**COSMO METALS LIMITED**
**ABN 17 653 132 828**

**ANNUAL REPORT**
**30 JUNE 2023**

# CONTENTS

Dear Fellow Shareholders,

On behalf of the Directors of Cosmo Metals it's a pleasure to present the Company's Annual Report for the first full 12-month period since listing in January last year.

Firstly, I would like to thank all our stakeholders for their support and acknowledge the Indigenous people and local communities of the lands on which Cosmo operates.

Cosmo has been busy in the past 12 months focussed on building on our early successes at the Yamarna Project. The Exploration Team, led by Cosmo MD James Merrillees, safely and efficiently executed drilling programs resulting in the definition of a maiden JORC-code compliant Exploration Target at the Mt Venn copper-nickel-cobalt (Cu-Ni-Co) Project. The Company has now defined a several kilometres long, continuous zone of shallow Cu-Ni-Co mineralisation at Mt Venn highlighting the potential for further discovery success.

The exploration team's focus then shifted to the follow up of a curious historical drill hole which had intersected elevated zinc and lead mineralisation, but which had never been followed up. A subsequent drilling program by the Company resulted in the discovery of shallow zinc-lead-copper-silver (Zn–Pb-Cu-Ag) mineralisation, now christened the Minjina Project, less than 1km north of Mt Venn.

We believe there remains a compelling opportunity for further exploration success and an economic discovery at Minjina, highlighted by several walk-up drill targets including a strong conductor associated with base metals anomalism, and less than 200m south of the best copper and silver intersections drilled to date on the project.

The Minjina discovery also opens the potential to target this style of base metals mineralisation over the more than eight kilometres of greenstone geology to the north, on the Company's Narragene project.

The post-IPO granting of the Narragene tenement, and subsequent negotiation of a Land Access Agreement with the Traditional Owners, opens the way for the first exploration on this tenement in more than 15 years. This includes follow up of a 2005 hole that intersected the highest-grade Ni mineralisation drilled to date in the entire Mt Venn Greenstone. This target has never been followed up and represents an exciting opportunity for discovery along with other high priority drill-ready targets at Narragene.

In early 2023 with declining capital markets for junior explorers the Company elected to undertake a limited but well-supported capital raise to keep the existing projects in good standing and underpin ongoing M&A activity. The strategy behind our M&A work is to identify and acquire new projects with a critical minerals thematic and which we see as having the ability to transform the Company.

The Company is fortunate to be able to tap into a strong team of mine finders to support our exploration at Yamarna and the M&A strategy. These include Ziggy Lubieniecki who was instrumental in the 6-million-ounce Gruyere gold discovery, 20km to the east of Yamarna. Ziggy elected to step down from the Cosmo Board earlier this year for personal reasons but is still supporting the team on a consulting basis.

I'd like to take the opportunity to thank Ziggy as well as my fellow Directors for their support and efforts over the past 12 months and look forward to more discovery success in the year ahead.

In closing I would also like to thank our fellow shareholders for your continued support.

Regards,

Peter Bird

Non-Executive Chairman

Cosmo Metals Limited

# CORPORATE DIRECTORY

**DIRECTORS**

| | |
|---|---|
| Mr Peter Bird | Non-Executive Chairman |
| Mr James Merrillees | Managing Director |
| Mr Andrew Paterson | Non-Executive Director |
| Mr Zbigniew Lubieniecki | Non-Executive Director *(resigned 28 July 2023)* |

**COMPANY SECRETARY**

Ms Melanie Ross

**REGISTERED OFFICE, PRINCIPAL PLACE OF BUSINESS & CONTACTS**

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WEST PERTH WA 6005

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Web: www.cosmometals.com.au

Securities Exchange Listing - ASX Code: CMO

**ABN: 17 653 132 828**

**SOLICITORS**

Blackwall Legal LLP

Level 26, 140 St Georges Terrace

PERTH WA 6000

**AUDITORS**

RSM Australia Partners

Level 32, Exchange Plaza
2 The Esplanade

PERTH WA 6000

**SHARE REGISTRY**

Automic Group

Level 5, 191 St Geoges Terrace

PERTH WA 6000

Ph: 1300 288 664

Web: www.automicgroup.com.au

**SECURITIES EXCHANGE LISTING**

Australian Securities Exchnage (**ASX**)

Code: CMO

**BANKERS**

National Australia Bank

100 St Georges Terrace

PERTH WA 6000

**CORPORATE GOVERNANCE STATEMENT**

https://cosmometals.com.au/who-we-are/corporate-governance/

Your directors present their report, together with the financial report on the Company, Cosmo Metals Ltd for the year ended 30 June 2023 ('year').

## DIRECTORS

The names of directors in office at any time during the whole or part of the year are listed below. Directors have been in office up to the date of this report unless otherwise stated.

| NAME OF PERSON | POSITION |
|---|---|
| Mr Peter Bird | Non-Executive Chairman |
| Mr James Merrillees | Managing Director |
| Mr Andrew Paterson | Non-Executive Director |
| Mr Zbigniew Lubieniecki | Non-Executive Director *(resigned 28 July 2023)* |

## PRINCIPAL ACTIVITIES

During the financial year, the principal activities of the Company consisted of mineral exploration.

## DIVIDENDS

There were no dividends declared or paid by the Company during the year and no dividend is recommended.

## REVIEW OF OPERATIONS

### Operating Result

The loss from continuing operations for the year after providing for tax amounted to $686,633 (2022: $1,096,648).

On 15 September 2022, 500,000 options with an exercise price of $0.25 and an expiry date of 15 September 2025 were issued to an employee of the Company as part of the Company's Equity Incentive Plan.

On the 15 June 2023, the Company announced it undertook a placement of 8,666,667 shares, at $0.075 per share, to raise $650,000 (before costs). 7,576,500 of the Placement Shares (Tranche 1) were issued on 21 June 2023 with the remaining 1,090,167 to be issued subject to shareholders' approval at the Company's General Meeting, held on 27 July 2023 (refer to events after reporting date). Each share also has one free-attaching option (exercisable at $0.10 expiring 21 June 2026) with the options yet to be issued. 520,000 shares and 520,000 free-attaching options (exercisable at $0.10 expiring 21 June 2026) will be issued to brokers as conversion of their lead management and capital raising fees of $39,000, subject to shareholders' approval at the Company's General Meeting. 4,000,000 options (exercisable at $0.1125 expiring 21 June 2026) will also be issued to brokers for capital raising services provided for this placement, subject to shareholders approval at the Company's General Meeting.

### Exploration

<u>Overview</u>

Following the successful IPO and listing in January 2022 Cosmo Metals Ltd exploration programs have focussed on the discovery of copper (Cu)-nickel (Ni) – cobalt (Co) - platinum group element (PGE) and zinc (Zn) - lead (Pb) – silver (Ag) at the Company's Yamarna Region (Yamarna, Minjina, Narragene, Winchester and Mulgabiddy Projects) and Pingrup Projects in Western Australia.

Exploration activities have included reverse circulation (RC) drilling programs on the Mt Venn, Minjina and Eastern Mafic Prospects (Yamarna Project), which intersected widespread, shallow base metals mineralisation, and which are the focus of follow up work with ground geophysical surveys and further drilling planned.

**<u>Yamarna Region</u>**

Cosmo's projects in the Yamarna Region are located approximately 130km east of Laverton in the Eastern Goldfields District of Western Australia (refer Figure 1).

The Company's Yamarna landholding immediately west of the 6.7Moz Gruyere gold mine, owned by Gold Road

Resources Ltd (ASX:GOR) and Gold Fields Ltd, comprises nine granted exploration licences, two prospecting leases and two exploration licence applications in three separate areas[1]:

1. **Yamarna and Narragene** (seven exploration licences and two prospecting leases) covering the Mt Venn (Cu-Ni-Co), Minjina (Zn-Pg-Ag-Cu), Narragene (CU-Ni & Zn-Pb-Cu) and Eastern Mafic (Cu-Ni-PGE) Prospects;
2. **Winchester** (two exploration licences); and
3. Two exploration licences, covering the **Mulgabiddy Project** ~30km to the west of Yamarna, which were applied for in mid-2022.

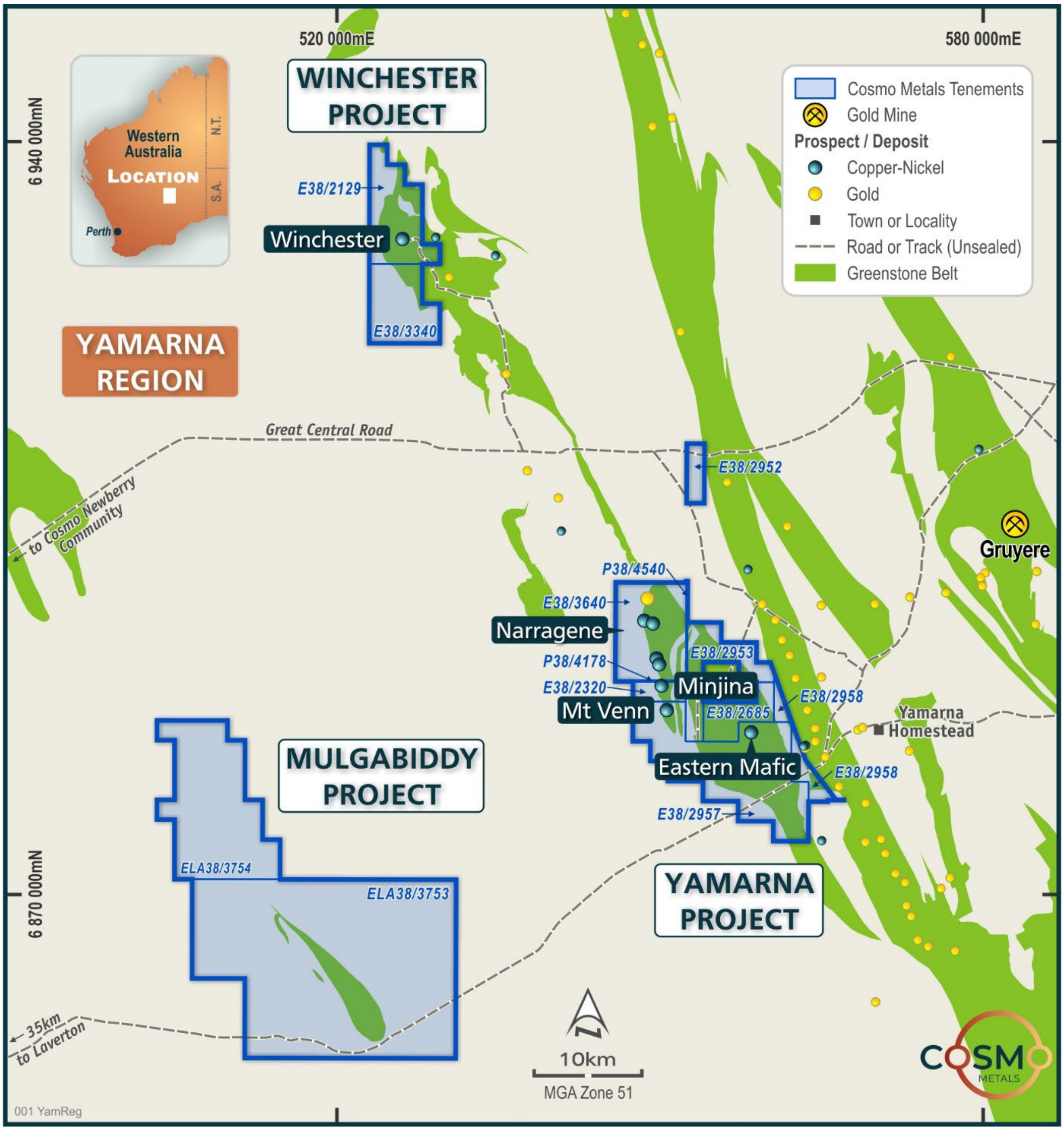



**Figure 1: Cosmo Metals' Yamarna Region tenements and projects**

Previous exploration by Great Boulder (ASX:GBR) at Yamarna led to the discovery of magmatic-hosted Cu-Ni-Co mineralisation at Mt Venn in 2017 and at the Eastern Mafic Complex in 2018.

