:10 basis)	28 September 2021	(1,710,998,585)	-	-
Balance	30 June 2022	190,111,015		102,320,558

Note 18. Issued capital (continued)

Ordinary shares
Holders of ordinary shares are entitled to one vote per share at shareholder meetings. In the event of winding up of the Company, ordinary shareholders are fully entitled to any proceeds of liquidation subject to prior entitlement.

Accounting policy for issued capital
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.

Note 19. Other contributed equity

	2022 $	2021 $
Other contributed equity	777,194	777,194

Other contributed equity relates to the equity component recognised on initial recognition of convertible notes settled in previous periods.

Note 20. Reserves

	2022 $	2021 $
Share based payments reserve	764,778	2,028,113
Foreign currency translation reserve	(5,500,950)	(54,124)
	(4,736,172)	1,973,989

(a) Nature and purpose of reserves:

Share based payments reserve
The share-based payments reserve is used to recognise the grant date fair value of securities issued to directors, employees and consultants; and the value of option premiums received.

Foreign currency translation reserve
The foreign currency translation reserve is used to recognise exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(b) Balances of options and rights

	2022 Number	2021 Number	2022 $	2021 $
Balance of options and rights				
Unlisted Options 7.8c, 15 June 2022	-	40,000,000	-	1,725,213
Unlisted Options 6.5c, 7 November 2022[1]	1,300,000	13,000,000	302,900	302,900
Performance rights expiring 10 December 2023	4,653,175	-	461,878	-
	5,953,175	53,000,000	764,778	2,028,113

[1] Consolidation of share capital occurred during the year on a 1:10 basis.

Note 20. Reserves (continued)

(c) Movements in the number and value of options and rights

	2022 Number	2021 Number	2022 $	2021 $
Movements in the number and value of options and rights				
Balance at the beginning of the year	53,000,000	61,500,000	2,028,113	2,237,290
Consolidation of securities (1:10 basis)	(47,700,000)	-	-	-
Options granted to employees and directors[1]	4,653,175	-	461,878	-
Options exercised	-	(5,850,000)	-	(268,335)
Options expired	(4,000,000)	(2,650,000)	(1,725,213)	(71,468)
Share based payment expense	-	-	-	130,626
	5,953,175	53,000,000	764,778	2,028,113

[1] Performance rights issued to employees and directors during the current year are subject to various vesting conditions, with 2,877,614 rights issued to Directors on 30 November 2021 and 1,775,561 rights issued to employees on 10 December 2021. The Monte Carlo valuation methodology was used to value the Performance Rights. This methodology was used to incorporate a probability-based value impact of the market vesting conditions. The performance right valuation assumes the market capitalisation upon satisfaction of vesting condition 1 (refer below) will be based on the price of shares issued in the most recent capital raising and the current number of ordinary shares on issue at the time of the valuation. The fair value of each tranche of Performance Rights was assessed as the average simulated value over 100,000 iterations. The fair value of the Performance Rights granted during the year were estimated on the date of grant using the following assumptions:

Grant Date	Expiry Date	Share Price at Grant Date $	Exercise Price $	Expected Volatility %	Dividend Yield	Risk-Free Interest Rate %	Fair Value at Grant Date $
30/11/2021	10/12/2023	0.42	-	100.00%	-	0.87%	0.3508
10/12/2021	10/12/2023	0.42	-	100.00%	-	0.93%	0.3508

The Performance Rights are subject to the vesting conditions set out below. For the Performance Rights to vest, all the vesting conditions must be met.

- Condition 1:
  The options vest if an acquisition of a new project becomes unconditional and the Company returns to quotation; or a takeover offer for the Company or by the Company becomes unconditional and/or the Company returns to quotation; or a scheme of arrangement to be approved by the Company or the target's shareholders is approved by the applicable party, is approved by the court at the second court hearing and is successfully implemented and/or the Company returns to quotation.
- Condition 2:
  In the event the Company continues to be a listed entity upon completion of a transaction that satisfies vesting condition 1, the Company's market capitalisation must not be less than A$60 million. This is to be measured using a 10-trading day VWAP over the 30 days following the Company's shares recommencement of trading.
- Condition 3:
  Continuous service until both vesting condition 1 and vesting condition 2 have been satisfied.