In 2018 Great Boulder entered into a farm-in and joint venture agreement with Ausgold Ltd (ASX:AUC) for the Winchester area, where drilling programs in 2019 confirmed the presence of Cu-Ni-Co sulphides[1].

In 2021 Great Boulder consolidated 100% ownership of all Yamarna Region tenements, other than E38/2129, in which Ausgold retains a 25% interest[1]. These tenements were 'demerged' from GBR into Cosmo Metals in 2021 and which underpinned the Initial Public Offer (IPO) and subsequent listing of Cosmo in early 2022.

The Yamarna region projects are easily accessible via the Great Central Road from Laverton, with local gravel tracks heading north to Winchester, and a combination of the Gruyere mine access road and bore field access roads providing direct access to Yamarna[1].

***Yamarna Project***

The Yamarna Project (refer Figure 2), has been the focus of exploration in the Yamarna Region to date, with the Company's programs targeting:

- Widespread volcanogenic massive sulphide (VMS)-style zinc-lead-copper-silver (Zn–Pb-Cu-Ag) mineralisation at the Minjina Prospect, ~1km north of the Company's Mt Venn copper-nickel-cobalt (Cu-Ni-Co) prospect.
- Definition of a maiden JORC-code compliant Exploration Target on the **Mt Venn** Cu-Ni-Co project of 10.2 to 32.3 million tonnes of Copper (Cu)- Nickel (Ni) – Cobalt (Co) mineralisation with grades ranging from 0.55% CuEq to 0.63% CuEq. Exploration at Mt Venn has now defined a continuous zone of shallow Cu-Ni-Co mineralisation up to 2.5km in length to a maximum depth of 240m. Mineralisation at Mt Venn extends over more than 8km of strike highlighting the potential for the discovery of large-scale deposits (refer Figure 6).
- Regional target generation including the recently granted **Narragene** tenement which features a further nine kilometres of the Mt Venn mineralised horizon, with several high priority targets ready for drill testing.

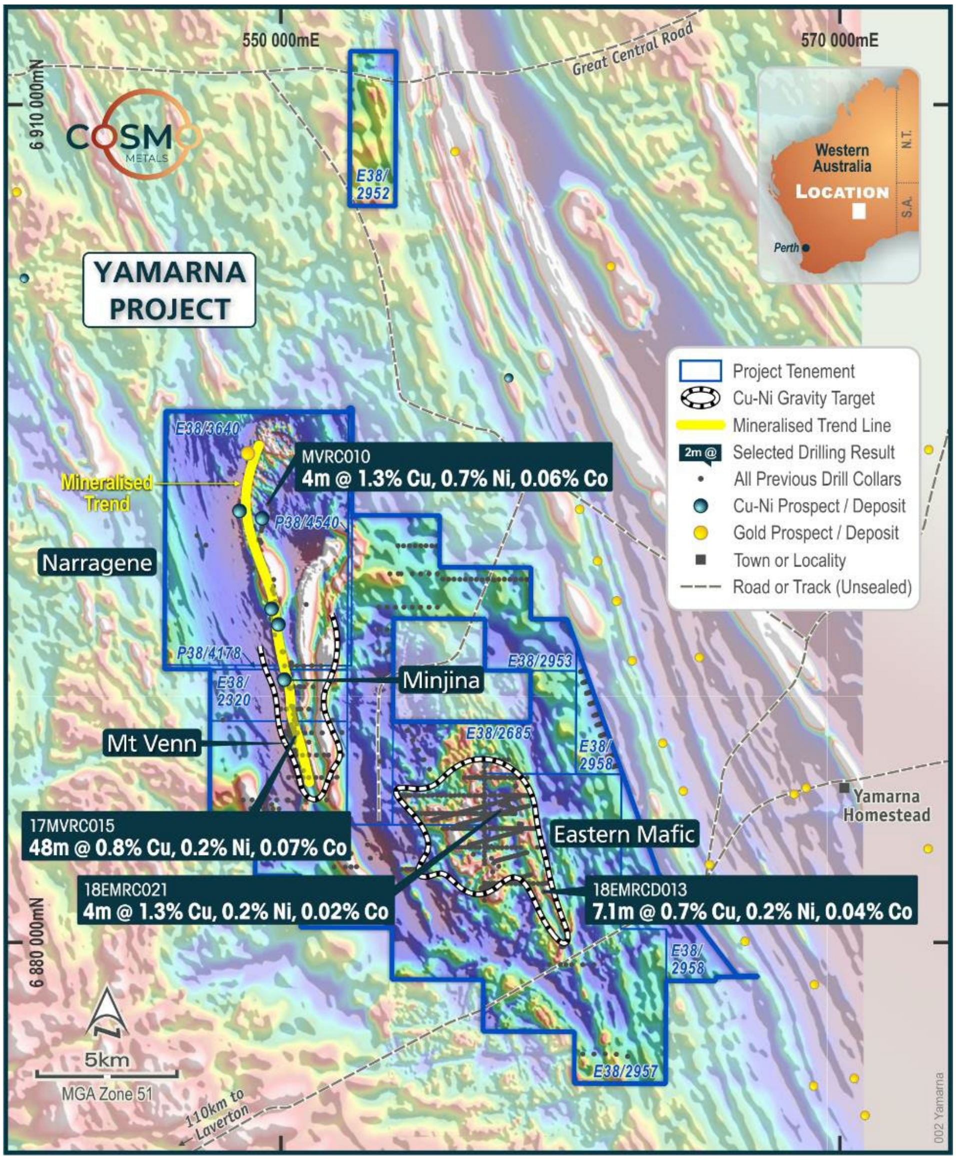



**Figure 2: Cosmo Metals' Yamarna Project, Eastern Goldfields Western Australia, prospects and selected historical intersections on regional airborne magnetic imagery (RTP TMI)**

<u>*Minjina (VMS - Zn-Pb-Cu-Ag)*</u>

The Minjina Prospect, ~1km north of Mt Venn, was first identified as a potential Volcanogenic Massive Sulphide (VMS) target from a review of historic hole 17MVRC004, which intersected:

- 12m @ 0.8% Zn, 0.16% Pb, 3.3g/t Ag from 48m which included:
    - **2m @ 2.13% Zn, 0.39% Pb 3.56g/t Ag from 58m**

A follow up hole, MIRC003 drilled by the Company in late 2022, collared 80m east of 17MVRC004, intersected significantly broader and higher-grade Zn-Pb-Ag mineralisation compared with 17MVRC004 including a higher-grade zone of:

- 7m @ 3.20% Zn, 0.82% Pb, 11.84 g/t Ag from 73m which included:
    - **2m @ 5.0% Zn, 1.4% Pb, 18.83g/t Ag from 76m**

Mineralisation in MIRC003 is open down dip and along strike with the above significant intersections contained within a broad zone of anomalous (>0.1%) Zn extending most of the entire length of the hole.

The Company subsequently completed a seven-hole (1,734m) RC drilling program designed to test these open extensions of MIRC003 down dip and along strike with RC drill holes MIRC010, 012, 013 and 014 (*refer Figures 3, 4 & 5*).

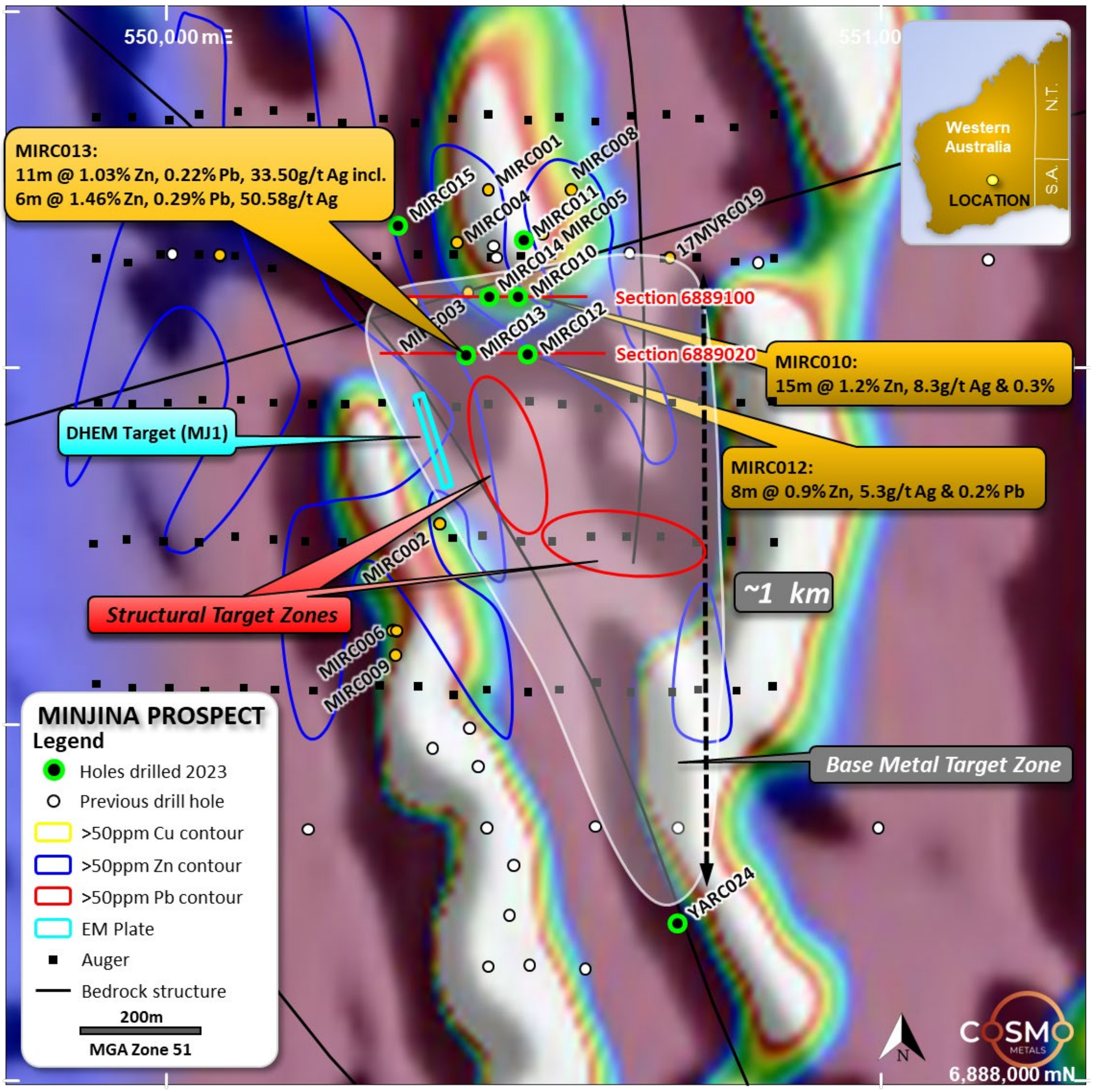



**Figure 3: Cosmo Metals' Minjina Prospect, Eastern Goldfields Western Australia. Drilling on regional airborne magnetic imagery (RTP TMI). New structural target zones and MJ1, high conductance target identified from DHEM in MIRC012.**

The holes were drilled on two sections:

- The northern section, 6889100mN (holes MIRC010 and MIRC014), was designed to test down dip from the discovery hole MIRC003 (refer Figure 4); and
- Holes MIRC012 and MIRC013 on line 6889020mN 80 to the south tested interpreted extensions of the MIRC003 (refer Figure 5).

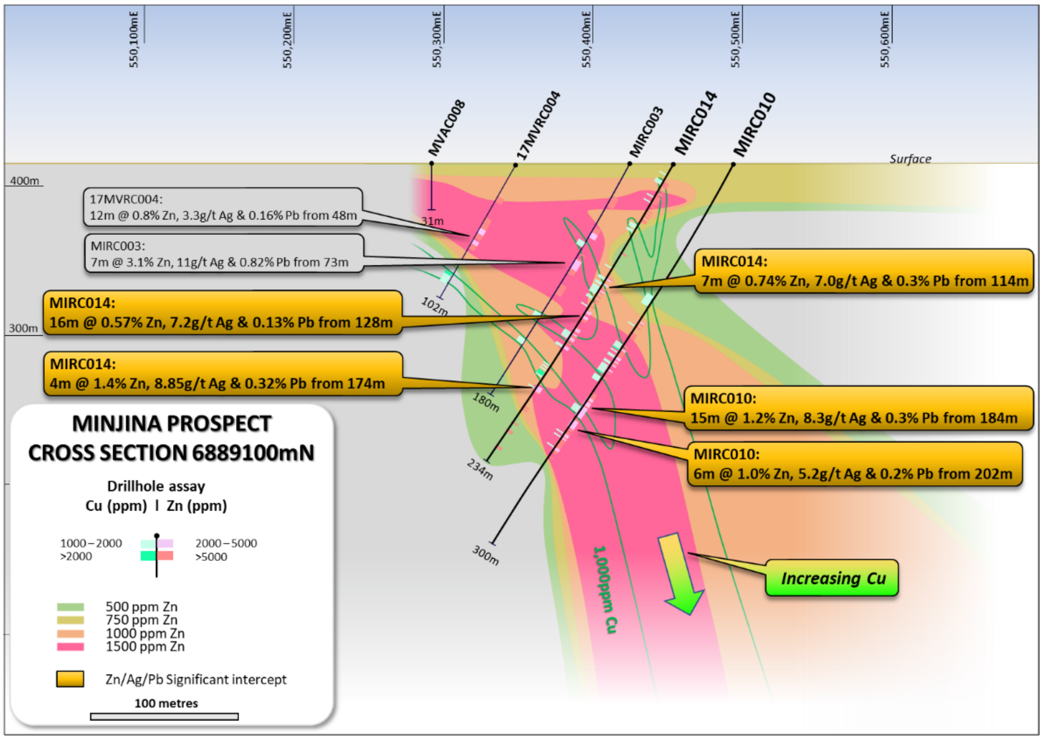
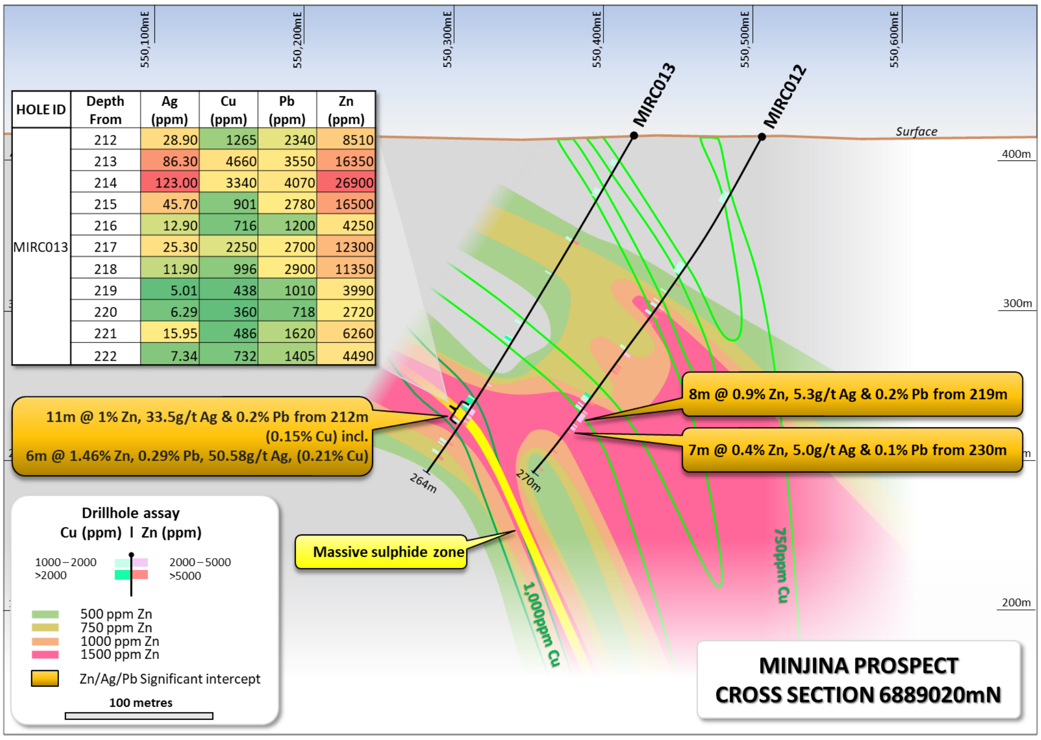



**Figure 4: 6889100mN view north, MIRC010 and MIRC014 testing downdip of MIRC003 with 1,000ppm Cu contour**



| HOLE ID | Depth From | Ag (ppm) | Cu (ppm) | Pb (ppm) | Zn (ppm) |
|---|---|---|---|---|---|
| MIRC013 | 212 | 28.90 | 1265 | 2340 | 8510 |
| | 213 | 86.30 | 4660 | 3550 | 16350 |
| | 214 | 123.00 | 3340 | 4070 | 26900 |
| | 215 | 45.70 | 901 | 2780 | 16500 |
| | 216 | 12.90 | 716 | 1200 | 4250 |
| | 217 | 25.30 | 2250 | 2700 | 12300 |
| | 218 | 11.90 | 996 | 2900 | 11350 |
| | 219 | 5.01 | 438 | 1010 | 3990 |
| | 220 | 6.29 | 360 | 718 | 2720 |
| | 221 | 15.95 | 486 | 1620 | 6260 |
| | 222 | 7.34 | 732 | 1405 | 4490 |



**Figure 5: 6889020 view north MIRC012 and MIRC013 80m south of MIRC003 highlighting massive sulphide zone with Zn-Pb-Cu and high grade Ag and Cu contours.**

All four holes drilled at Minjina successfully intersected multiple wide zones of Zn-Pb-Ag mineralisation, which remains open, with selected significant intervals including[1]:

- MIRC010
  - 14m @ 0.47% Zn, 0.10% Pb, 8.96g/t Ag 0.12% Cu from 144m including:
    - **1m @ 1.2% Zn, 0.26% Pb, 15.8g/t Ag, 0.17% Cu from 145m**

[1] *Refer CMO's ASX Announcement dated 12/05/2023*

  - 15m 1.25% Zn, 0.30% Pb, 8.33g/t Ag from 184m

- MIRC012
  - 8m @ 0.87% Zn, 0.18% Pb, 5.35g/t Ag from 219m

- MIRC013
  - 11m @ 1.03% Zn, 0.22% Pb, 33.50g/t Ag, 0.15% Cu from 212m including:
    - **6m @ 1.46% Zn, 0.29% Pb, 50.58g/t Ag, 0.21% Cu**

  *The higher-grade silver intersection in MIRC013 included a one metre interval with **123g/t Ag, 2.7% Zn, 0.4% Pb and 0.3% Cu** from 214m.*

- MIRC014
  - 16m @ 0.57% Zn, 0.13% Pb, 7.17g/t Ag, 0.09% Cu from 128m

Mineralisation intersected to date at Minjina is contained within broad (>50m thick) zones of anomalous Zn-Pb-Ag mineralisation in fresh rock, with the consistency of mineralisation between adjacent holes confirming that the individual intersections form part of a larger mineralised system.

*Significant Cu intersections*

In addition to the wider intervals of Zn Pb-dominant mineralisation the Company's drilling intersected the first significant Cu mineralisation at Minjina, interpreted as a vector towards a Cu-rich 'core' of the system.

On the northern section (MIRC010 and MIRC014) Cu appears as veins or stringers with grades increasing (and open) down dip.

*Massive sulphides in MIRC013*

Hole MIRC013 80m to the south also hit zones of this stringer-style mineralisation, including s a 5-6m wide zone of massive sulphides (pyrrhotite>chalcopyrite) with elevated Cu -Zn, the first time this copper-zinc association with massive sulphides has been intersected in the Yamarna Project.

*High priority MJ1 target identified in downhole electromagnetics (DHEM)*

MIRC012, drilled 80m east of MIRC013, was terminated short of the massive sulphide zone in MIRC013, (refer Figure 5). A DHEM survey of MIRC012 ~80m to the east of MIRC012 was unable to detect the massive sulphide horizon in MIRC013, however identified a high conductance (5,700 S) anomaly ~150m to the south (refer Figure 6).

This target (MJ1) is a compelling walk-up drill target given not only its strong conductance but importantly the association of massive sulphides in MIRC013 with high-grade silver and significant base metals. MJ1 would be tested with two shallow (~200m) RC holes.