Note 21. Share-based payments

During the past two years, the following equity-settled share-based payments have been made:

Note 21. Share-based payments (continued)

	2022 $	2021 $
Grant of options to employees	461,878	130,626
Expiry of options	-	(115,552)
Total share-based payments during the year	461,878	15,074

The outstanding balance of options granted as share based payments on issue as at 30 June 2022 is represented by:

- 1,300,000 Unlisted Options exercisable at 6.5 cents each and expiring on 7 November 2022.
- 2,877,614 rights issued to Directors on 30 November 2021 and 1,775,561 rights issued to employees on 10 December 2021, subject to various vesting conditions.

The following table illustrates the number and weighted average exercise price (WAEP) of share options at the beginning and end of the financial year:

	Number of Options 2022	Weighted Average Exercise Price 2022	Number of Options 2021	Weighted Average Exercise Price 2021
Outstanding at the beginning of the year	53,000,000	$0.070	61,500,000	$0.000
Consolidation of securities (1:10 basis)	(47,700,000)	$0.700	-	$0.000
Exercised during the year	-	-	(5,850,000)	$0.070
Expired during year	(4,000,000)	$0.780	(2,650,000)	$0.030
Options and performance rights issued to employees and directors	4,653,175	-	-	$0.000
Outstanding at the end of the financial year	5,953,175	$0.650	53,000,000	$0.070
Exercisable at the end of the financial year	1,300,000	$0.000	40,000,000	$0.070

(a) Weighted Average Remaining Contractual Life

The weighted average remaining contractual life of options outstanding as at 30 June 2022 was 0.64 years (2021: 0.91 years).

(b) Range of Exercise Prices

The range of exercise prices for options outstanding as at 30 June 2022 was $nil to $0.65 (2021: $0.065 to $0.078).

(c) Weighted Average Fair Value

The weighted average fair value of share options granted during the year was $0.265 (2021: $nil).

The fair value of the unlisted equity-settled share options granted is estimated as at the date of grant using the Black Scholes option valuation model taking into account the terms and conditions upon which the options were granted. The fair value of the performance rights granted is estimated as at the date of grant using the Monte Carlo valuation model taking into account the terms and conditions upon which the rights were granted. The Company has no listed equity settled share options.

Note 21. Share-based payments (continued)

The following table lists the inputs to the valuation model used for unlisted share options granted by the Group in previous years:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Expected Volatility*	Dividend Yield**	Risk-Free Interest Rate	Fair Value at Grant Date
24/10/2019	07/11/2022	$0.045	$0.065	95.000%	-	0.737%	$0.023

*The expected volatility reflects the assumption that historical volatility is indicative of future trends which may not be the actual outcome.
**The dividend yield reflects the assumption that the current dividend payout will remain unchanged.

Accounting policy for share-based payments
Equity-settled transactions:
The Company has provided benefits to directors and other employees, consultants, advisors or service providers of the Company in the form of share-based payments, whereby services are rendered in exchange for shares, options or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price and liquidity of the shares of Mallee Resources Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant holders become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met, as the effect of these conditions is included in the determination of fair value at grant date. The Statement of Profit or Loss and Other Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the holder, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 11).

Note 22. Financial risk management

Financial risk management objectives
The Company's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance of the entity.

Note 22. Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange risk, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is not exposed to equity security price risk and holds no equity investments. The Company is exposed to foreign exchange risk as a result of activities overseas and assets and liabilities from discontinued operations which are denominated in foreign currencies.

(a) Foreign exchange risk

The Group's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income can be affected by movements in exchange rates. The Group also has transactional currency exposures. Such exposure arises from transactions denominated in currencies other than the functional currency of a group entity. The Group's exposure to foreign currency risk throughout the current year primarily arose from entities included in the consolidated results whose functional currency is US Dollars (USD) and Company transactions and balances denominated in USD. Additional exposure arises from transactions and balances in Myanmar Kyat (MMK).

Foreign currency risk also arises on translation of the net assets of companies included in the Group's consolidated balances to Australian dollars. In the Group accounts, the foreign currency gains or losses arising from this risk are recorded through the foreign currency translation reserve.

At the reporting date, the AUD equivalent of the Group's exposure to financial instruments denominated in USD was:

	2022 $	2021 $
Cash and cash equivalents	16,031,746	5,006,037
Trade and other receivables (current and non-current)	-	4,631,285
Trade and other payables	-	(39,927)
	16,031,746	9,597,395

Sensitivity to movements in the AUD USD exchange rate is shown below:

	Profit or Loss		Other Equity	
	10% Increase	10% Decrease	10% Increase	10% Decrease
2022	(1,457,431)	1,781,305	-	-
2021	(592,151)	723,740	(351,538)	429,657

(b) Interest rate risk

Interest rate risk arises from investment of cash at variable rates. Any excess funds are kept in a cash on deposit account and transferred to the operating account as required. The Company's income and operating cash flows are not materially exposed to changes in market interest rates.

Note 22. Financial risk management (continued)

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	2022 $	2021 $
Cash at bank and on hand - interest bearing	3,991,492	5,479,997
Cash at bank and on hand - non-interest bearing	27,014,758	5,255,510
Cash and cash equivalents	31,006,250	10,735,507

An increase of 100 basis points (decrease of 100 basis points) in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as the prior year. The following table summarises the sensitivity of the Company's financial assets (cash) to interest rate risk:

	Carrying Amount $	Profit or Loss 100bp Increase $	Profit or Loss 100pb Decrease $	Equity 100bp Increase $	Equity 100pb Decrease $
2022					
Variable rate instruments					
Cash and cash equivalents	3,991,492	39,915	(39,915)	39,915	(39,915)
2021					
Variable rate instrument					
Cash and cash equivalents	5,479,997	54,800	(54,800)	54,800	(54,800)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has no significant concentration of credit risk. Credit risk arises from cash and cash equivalents held with the bank and financial institutions, deposits and receivables due from other entities. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. The maximum exposure to credit risk is the carrying amount of the financial asset.

The maximum exposure to credit risk at the reporting date was:

	2022 $	2021 $
Cash at bank and on hand	31,006,250	11,425,951
Deposits	46,700	59,174
Other receivables	109,750	65,742
	31,162,700	11,550,867

At 30 June 2022 and 30 June 2021 there were no financial assets that were past due.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's liquidity risk arises from operational commitments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Management aims at maintaining flexibility in funding by regularly reviewing cash requirements and monitoring forecast cash flows.

Note 22. Financial risk management (continued)

The following are the contractual maturities of financial liabilities:

	Carrying Amount	Total Contractual Cashflows	6 Months or Less	6 - 12 Months	1 - 5 Years
	$	$	$	$	$
2022					
Financial liabilities					
Trade and other payables	822,517	822,517	822,517	-	-
2021					
Financial liabilities					
Trade and other payables	204,831	204,831	204,831	-	-

Note 23. Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

Cash and cash equivalents, trade and other receivables, trade creditors, other creditors, accruals and employee entitlements have been excluded from the above analysis as their fair values are equal to the carrying values.

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially difference from their respective net fair value determined in accordance with the Group's accounting policies.

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 24. Capital management

The Company's policy in relation to capital management is for management to regularly and consistently monitor future cash flows against expected expenditures for a rolling period of up to 12 months in advance. The Board determines the Company's need for additional funding by way of either share placements or loan funds depending on market conditions at the time. Management defines working capital in such circumstances as its excess liquid funds over liabilities and defines capital as being the ordinary share capital of the Company. There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

Note 25. Group structure

Subsidiaries

Name	Principal Place of Business / Country of Incorporation	Ownership Interest 2022 %	Ownership Interest 2021 %
Bright Mountain Pty Ltd	Australia	100%	100%
Bright Mountain Resources Myanmar Ltd	Myanmar	100%	100%
Mallee Tas (Misc) Pty Ltd (previously Locrian WA Pty Ltd)	Australia	100%	100%
Mallee Tas (Operating) Pty Ltd (incorporated 25/2/22)	Australia	100%	-

All transactions with subsidiaries are eliminated in the consolidated entity financial statements.