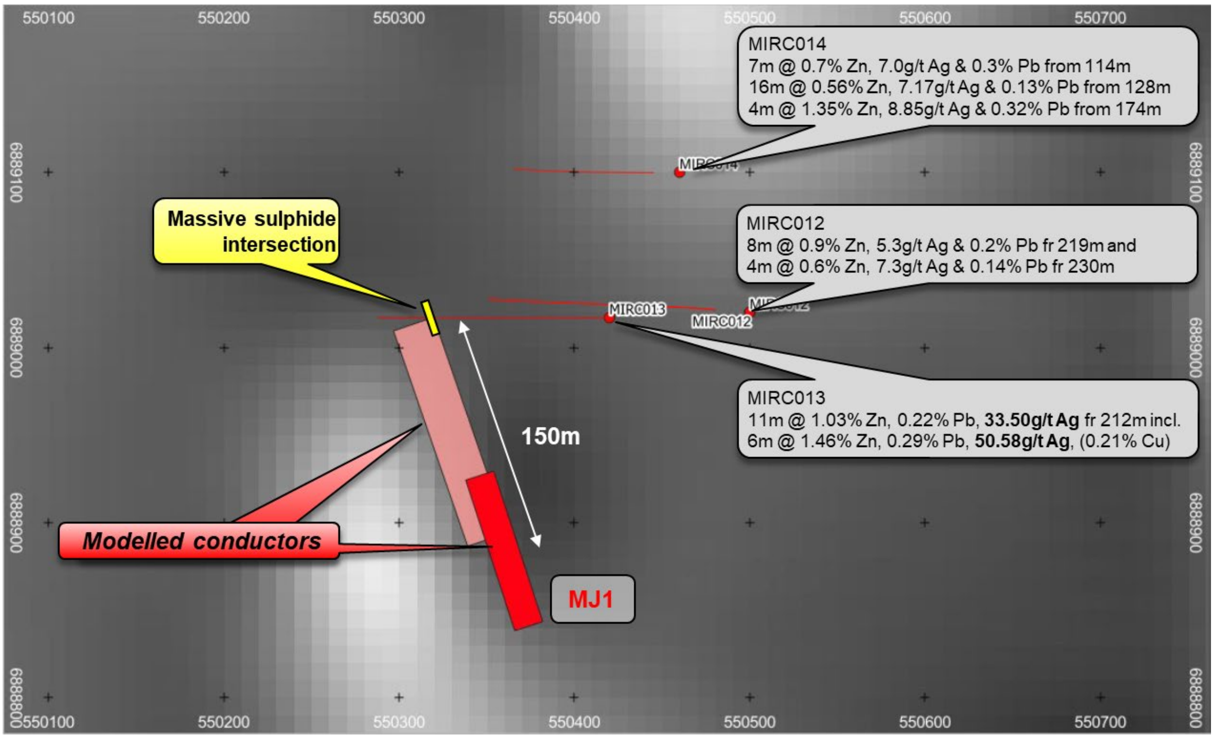



**Figure 6: DHEM MJ1 target ~150m south of the massive sulphide intersection in MIRC013. Background greyscale magnetics (RTP TMI).**

Further studies including structural/3D geological modelling, petrographic examination and isotope studies are ongoing to improve the Company' s understanding of the Minjina deposit and provide vectors to potentially economic zones within the system.

Given the widespread post-mineral cover the Company's studies has included reprocessing and re-interpretation of detailed geophysics data sets including magnetics and gravity data sets which have highlighted two important structural trends not previously recognised that are interpreted to control mineralisation at Minjina (refer Figure 3). These two zones would be tested with a detailed grid of shallow aircore drilling to define targets for deeper drilling.

*Mt Venn*

Copper-rich sulphide mineralisation at Mt Venn is hosted within mafic-ultramafic rocks of the Mt Venn Igneous Complex, and characterised by widespread, thick, and shallow mineralisation, wand where drilling by the Company since listing on the ASX has successfully extended the known mineralisation including (refer Figure 7)[2]:

- 46m @ 0.80% Cu from 141m in 21MVRC001 including:
  - **12m @ 1.26% Cu from 155m; and**
  - **13m @ 1.06% Cu from 170m.**
- 22m @ 0.48% Cu, 0.16% Ni and 0.06% Co from 135m in YARC008 including:
  - **1m @ 1.56% Cu, 0.15% Ni and 0.05% Co from 147m**
- 18m @ 0.40% Cu from 202m in YARC013 including:
  - **1m @ 1.05% Cu from 215m**
- 23m @ 0.30% Cu from 147m in YARC006 including:
  - **1m @ 1.25% Cu from 154m**

Mineralised intervals comprising disseminated to massive and semi-massive sulphides (pyrrhotite>>chalcopyrite)

[2] *Refer CMO ASX Announcement 16/02/22 & 25/07/22 & Independent Geologist's Report in CMO's Prospectus 22/11/2021*

are hosted within a mafic (gabbro) to ultramafic (pyroxenite) unit adjacent to the contact with felsic-intermediate volcanics and volcaniclastics.

A seven-hole RC program - drilled to support the estimation of a JORC 2012 compliant Exploration Target at Mt Venn - intersected further shallow, thick Cu mineralisation including :

- YARC017 17m @ 0.26% Cu from 132m
- YARC021 18m @ 0.48% Cu, 0.12% Ni, 340ppm Co from 142m
- YARC022 14m @ 0.23% Cu from 221m
- YARC023 13m @ 0.46% Cu, 0.11% Ni from 179m

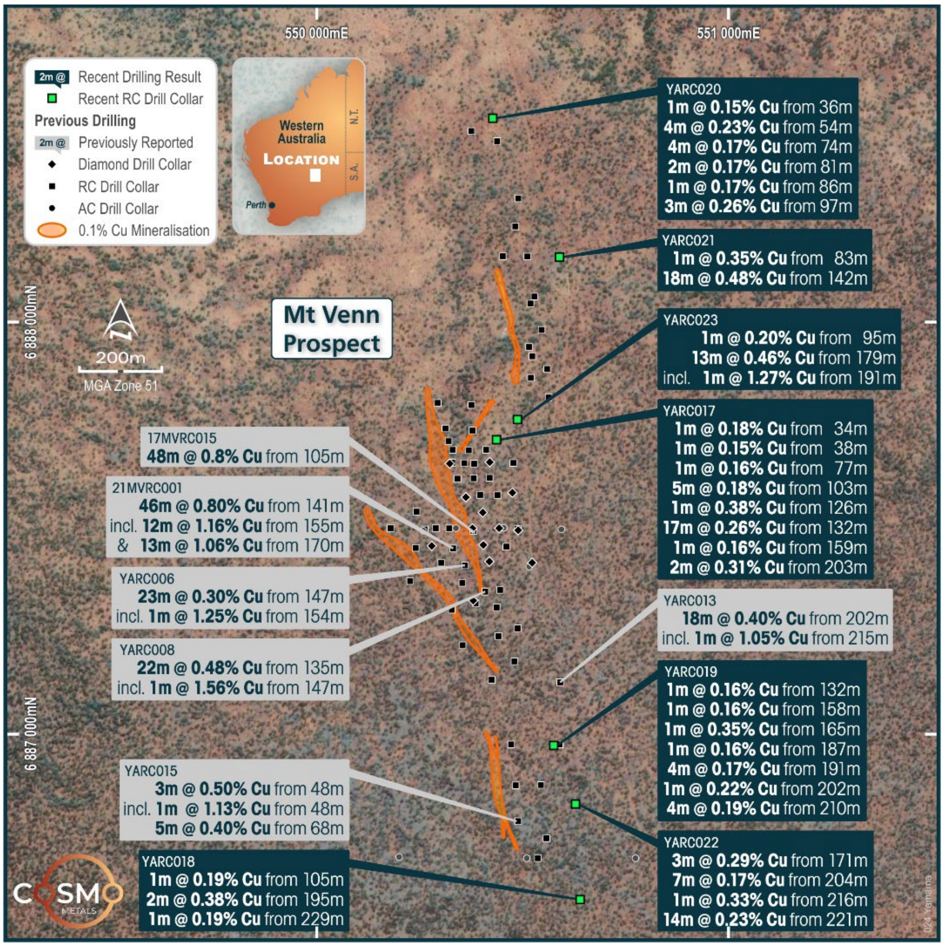



**Figure 7: Cosmo Metals' Mt Venn Project. Selected drill intersections on aerial photo background**

*2023 Mt Venn Cu-Ni-Co Exploration Target*

The Mt Venn Exploration Target was prepared by leading global mining consulting group Entech and reported according to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) 2012 edition. Tonnes and grade ranges for the Mt Venn Exploration Target range between (refer Table 1 and Figure 8 below)[3]:

**10.2 to 32.3 million tonnes of Copper (Cu)- Nickel (Ni) – Cobalt (Co) mineralisation with grades ranging from 0.55% CuEq to 0.63% CuEq.**

*The potential tonnes and grades of the Exploration Target are conceptual in nature and should not be considered as an estimate of a Mineral Resource. There has been insufficient exploration (and drilling density) to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral*

[3] *Refer CMO ASX Announcement 16/02/2023*

*Resource. The Exploration Target, being conceptual in nature, takes no account of geological complexity or metallurgical recovery factors.*

**<u>Table 1</u>: Mt Venn Exploration Target. Potential tonnes and grade ranges.**

| Deposit | Attribute | Upper Limit >= 0.3% CuEq + 200mRL | | | Lower Limit >= 0.3% CuEq + Inpit[4] | | |
|---|---|---|---|---|---|---|---|
| | | Tonnes (Mt) | Metal (kt) | Grade (%) | Tonnes (Mt) | Metal (kt) | Grade (%) |
| | | | | | | | |
| Mt Venn | **CuEq2023[4]** | 32.3 | **177.2** | **0.55** | 10.2 | **64.5** | **0.63** |
| | Copper | | 99.1 | 0.31 | | 37.3 | 0.36 |
| | Nickel | | 26.1 | 0.08 | | 8.9 | 0.09 |
| | Cobalt | | 8.6 | 0.03 | | 3.1 | 0.03 |

*Notes: Tonnages are dry metric tonnes. Minor discrepancies may occur due to rounding.*

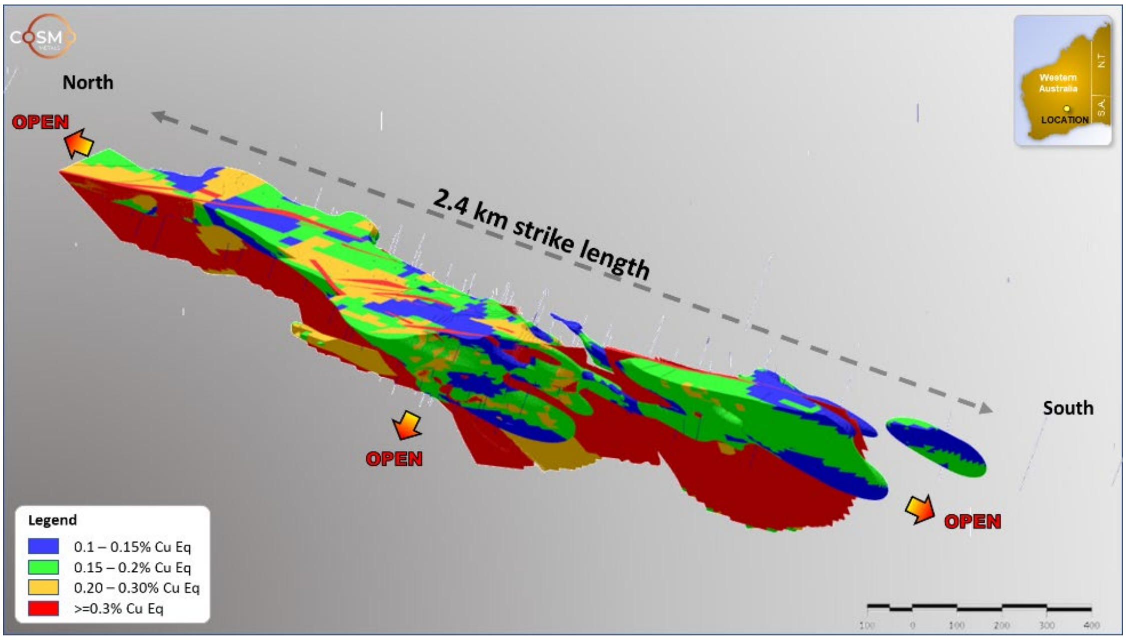



**Figure 8: Mt Venn Mt Venn Exploration Target, 3D Block Model, Oblique View**

The Exploration Target was reported using a 0.3% copper equivalent cut-off value above 200m RL (200m below topography) for the upper limit target range and constrained within a pit optimisation shell for the lower limit target range.