Note 26. Parent entity financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2022 $	2021 $
Balance sheet		
Current asset	31,234,546	10,732,983
Non-current asset	15,093,373	25,107,105
Total assets	46,327,919	35,840,088
Current liabilities	1,047,066	381,488
Shareholder's equity		
Issued capital	102,320,558	102,320,558
Share based payment reserve	764,778	2,028,113
Other equity	777,194	777,194
Accumulated losses	(58,581,678)	(69,667,265)

The parent entity has not provided any guarantees in respect of subsidiaries. Details of contingent liabilities of the parent entity are included in note 29.

	Parent 2022 $	Parent 2021 $
Profit or Loss for the year	(14,312,012)	(9,021,167)

Note 27. Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in the Remuneration Report of the Director's Report. A summary of these transactions is as follows:

	2022 $	2021 $
Primary benefits	996,156	1,370,276
Post-employment benefits	60,808	73,310
Share based payments	289,414	-
	1,346,378	1,443,586

(b) Transactions with related parties

There were no other transactions with related parties during the year ended 30 June 2022 (30 June 2021: nil), other than the issuance of Performance Rights as set out in Note 21 above.

Note 28. Remuneration of auditors

During the financial year the following fees were paid or are payable for services provided by the auditors of the Group:

	2022 $	2021 $
Auditor of the parent entity - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	44,211	38,789
Other services		
Investigating Accountants (services provided in relation to shareholding meeting documentation)	40,000	-
	84,211	38,789
Audit of other consolidated entities - other audit firms		
Audit or review of the financial statements	3,954	21,054
Other services (tax)	1,301	22,218
	5,255	43,272

Note 29. Contingencies and commitments

The Company and Group had no contingent liabilities as at 30 June 2022 (30 June 2021: nil).

The Group does not have any other significant capital expenditure commitments at 30 June 2022 (30 June 2021: nil). Refer to note 30 below for capital expenditure commitments that arise as a result of the effectuation of the DOCA and Avebury Nickel Project acquisition subsequent to 30 June 2022.

Note 30. Subsequent events

As at the date of this report, since 30 June 2022 the following matters or circumstances have arisen that significantly impacted or may significantly impact either:

- The Company's operations in future financial years;
- The results of those operations in future financial years; or
- The Company's state of affairs in future financial years.

Appointment and Resignation of Director
On 5 July 2022, Mr Stephen Hendel was appointed as Non-Executive Director of Mallee Resources Limited as the nominee director of Hartree Metals LLC (Hartree). Mr Hendel subsequently resigned effective 3 September 2022. As of the date of this report Hartree has not appointed an alternate nominee director.

Acquisition of the Avebury Nickel Project
On 6 July 2022, the Company announced that the Deed of Company Arrangement (DOCA) for Allegiance Mining Pty Ltd (Allegiance) was effectuated and accordingly the Company has acquired 100% of the shares in Allegiance, 100% owner of the Avebury Nickel Project for a total consideration of A$86.6 million payable in cash and shares and $16.17 million in contingent consideration.

The Company has performed a provisional assessment of the fair value of assets and liabilities of Allegiance as at the date of acquisition being A$128.44 million (as shown in the table below), this gives rise to a provisional $25.67 million gain on bargain purchase on acquisition. In accordance with Australian Accounting Standards, the Company has up to 12 months from the date of acquisition to complete its initial acquisition accounting. As of the date of this report, this assessment is not complete. The fair values adopted are based on property, equipment, other assets and mine valuations carried out by valuation specialists.

Under the DOCA effectuation, the Company completed the following transactions:
- Drew down on a US$20 million debt facility and a US$10 million bridging loan made available by Hartree Metals LLC (Hartree) (total A$43.72 million equivalent after deducting drawdown fees).
- Made a total payment of A$17.09 million to meet its payment obligations under the DOCA, this included a net payment of US$10.4 million (A$14.78 million) to Hartree, consisting of A$33.16 million consideration for the purchase of the Avebury Nickel Project, A$25.3 million reimbursements to Hartree of payments made during the DOCA period, an offset of the above finance facility and A$2.3 million (for costs associated with the transaction) to lawyers and Receivers.
- On 1 July 2022, issued 91,973,769 effectuation shares to Hartree's nominee, Hartree Metals Investment SARL, at a deemed fair value of $0.42 per share and issued 19,841,270 effectuation shares to the liquidators of Dundas Metals Pty Ltd (in liquidation) (the Liquidators) at a minimum fair value of $12,500,000. The number of shares issued to the Liquidator is contingent on the value of shares being $12,500,000 at a deemed fair value equal to the volume weighted average price of shares over the 5 trading days prior to the 30 trading days after the date upon which the Company is reinstated to trading (Liquidator Top-Up Date). An adjustment has been included in the contingent consideration (refer to note 1 below) for the Liquidator Top-Up Shares.

	$
Provisional details of the acquisition are as follows:	
Cash and cash equivalents	-
Plant and equipment	20,638,610
Rehabilitation asset	10,479,907
Other assets (environmental bond)	7,900,000
Exploration, evaluation and development assets	101,000,000
Trade and other payables	(1,100,000)
Rehabilitation provision	(10,479,907)
Net assets acquired	128,438,610
Gain on bargain purchase	(25,665,767)
Acquisition-date fair value of the total consideration transferred	**102,772,843**

Note 30. Subsequent events (continued)

	$
Representing total consideration paid or payable	
Cash paid or payable to vendor	
Net payable for costs associated with the transaction	2,313,678
Net payable to Hartree (US$39.73 million)	33,159,804
Total cash payable	35,473,482
Shares issued to vendor	
91,973,769 shares issued to Hartree at $0.42 per share	38,628,983
19,841,270 Effectuation Shares issued to Liquidators	12,500,000
	51,128,983
Contingent consideration	
Contingent consideration - (note 1)	16,170,378
Total consideration paid or payable	**102,772,843**

Note 1: Contingent consideration includes management's estimated probability of the following events occurring which may result in:

- The issue of up to 63,492,063 Liquidator Top-Up Shares as required to result in the value of shares issued to the Liquidator under the DOCA having a value of $12,500,000 at a deemed fair value equal to the volume weighted average price of Shares calculated over the 5 trading days before the Liquidator Top-Up Date (being 30 trading days after the date upon which the Company is reinstated to trading on the ASX). To the extent a shortfall remains after the issue of the Liquidator Top-Up Shares, the Company may make a cash payment; and
- The issue of up to 47,300,226 Hartree Top-Up Shares if the Company has not repatriated US$12,237,000 (Outstanding Amount) from its former investment in Myanmar within one month following the DOCA Effectuation Date and has not completed a capital raising of not less than the Outstanding Amount within 2 months of the DOCA Effectuation Date; and/or the issue of up to 10,403,143 Hartree Shortfall Shares if the Company has not repatriated US$12,237,000 (Outstanding Amount) from its former investment in Myanmar within one month following the DOCA Effectuation Date. As of the date of this report, management's best estimate of the Hartree Top-Up Shares is 34,409,462 shares at a deemed fair value of $0.42 per share, which is subject to final confirmation from Hartree.

	$
Acquisition costs expensed to profit or loss	588,200

	$
Cash used to acquire the business, net of cash acquired:	
Acquisition-date fair value of the total cash consideration transferred	(35,473,483)
Reimbursement to Hartree of funding provided during the DOCA period	(25,333,511)
Less: net off of Hartree facility as of 6 July 2022	43,721,488
Net cash used in the acquisition of Avebury Project	**(17,085,506)**

Note 30. Subsequent events (continued)

As part of the DOCA effectuation, the Company drew down on the Hartree facility and will recognise contingent consideration in relation to the potential issue of Hartree Top-Up Shares, Liquidator Top-Up Shares and Hartree Shortfall Shares (see note 1 above) under the DOCA. As a result, the Company's balance sheet will include the following liabilities in relation to the Avebury Nickel Project acquisition:

	$
MYL Provisional Balance Sheet	
Borrowings (US$30 million)	(43,721,488)
Contingent consideration	(16,170,378)
Total liabilities	**(59,891,866)**

The Company announced on 7 September 2022 that the repayment date of the short term US$10 million Hartree bridging loan has been extended to 30 September 2022.