Metallurgical testwork undertaken by Great Boulder Resources Ltd (GBR) in 2018[5] indicates that copper-nickel-cobalt reported in the Exploration Target can be recovered with current mineral processing technology6. Material classification is not applied for an Exploration Target.

Further metallurgical testwork is planned in preparation for potential processing and economic studies once exploration target testing activities along the broader Mt Venn trend have been completed.

[4] *The Copper equivalent has been calculated using metal pricing, recoveries and other payability assumptions for copper, nickel and cobalt as detailed in 'Other Substantive exploration data' in Section 2 of the JORC Code Table 1 in the original announcement.*
[5] *GBR ASX Announcement 23 October 2018*
[6] *ALS report A18729 – Mineralogical Report MIN3216, May 2018*

*Eastern Mafic Complex (Cu-Ni-Co-PGE)*

The Eastern Mafic Complex (EMC), ~7km east of Mt Venn, is defined by a 4.5km by 3.5km gravity anomaly discovered in 2018.

Limited exploration has been completed at EMC with only 36 holes drilled to date, targeting electromagnetic conductors identified by an airborne EM (AEM) survey flown in 2018, with all conductors drilled being associated with magmatic sulphides. Ni-Cu-Co (PGE) mineralisation at EMC is hosted within gabbro to anorthositic gabbro rocks with sulphides dominated by pyrrhotite - chalcopyrite with lesser pyrite.

Historical exploration at EMC targeted potential 'feeder zones' of the mineralised system (i.e., the potential source to near-surface mineralisation), with the potential to host large zones of sulphide mineralisation analogous to other Cu-Ni-PGE deposits globally.

Several high-priority prospects have been identified at EMC, including Zermatt, Cortina, ML3 and ML13 (refer Figure 9). These prospects remain largely open along strike and at depth and of note within this system is the presence of Platinum Group Elements (PGE's) in contrast to Mt Venn.

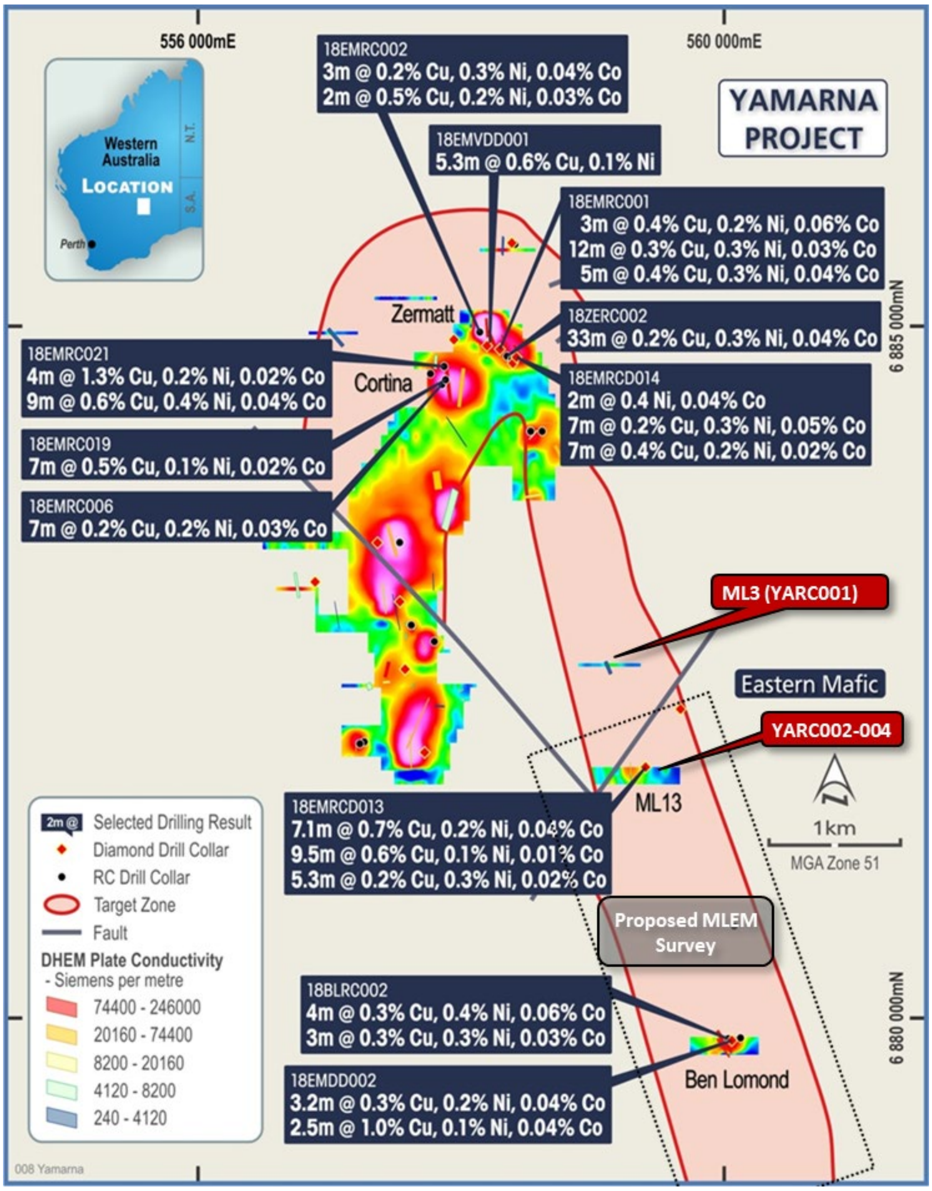



**Figure 9: Eastern Mafic Complex, prospects, 2022 RC drilling with selected historical drill intersections and proposed MLEM survey. For details of historical intersections, including JORC Table 1, refer Independent Geologist's Report within Cosmo Metals' Prospectus dated 22 November 2021).**

During the year Cosmo drilled four RC at Eastern Mafic targeting **ML3** (YARC001) and **ML13** (YARC002-004).

**ML3** is a prominent EM anomaly associated with a locally strong magnetic anomaly, adjacent to a regional NNW structure. Historical drilling at ML3 failed to explain the anomaly, and Cosmo's RC hole YARC001 also failed to intersect the modelled conductor. DHEM surveying of YARC001 was unable to resolve the target, which remains unexplained.

The three holes (YARC002-004) drilled to test AEM conductor **ML13** targeted the up-dip extension of mineralisation in historical hole 18EMRCD13 which intersected[7]:

- 5.3 m at 0.2% Cu, 0.3% Ni, 0.02% Co, 0.09g/t PGE from 161m
- 7.1 m at 0.7% Cu, 0.2% Ni,0.04% Co from 282.8m
- 9.5 m at 0.6% Cu, 0.1% N, 0.01% Co, 0.21g/t PGE from 322m

Cosmo holes YARC002 and YARC004 intersected several zones of significant mineralisation including[8]:

- 6m @ 0.19% Cu from 132m (YARC002)
- 10m @ 0.20% Cu from 70m (YARC004)

Notably YARC004 (~150m south of the conductor defined at ML13) targeted a position where no conductor was identified from airborne data (AEM), and mineralisation has now been defined over more than 250m with the nearest drillhole more than 1km to the south of YARC004.

The lack of an AEM conductor at YARC004 was interpreted to reflect a very high conductance body. The high conductance may have saturated the response to airborne systems. To screen this target a lower frequency, ground based moving loop EM (MLEM) survey was collected, however this data also failed to resolve any new targets and no follow up work has been completed since this survey.

*Narragene (Cu-Ni-PGE)*

The Company's Narragene tenement (E38/3640) covers a further nine-kilometre extension of the Mt Venn Complex to the north of Minjina. Historical drilling along this trend has intersected wide (20-44m) zones of copper-dominant sulphide mineralisation with almost half the historical holes completed recording grades greater than 0.2% Cu (refer Figure 2).

There has been no on-ground exploration at the Narragene project in more than 20 years and a review of historical data has identified numerous high-priority target areas for on-ground verification. The target areas have been prioritised based on:

1. Widespread Cu-Ni mineralisation in rock chips and intersected in historical drilling, including hole MVRC010 with the highest-grade Ni intersection in the Mt Venn Greenstone Belt with:

    - 4m @ 1.2% Cu, 0.68% Ni from 33m ***including 1m @ 0.5% Cu, 1.8% Ni from 35m***

    MVRC010 is coincident with a NNW-trending shear zone, and has never been followed up despite intersecting the highest nickel grades drilled to date in the Mt Venn Igneous Complex.

2. Extensive mafic/ultramafic rocks (host rocks for magmatic Cu-Ni±PGE mineralisation) associated with widespread copper-nickel mineralisation identified by historical rock chip sampling.

3. Widespread felsic volcanic rocks (potential host to VMS-style Zn-Pb-Ag mineralisation), which are interpreted to underly extensive post mineral cover. This covered area was overlooked by historical explorers due to their focus on magmatic Cu-Ni (±PGE) deposits hosted within the better exposed mafic/ultramafic units.

4. Limited, and shallow historical drilling, with only 29 holes drilled within this 60km2 tenement, with an average hole depth of 123m (maximum 230m).

5. Significant areas of post-mineral cover limiting effectiveness of surface prospecting techniques

[7] *Refer Independent Geologist's Report within Cosmo Metals' Prospectus dated 22 November 2021*
[8] *Refer CMO's ASX Announcement 25/7/22*

Following the grant of E38/3640 in 2022 the Company completed initial heritage work which has cleared the way for on-ground exploration, and in early 2023 the Company's completed a moving loop electromagnetic (MLEM) survey which identified a strong conductor followed up with a Fixed-Loop EM (FLEM) survey with 52 stations observed along three profiles (total of two line-kilometres):

- Lines L6895500 and L6895900 were planned to target extensions of the mineralised horizon interpreted in MVRC010, using a high (25 Hz) base frequency. No conductor was identified.
- L6894900 was planned to improve the resolution of a poorly constrained anomaly interpreted in previous ground EM and improve the geometry of the conductor. The survey successfully identified a strong late-time conductor "NA1" with a plate model of dimensions 155 x 40m and a conductance of 7,670S associated with elevated Cu and Ni in surface sampling. A shallow (160m) drillhole – NARC001P - has been planned to test NA1 (refer Figure 10).

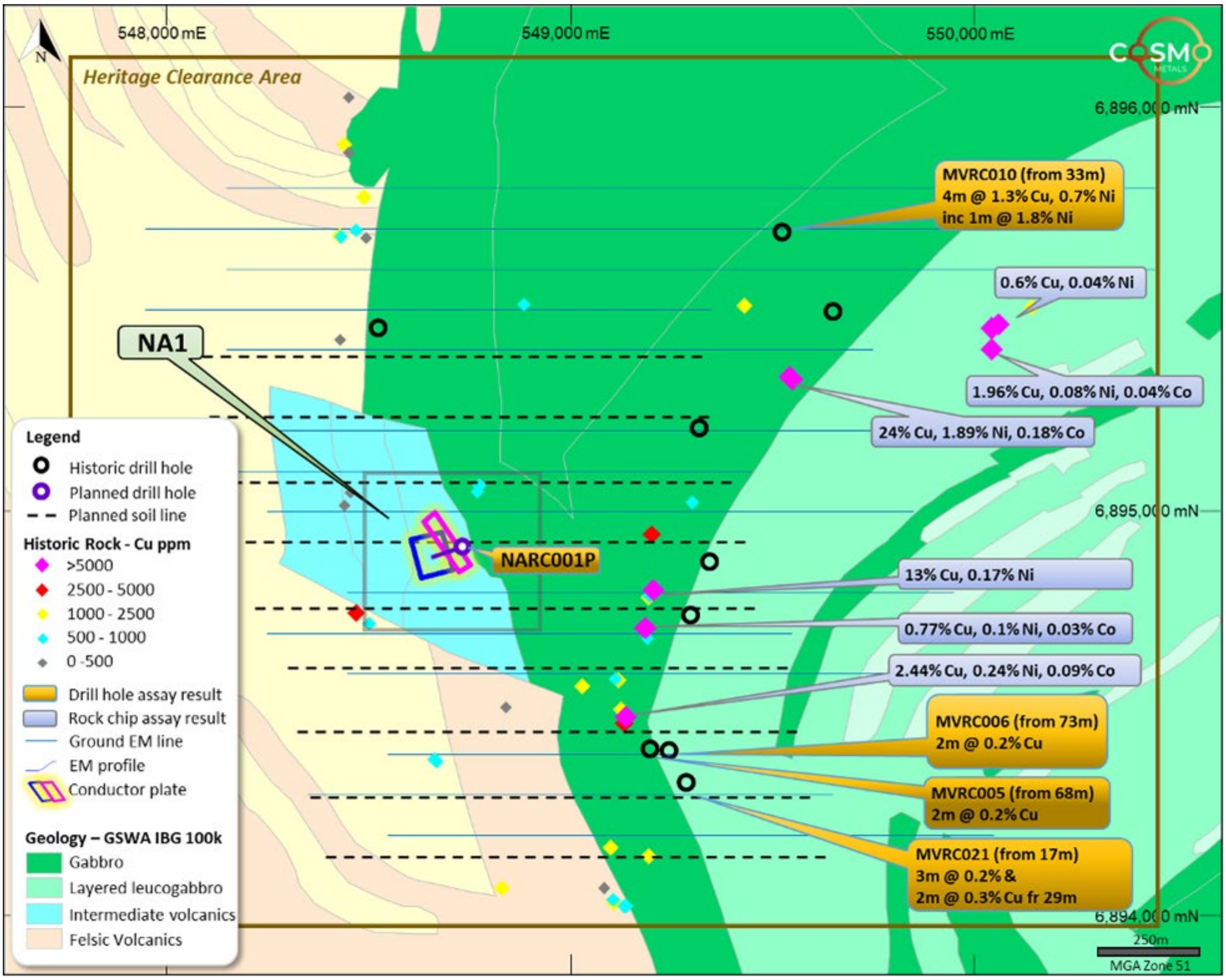



**Figure 10: NA1 prospect, Narragene Project. Ground EM lines, and planned soils with historical drill holes and rock chip samples on background GSWA 1:100,000 geology.**

***Winchester (CMO 75% - 100%)***

The Winchester Project, located ~50km north of the Yamarna Project, comprises two tenements covering 91km². Winchester contains numerous magmatic-hosted polymetallic (Cu-Ni-Co-PGE) targets interpreted to be analogous to the Mt Venn deposit (refer Figure 11).

Historically, there have been several phases of exploration at Winchester, however only 22 RC and DD holes have been drilled to date across the entire tenement area with significant intercepts including[9]:

- 7m @ 1.1 % Cu, 0.2% Ni, 0.01% Co, 0.13ppm PGE and 0.19g/t Au from 123 m (18WNRC001)
    - including 2m @ Cu 1.8% Cu, 0.2 % Ni, 0.02% Co, 0.22ppm PGE and 0.25g/t Au from 126m
- 13m @ 0.9 Cu %, 0.3 % Ni, 0.02 % Co from 138 m (18WNRC002) including
    - **2m @ 1.5% Cu, 0.1% Ni, 0.01% Co and 0.12g/t Au from 138 m and**
    - **5m @ 1.1% Cu, 0.7% Ni, 0.04% Co and 0.1ppm PGE from 144m**
- 4.4m @ 0.8% Cu, 4.7g/t Ag from 201.86 m (20WNRCD002)
- 19m @ 0.6% Cu, 0.3% Ni, and 0.02% Co from 106m (YMRC010) including
    - **10m @ 0.8% Cu, 0.4% Ni, 0.03% Co**
- 13m at 0.9% Cu, 0.3% Ni, 0.02% Co from 138m (18WNRC002) including
    - **5m at 1.1% Cu, 0.7% Ni, 0.04% Co, 0.10g/t PGE**

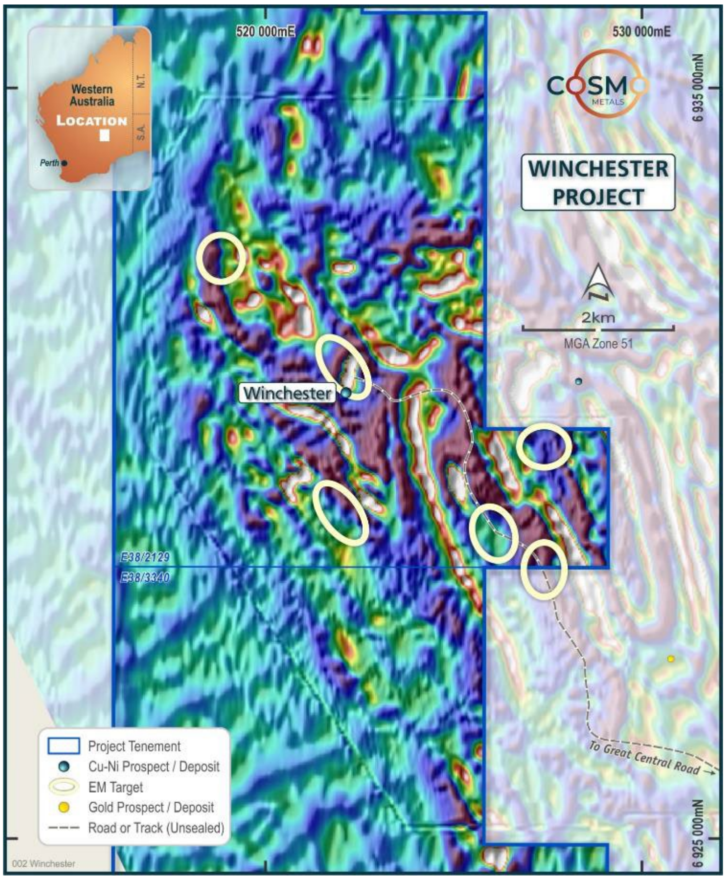



**Figure 11: Cosmo Metals' Winchester Project with EM targets and location of the Winchester Prospect on background airborne magnetics (VD1 TMI)**

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[9] *Refer Independent Geologist's Report in CMO's Prospectus 22/11/2021*

During the year the Company completed a downhole electromagnetic (DHEM) survey at Winchester to target off-hole conductors in four holes (20WMRC001-004) drilled in 2020, but which were not surveyed at the time they were drilled due to regional COVID-related travel restrictions.

The DHEM survey resolved several in-hole conductors adequately tested by the drilling (refer Table 2). Two strong off-hole conductors at holes 20WNRCD002 and 003 were downgraded as they were interpreted to reflect stratigraphic conductors (e.g. graphitic sediments).

Ongoing review of the Winchester area by Cosmo's geologists has highlighted several regional targets for follow up with further ground geophysics and the Company is reviewing funding options to test these.

**TABLE 2: Cosmo Metals' Winchester Project DHEM survey September 2022**

| Project | Hole ID | Plate Name | Conductance (S) |
|---|---|---|---|
| Winchester | 20WNRCD001 | 20WNRCD002 off-end | 396 |
| Winchester | 20WNRCD002 | 20WNRCD002 off-end | 396 |
| Winchester | 20WNRCD002 | YMRC001 20WNRCD002 late | 2,150 |
| Winchester | 20WNRCD002 | 20WNRCD002 off-end | 396 |
| Winchester | 20WNRC003 | 20WNRC003_onhole | 7,953 |
| Winchester | 20WNRC003 | 20WNRC003_offhole | 2,807 |
| Winchester | 20WNRC004 | 20WNRC004 | 396 |
| Winchester | 20WNRC004 | 20WNRC004 | 396 |

***PINGRUP (CMO 100%)***

Cosmo Metals' Pingrup Project comprises two recently granted tenements in the southern Wheatbelt region of Western Australia (refer Figure 12).

The Pingrup tenements overlie farmland south of Lake Grace and are considered to be prospective for copper-nickel mineralisation associated with interpreted mafic-ultramafic intrusions within high metamorphic grade rocks of the Southwest Terrane (SWT) which also host Chalice Mining Limited's (ASX:CHN) Julimar deposit.

The Pingrup Project represents conceptual targets generated from analysis of regional geophysics with positive meetings held with key landowners during the reporting period. Exploration at Pingrup to date has been limited to further desktop studies and meetings on site with key landowners, which were uniformly positive.