Acquisition of Tenement Assets for Shares

On 7 July 2022, the Company announced, after receiving shareholder approval at the MYL General Meeting on 29 June 2022, that subject to the securities of MYL being reinstated to trading on the official list of the ASX, it intends to issue an aggregate of 13,095,238 Shares at $0.42 per share to D&B Mining Pty Ltd and Zebs Minerals Pty Ltd and to pay an aggregate of $4 to D&B Mining, Zebs Minerals, Moina Gold Pty Ltd and Mr Geoffery Summers, as consideration to acquire the following assets for a total value of $5.5 million:

- Exploration licence EL5/2020 (tenement), together with all associated technical information which relates to the Tenement and any statutory licences, approvals, consents, authorisations, rights or permits relating to the Tenement (together the Tenement Assets);
- An underground mine loader, valued at $1 million; and
- Technical information relating to the Avebury Nickel Project and the Tenement (Other Mining Information).

On 29 September 2022, the Company issued 13,095,238 shares at $0.42 per share to complete the above acquisition of tenement assets, having waived the condition precedent for the securities of MYL to be reinstated to trading on the official list of the ASX.

Sale of Bright Mountain Resources

On 24 July 2022 the Company announced it had agreed to sell 100% of the shares in its Myanmar subsidiary, Bright Mountain Resources (Myanmar) Limited (BMR) to 24 Hour Mining & Industry Company Limited's subsidiary Myanmar Airways International Company Limited (MAI) for total consideration of US$10.2 million. Settlement of the transaction is to occur in tranches over the next six months with completion due by 17 January 2023. The performance of the transaction is subject to security in the form of a share pledge in favour of the Company. The net assets of BMR have been recognised as assets held for sale as at 30 June 2022.

Capital Raising

On 2 August 2022 the Company issued a Prospectus to raise a minimum of $20 million and a maximum of $70 million via the issue of up to 100,000,000 fully paid ordinary shares at an issue price of $0.70 per Share. The primary purpose of the offer is to provide the necessary funds to bring the Avebury Project back into production and to enable a return of the Company's shares to quotation on the ASX. The offer was withdrawn on 2 September 2022.

Share Placement

On 8 September 2022 the Company completed the first tranche share placement of 18.37 million shares at $0.42 per share to sophisticated investors to raise a total of $7.7 million. On 27 September 2022 the Company completed the second tranche share placement of 26.87 million shares at $0.42 per share to sophisticated investors to raise a total of $11.3 million. The first and second tranche share placements, together with existing cash resources and expected sales revenues, are anticipated to fund the Company’s operations as it commences commercial production of nickel concentrates from the Avebury Nickel Project.

Hartree Facility/line of credit

The Company is in negotiations with Hartree to secure either an extension of the existing US$10 million bridge facility or a US$10 million line of credit, which may require the Company's Shareholder's approval or the grant of a waiver of the ASX Listing Rules in respect of any security granted in connection with the line of credit.

Note 30. Subsequent events (continued)

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In accordance with a resolution of the directors of Mallee Resources Ltd, I state that:

1. In the opinion of the directors:
   a) the financial statements and notes of Mallee Resources Ltd for the financial year ended 30 June 2022 are in accordance with the Corporations Act 2001, including:
      i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
      ii) complying with Accounting Standards and the Corporations Regulations 2001;

   b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2; and

   c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

On behalf of the Directors

____

Rowan Caren
Director

29 September 2022
Perth

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Independent Auditor's Report

To the Members of Mallee Resources Limited

Report on the audit of the financial report

Opinion

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

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

a Giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year ended on that date; and