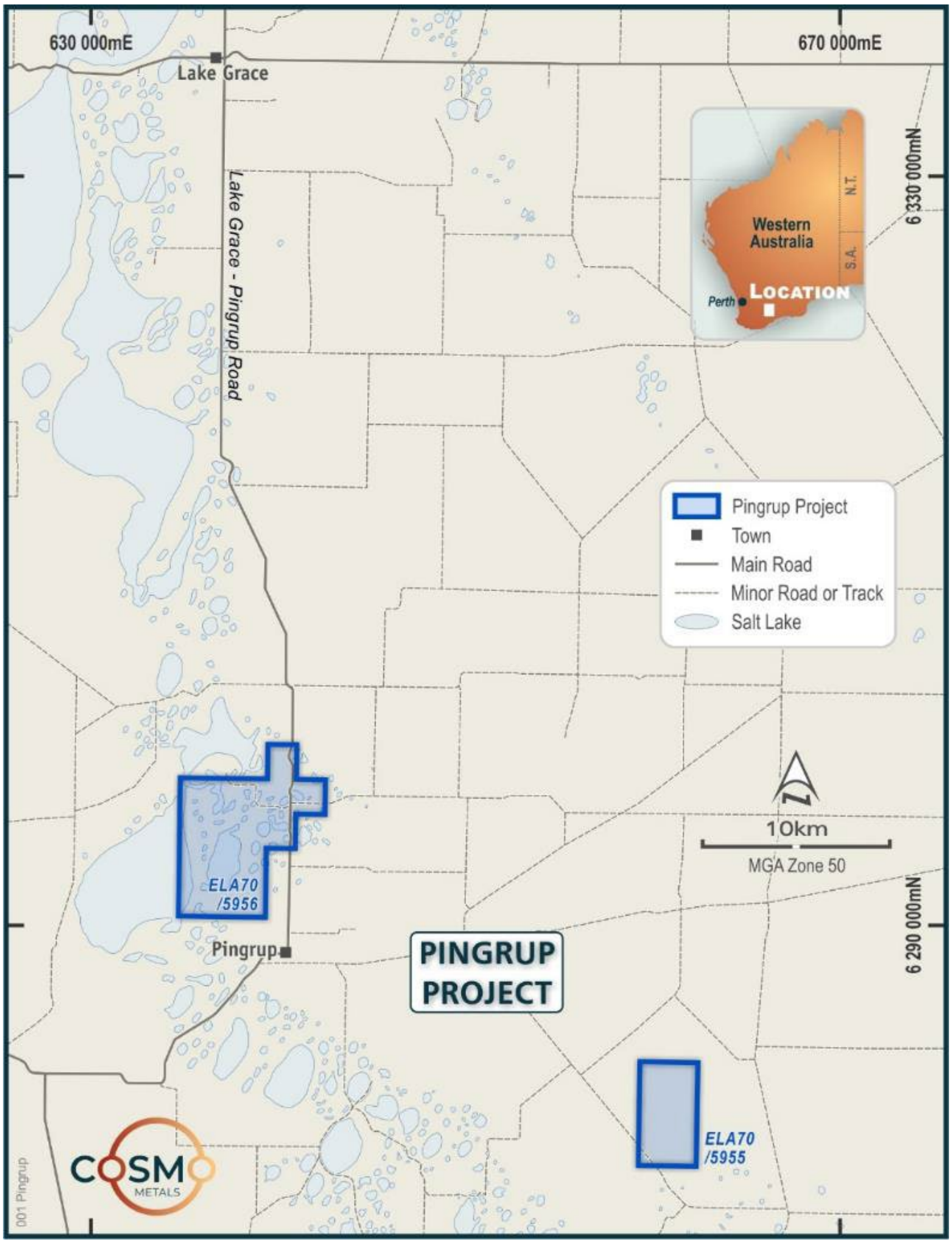


**Figure 12: Cosmo Metals' Pingrup Project, Southwest Terrane, Western Australia**

***Competent Persons Statement***

*The information in this report that relates to Exploration Results is based upon and fairly represents information compiled by Mr James Merrillees, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Merrillees is a full-time employee of the Company.*

*Mr Merrillees has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Merrillees consents to the inclusion in the report of the matter based on his information in the form and context in which it appears.*

*The information that relates to Mt Venn Exploration Target was first reported by the Company in its announcement to the ASX on 16 February 2023. The Company is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not material changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.*

## EVENTS AFTER THE REPORTING DATE

On 27 July 2023, the Company held a General Meeting to seek shareholders' approval to issue the below securities to complete the Company's placement, as announced on 15 June 2023:

- 1,090,167 fully paid ordinary shares (Tranche 2 placement);
- 8,666,667 free-attaching option (exercisable at $0.10 expiring 21 June 2026);
- 520,000 fully paid ordinary shares and 520,000 free-attaching options (exercisable at $0.10 expiring 21 June 2026) to brokers as conversion of their lead management and capital raising fees of $39,000; and
- 4,000,000 options (exercisable at $0.1125 expiring 21 June 2026) to brokers for capital raising services provided for the placement.

All resolutions were passed at the Company's General Meeting and the shares and options were issued on 4 August 2023.

Furthermore, on 4 August 2023, 500,000 options with an exercise price of $0.25 and an expiry date of 15/09/2025 were forfeited due to termination of an employee's contract.

Apart from the matters discussed above, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the financial year.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

## MATERIAL BUSINESS RISKS

The Company's exploration and evaluation operations will be subject to the normal risks of mineral exploration. The material business risks that may affect the Company are summarised below.

*Future capital raisings*

The Company's ongoing activities may require substantial further financing in the future. The Company will require additional funding to continue its exploration and evaluation operations on its projects with the aim to identify economically mineable reserves and resources. Any additional equity financing may be dilutive to shareholders, may be undertaken at lower prices than the current market price and debt financing, if available, may involve restrictive covenants which limit the Company's operations and business strategy. Although the

Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

*Exploration risk*

The success of the Company depends on the delineation of economically mineable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration on the Company's existing tenements may be unsuccessful, resulting in a reduction in the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the tenements. The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions.

Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability. If the level of operating expenditure required is higher than expected, the financial position of the Company may be adversely affected.

*Feasibility and development risks*

It may not always be possible for the Company to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as the Company's.

*Regulatory risk*

The Company's operations are subject to various Commonwealth, State and Territory and local laws and plans, including those relating to mining, prospecting, development permit and licence requirements, industrial relations, environment, land use, royalties, water, native title and cultural heritage, mine safety and occupational health. Approvals, licences and permits required to comply with such rules are subject to the discretion of the applicable government officials.

No assurance can be given that the Company will be successful in maintaining such authorisations in full force and effect without modification or revocation. To the extent such approvals are required and not retained or obtained in a timely manner or at all, the Company may be limited or prohibited from continuing or proceeding with exploration. The Company's business and results of operations could be adversely affected if applications lodged for exploration licences are not granted. Mining and exploration tenements are subject to periodic renewal. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

*Mineral resource estimate risk*

Mineral resource estimates are expressions of judgement based on knowledge, experience and industry practice. These estimates were appropriate when made but may change significantly when new information becomes available. There are risks associated with such estimates. Mineral resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect the Company's future plans and ultimately its financial performance and value. Nickel, copper and zinc metal price fluctuations, as well as increased production costs or reduced throughput and/or recovery rates, may render resources containing relatively lower grades uneconomic and may materially affect resource estimations.

*Environmental risk*

The operations and activities of the Company are subject to the environmental laws and regulations of Australia. As with most exploration projects and mining operations, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations. The Company is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments which could have a material adverse effect on the Company's business, financial condition and performance.

*Availability of equipment and contractors*

Prior to the COVID-19 pandemic, appropriate equipment, including drill rigs, was in short supply. There was also high demand for contractors providing other services to the mining industry. The COVID-19 pandemic only served to exacerbate these issues. Consequently, there is a risk that the Company may not be able to source all the equipment and contractors required to fulfil its proposed activities. There is also a risk that hired contractors may underperform or that equipment may malfunction, either of which may affect the progress of the Company's activities.

## ENVIRONMENTAL REGULATION

The Company is subject to and is compliant with all aspects of environmental regulation of its exploration and mining activities. The Directors are not aware of any environmental law that is not being complied with.

## INFORMATION ON DIRECTORS

**Peter Bird** **BSc (Hons) (Geology)**

*Non-Executive Chairman*

Mr Bird is an experienced, well-known and highly respected mining industry executive. His extensive experience covers senior technical, management, investor relations and human resources positions with major mining companies such as Western Mining Corporation, Newmont and Normandy Mining. In addition, Mr Bird has extensive expertise in equity markets including five years at Merrill Lynch Equities, where he was recognised in 1998 as the top-rated Australian Gold Analyst in Australia, Europe and Asia. In 2000 while General Manager Investor Relations at Newcrest and Normandy, he was voted by the investment community as the number one Investor Relations Manager in all listed Australian companies.

More recently, Mr Bird has served in Board and executive roles both as a Managing Director and in the capacity of Non-Executive Chairman with several ASX listed resource companies, and as CEO and Deputy Chair of a UK Listed copper company. Mr Bird recently oversaw significant value generation at ASX listed junior explorer Zenith Minerals (ASX:ZNC) in the role of Executive Chairman.

| | |
|---|---|
| Appointed: | 10 November 2021 |
| Committee memberships: | Audit & Risk |
| Other listed board memberships: | Nil |
| Previous listed board memberships: | Asiamet Resources Limited, Zenith Minerals Ltd |
| Interest in shares at the date of this report: | 116,667 |
| Interest in options at the date of this report: | 1,066,667 |
| Contractual rights to shares: | Nil |

**Zbigniew Lubieniecki** **BASc (Geology)**

*Non-Executive Director (resigned 28 July 2023)*

Mr Lubieniecki is an experienced exploration geologist with over 30 years' experience in exploration, mining, management, property acquisition, and company listings. He has held senior positions including Chief Mine Geologist for Plutonic and Exploration Manager for Australian Platinum Mines and most recently was an Executive Director for Gold Road Resources (ASX:GOR). Mr Lubieniecki has had a successful exploration career including credit for the discovery of the +6Moz Gruyere gold deposit and will provide high-level exploration direction to the Company.

| | |
|---|---|
| Appointed: | 26 August 2021 |
| Resigned: | 28 July 2023 |
| Committee memberships: | Audit & Risk *(resigned 28 July 2023)* |
| Other listed board memberships: | Hammer Metals Ltd |
| Previous listed board memberships: | Nil for the last three years |
| Interest in shares at the date of this report: | 383,334 |
| Interest in options at the date of this report: | 1,133,334 |
| Contractual rights to shares: | Nil |

**James Merrillees** **BSc (Geology), BCom, GradDipAppFin**

*Managing Director*

Mr Merrillees is a geologist with over 20 years' global experience in minerals exploration and development. He has held senior technical and corporate roles with ASX-listed and private gold and base metals explorers and developers. Mr Merrillees' extensive experience covers exploration of Archean and Proterozoic mineral systems and the management of teams involved in greenfields discoveries of gold, base metals, uranium and bulk commodities.

| | |
|---|---|
| Appointed: | 10 November 2021 |
| Committee memberships: | Nil |
| Other listed board memberships: | Nil |
| Previous listed board memberships: | Golden Mile Resources Ltd, Cygnus Gold Ltd |
| Interest in shares at the date of this report: | 183,334 |
| Interest in options at the date of this report: | 2,133,334 |
| Contractual rights to shares: | Nil |

**Andrew Paterson** **B.Eng (Hons) (Mineral Exploration & Mining Geology), GradDip Mining**
*Non-Executive Director*

Mr Paterson is a geologist with over 25 years' experience in mining and exploration in Australia and PNG. After graduating from WASM in 1993 he spent several years in surface and underground gold and nickel mining operations around the WA Goldfields before moving into a management role with Harmony Gold. Since then, Mr Paterson has managed diverse programs exploring for gold, nickel, iron ore and lithium for companies including Atlas Iron and Focus Minerals. In 2016, Mr Paterson was part of the management team that recapitalised Kingston Resources, leading to Kingston's successful acquisition of the 2.8Moz Misima Gold Project in PNG.

| | |
|---|---|
| Appointed: | 26 August 2021 |
| Committee memberships: | Audit & Risk |
| Other listed board memberships: | Great Boulder Resources Ltd |
| Previous listed board memberships: | Nil for the last three years |
| Interest in shares at the date of this report: | Nil |
| Interest in options at the date of this report: | 1,000,000 |
| Contractual rights to shares: | Nil |

**Melanie Ross** **CA, BCom, AGIA, ACG**
*Company Secretary and Chief Financial Officer*

Ms Ross is an accounting and corporate governance professional with over 20 years' experience in financial accounting and analysis, audit, business and corporate advisory services in public practice, commerce and state government. Ms Ross is currently a director of a corporate advisory company based in Perth that provides corporate and other advisory services to public listed companies.

| | |
|---|---|
| Appointed: | 26 August 2021 |

## MEETINGS OF DIRECTORS

The number of directors' meetings held (including meeting of the Committees of the Board) and number of meetings attend by each of the directors of the Company during the financial year are:

| | Directors' Meeting | | Audit and Risk Committee | |
|---|---|---|---|---|
| **Director** | **Eligible** | **Attended** | **Eligible** | **Attended** |
| Peter Bird | 8 | 8 | 2 | 2 |
| Zbigniew Lubieniecki | 8 | 8 | 2 | 2 |
| James Merrillees | 8 | 8 | - | - |
| Andrew Paterson | 8 | 8 | 2 | 2 |

## OPTIONS

Options on issue at the date of this report:

| Grant date | Expiry date | Quoted/Unquoted | Exercise price | Number |
|---|---|---|---|---|
| 12 November 2021 | 12 November 2024 | Unquoted | $0.25 | 5,000,000 |
| 31 January 2022 | 31 January 2025 | Unquoted | $0.25 | 5,000,000 |
| 27 July 2023 | 21 June 2026 | Unquoted | $0.10 | 9,186,667 |
| 27 July 2023 | 21 June 2026 | Unquoted | $0.1125 | 4,000,000 |

## SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of Cosmo Metals Limited that were issued during the financial year and up to the date of this report on the exercise of options granted.