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

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 2(c) in the financial statements, which indicates that the Company incurred operating cash outflows of $4,255,231 during the year ended 30 June 2022. As stated in Note 2(c), these events or conditions, along with other matters as set forth in Note 2(c), indicate that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matter	How our audit addressed the key audit matter
BJV Discontinued operations – Note 10	
On 17 August 2021 the Group entered into a binding agreement to dispose their interest in the Bawdwin Joint Venture ("BJV"). Total proceeds received in cash was $39.8 million. The Group's identifiable net assets disposed of totalled $18.9 million, resulting in a gain on disposal $21.7 million. The results of the BJV have been presented within the financial report as discontinued operations. We focused on the areas where additional complexity exists in the accounting for disposal including the associated assets and liabilities being recorded at the lower of its carrying value and estimated fair value less costs to sell. This is a key audit matter due to the quantum and significance of the disposal project during the year and the presentation of discontinued operations in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.	Our procedures included, amongst others: • Reading the relevant transaction documents, to understand the terms and conditions of each disposal; • Checking the assessment of proceeds by comparing amounts to relevant transaction or other documents; • Comparing the carrying value of the disposal group to the proceeds received and receivable in assessing the accuracy of the profit on sale for each transaction; • Evaluating the substance of the disposals, using the terms and conditions of the transaction or other documents, against the criteria for discontinued operations within Australian Accounting Standards; and • Assessing the disclosures in the Group financial statements against the requirements of Australian Accounting Standards.
Bright Mountain Discontinued operations – Note 10	
On 24 July 2022 the Group disposed of its subsidiary, Bright Mountain Resources (Myanmar) Limited ("BMR"). The impairment recognised in recording the asset at fair value less costs to sell was $2.5 million. We focused on the areas where additional complexity exists in the accounting for disposal including the associated assets and liabilities being recorded at the lower of its carrying value and estimated fair value less costs to sell. This is a key audit matter due to the quantum and significance of the disposal project during the year and the presentation of discontinued operations in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.	Our procedures included, amongst others: • Reading the relevant transaction documents, to understand the terms and conditions of each disposal; • Agreeing the sales consideration included in the fair value less costs to sell calculation to the appropriate supporting documentation; • Comparing the carrying value of the disposal group to the proceeds received and receivable in assessing the accuracy of the profit on sale for each transaction; • Evaluating the substance of the disposals, using the terms and conditions of the transaction or other documents, against the criteria for discontinued operations within Australian Accounting Standards; and • Assessing the disclosures in the Group financial statements against the requirements of Australian Accounting Standards.

Subsequent event Business Combination – Note 30

On 6 July 2022 the Group announced the acquisition of Allegiance Mining Pty Ltd, effectuated out of a Deed of Company Arrangement ("DOCA") for a total consideration price of $86.6 million payable in shares and cash. The agreement also includes contingent consideration totalling $16.1 million. The provisional assessment of accounting for the business combination resulted in the net fair value of the assets acquired totalling $128.4 million resulting in a $25.7 million provision gain on purchase. In performing the purchase price allocations for the acquisition, the Group identified and estimated the fair value of all assets acquired, liabilities assumed, contingent consideration based on performance hurdles and other intangible assets associated with the acquisition. This area is a key audit matter due to the management estimates and judgments applied in identifying separately identifiable intangible assets and determining the fair value of any separately identifiable intangible assets and earn-out liabilities.	Our procedures included, amongst others: • Obtaining and reviewing the terms and conditions contained in the Sales and Purchase agreements; • Evaluating the competence and objectivity of the experts used by management; • Obtaining the management's expert reports and assessing the appropriateness of the value ascribed to asset and liabilities of the Company; • Ensuring the total cost of the combinations included all elements of consideration paid and payable with reference to signed purchase agreements; • Tracing cash consideration paid to bank statements; • Evaluating management's purchase price allocation documentation and challenging their assessment of separately identifiable intangible assets; • Re-calculating the gain of purchase balance recognised by deducting the fair value of identifiable net assets acquired, the value of other intangible assets against the total consideration paid; and • Ensuring the appropriateness of related financial statement disclosures.

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

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

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

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

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

Responsibilities of the Directors' for the financial report

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

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

Auditor’s responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf.This description forms part of our auditor’s report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 11 to 16 of the Directors’ report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Mallee 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 29 September 2022