## INDEMNIFYING OFFICERS AND AUDITORS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer, or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. No indemnification has been paid with respect to the Company's auditor.

## 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.

## OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the Company who are former partners of RSM Australia Partners.

## ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

## AUDITOR

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

## NON-AUDIT SERVICES

During the financial year, the Company engaged RSM Australia Partners to review and lodge the Fringe Benefit Tax return on the Company's behalf for a fee of $1,500 (excluding GST). This amount was a payable at 30 June 2023.

No other amounts were paid or payable to the auditor for non-audit services provided during the year ended 30 June 2023.

## AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' Independence declaration as required under section 307C of the *Corporations Act 2001* is included within this financial report.

This remuneration report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, Key Management Personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company.

## PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that executive reward satisfies the following key criteria for good reward governance practises:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency

The Board, acting in its capacity as the remuneration committee, is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In making its determinations, the Board ensures that the remuneration and employment policies and practices of the Company:

- motivate executive Directors and officers to pursue the long-term growth and success of the Company;
- demonstrate a clear relationship between performance and remuneration; and
- involve an appropriate balance between fixed and incentive remuneration, reflecting the short and long-term performance objectives to the Company circumstances and goals.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

*Non-executive Directors' remuneration*

The Company's policy is to remunerate Non-executive Directors at a fixed fee for time, commitment and responsibilities. Remuneration for Non-executive Directors is not linked to individual performance. From time to time, the Company may grant options to Non-executive Directors. The grant of options is designed to recognise and reward efforts and provide Non-executive Directors with additional incentive to continue those efforts for the benefit of the Company.

ASX listing rules require the maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive Directors be subject to approval by shareholders at a General Meeting. The current base remuneration pool of $300,000 for non-executive directors was set and reported in the Prospectus dated 22 November 2021. All director fees are periodically recommended for approval by shareholders.

*Executive remuneration*

The Company's policy regarding executive's remuneration is that the executives are paid a commercial salary and benefits based on the market rate and experience.

Executive pay and reward consists of the following:

- base salary and non-monetary benefits;
- performance incentives;
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Long-term incentives include long service leave and share-based payments. These may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. The grant of options is designed to recognise and reward efforts and provide additional incentive and may be subject to the successful completion of performance hurdles.

*Use of remuneration consultants*

During the financial year ended 30 June 2023 and 30 June 2022, the company did not engage any remuneration consultants.

*Performance based remuneration*

The Company has adopted an employee incentive option plan ('ESOP or 'Option Plan') to provide ongoing incentives to Directors, Executives and Employees of the Company. The objective of the ESOP is to provide the Company with a remuneration mechanism, through the issue of securities in the capital of the Company, to motivate and reward the performance of the Directors and employees in achieving specified performance milestones within a specified performance period. The Board will ensure that the performance milestones attached to the securities issued pursuant to the ESOP are aligned with the successful growth of the Company's business activities.

The Directors and employees of the Company have been, and will continue to be, instrumental in the growth of the Company. The Directors consider that the ESOP is an appropriate method to:

a) assist in the reward, retention and motivation of Directors and employees;
b) link the reward of Directors and employees to Shareholder value creation; and
c) align the interests of Directors and employees with shareholders of the Company by providing an opportunity to Directors and employees to receive an equity interest in the Company in the form of Securities.

*Company performance, shareholder wealth and Directors' and executives' remuneration*

The remuneration policy has been tailored to increase the positive relationship between shareholders' investment objectives and Directors and executives' performance. Currently, this is facilitated through the employee incentive option plan to encourage the alignment of personal and shareholder interests.

## KEY MANAGEMENT PERSONNEL

The key management personnel of the Company consists of the following directors and executives:

| Director | Position |
|---|---|
| Peter Bird | Non-Executive Chairman |
| Zbigniew Lubieniecki | Non-Executive Director – resigned 28 July 2023 |
| James Merrillees | Managing Director |
| Andrew Paterson | Non-Executive Director |

The details of the Key Management Personnel's remuneration have been set out in the following tables.

## REMUNERATION STRUCTURE FOR KEY MANAGEMENT PERSONNEL

Remuneration is based on the following components approved by the Remuneration and Nomination Committee:

- base pay
- long-term performance incentives
- other remuneration such as superannuation and long service leave.

**Table 1: Contract terms for Key Management Personnel**

| Name | Title | Term of Agreement | Notice Period by Employee | Notice Period by Company | Termination Benefit |
|---|---|---|---|---|---|
| Peter Bird | Non-executive Chairman | Open | Upon resignation as director | Upon termination as director | n/a |
| Zbigniew Lubieniecki(i) | Non-executive Director | Open | Upon resignation as director | Upon termination as director | n/a |
| James Merrillees | Managing Director | Open | 3 months' notice | 3 months' notice | n/a |
| Andrew Paterson | Non-executive Director | Open | Upon resignation as director | Upon termination as director | n/a |

(i) Resigned 28 July 2023

**Table 2: Remuneration for the year ended 30 June 2023**

| | Short Term | | Post-Employment | Long Term | | | |
|---|---|---|---|---|---|---|---|
| 2023 | Salary, Fees & Annual Leave | Non-monetary benefits | Super-annuation | Long service leave | Share Based Payments - Options | Total | Performance Related |
| | $ | $ | $ | $ | $ | $ | % |
| ***Directors*** | | | | | | | |
| Peter Bird(i) | 67,083 | - | 7,044 | - | - | 74,127 | - |
| Zbigniew Lubieniecki(iv) | 47,917 | - | 5,031 | - | - | 52,948 | - |
| James Merrillees(ii) | 240,000 | 2,400 | 25,200 | 335 | - | 267,935 | - |
| Andrew Paterson | 47,917 | - | 5,031 | - | - | 52,948 | - |
| **Total** | **402,917** | **2,400** | **42,306** | **335** | **-** | **447,958** | **-** |

## REMUNERATION STRUCTURE FOR KEY MANAGEMENT PERSONNEL

Table 3: Remuneration for the year ended 30 June 2022

| 2022 | Short Term | | Post-Employment | Long Term | | | |
|---|---|---|---|---|---|---|---|
| | Salary, Fees & Annual Leave | Non-monetary benefits | Super-annuation | Long service leave | Share Based Payments - Options | Total | Performance Related |
| | $ | $ | $ | $ | $ | $ | % |
| ***Directors*** | | | | | | | |
| Peter Bird(i) | 42,583 | - | 4,258 | - | 97,200 | 144,042 | 67% |
| Zbigniew Lubieniecki(iv) | 30,417 | - | 3,042 | - | 97,200 | 130,658 | 74% |
| James Merrillees(ii) | 120,000 | 986 | 12,000 | - | 194,400 | 327,386 | 59% |
| Andrew Paterson | 30,417 | - | 3,042 | - | 97,200 | 130,659 | 74% |
| Melanie Ross(iii) | - | - | - | - | - | - | - |
| **Total** | **223,417** | **986** | **22,342** | **-** | **486,000** | **732,745** | **66%** |

(i) Appointed 10 November 2021
(ii) Appointed 10 November 2021 as Non-Executive Director until appointment to Managing Director on 4 January 2022
(iii) Resigned as Non-Executive Director on 10 November 2021. Melanie Ross is a director and shareholder of Consilium Corporate Pty Ltd which provides corporate secretarial and chief financial accounting services to the Company
(iv) Resigned 28 July 2023

Table 4: Share-holdings of Key Management Personnel

| Name | Held at the start of the year | Issued on exercise of options | Acquired on market | Other | Held at the end of the year |
|---|---|---|---|---|---|
| ***Directors*** | | | | | |
| Peter Bird | 50,000 | - | - | - | 50,000 |
| Zbigniew Lubieniecki | 250,000 | - | - | - | 250,000 |
| James Merrillees | 50,000 | - | - | - | 50,000 |
| Andrew Paterson | - | - | - | - | - |
| **Total** | **350,000** | **-** | **-** | **-** | **350,000** |

Table 5: Option holdings of Key Management Personnel

| Name | Held at the start of the year | Number | Grant date | Fair value at grant date | Vesting conditions | Vesting date | Expiry | Exercise Price | Decrease (i) | Held at the end of the year |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Directors*** | | | | | | | | | | |
| Peter Bird | 1,000,000 | - | 12/11/2021 | $0.0972 | None | 12/11/2021 | 12/11/2024 | $0.25 | - | 1,000,000 |
| Zbigniew Lubieniecki | 1,000,000 | - | 12/11/2021 | $0.0972 | None | 12/11/2021 | 12/11/2024 | $0.25 | - | 1,000,000 |
| James Merrillees | 2,000,000 | - | 12/11/2021 | $0.0972 | None | 12/11/2021 | 12/11/2024 | $0.25 | - | 2,000,000 |
| Andrew Paterson | 1,000,000 | - | 12/11/2021 | $0.0972 | None | 12/11/2021 | 12/11/2024 | $0.25 | - | 1,000,000 |
| **Total** | **5,000,000** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **5,000,000** |

(i) "Decrease" represents options vested, exercised, expired during the year and/or forfeited due to termination/resignation.

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the company. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

## CONSEQUENCES OF PERFORMANCE ON SHAREHOLDER WEALTH

The earnings of the Company for the two years to 30 June 2023 are summarised below:

| | | 2023<br>$ | 2022<br>$ |
|---|---|---|---|
| Other income | **$** | 11,640 | 1,874 |
| EBITDA | **$** | (666,969) | (1,095,561) |
| EBIT | **$** | (686,633) | (1,098,522) |
| Loss after income tax | **$** | (686,633) | (1,096,648) |
| Share price at 30 June | **$ per share** | 0.090 | 0.150 |
| Basic loss per share | **cents per share** | (1.35) | (3.59) |

The Company was incorporated on 26 August 2021, hence there are no other prior year comparatives.

## LOANS TO KEY MANAGEMENT PERSONNEL

There were no loans to key management personnel during the year ended 30 June 2023.

## OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

During the year, there were no other transactions made with key management personnel and their related parties.

**[End of audited Remuneration Report.]**

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

**James Merrillees**
**Managing Director**

Date: 22 September 2023
Perth

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

| | Notes | 30 June 2023 $ | For the period 26 August 2021 to 30 June 2022 $ |
|---|---|---|---|
| Interest income | | 11,640 | 1,874 |
| Depreciation expense | 2 | (19,664) | (2,961) |
| Non-capital exploration expenditure | | (6,631) | (3,320) |
| Administration expenses | | (671,978) | (606,241) |
| Share based payments | 11 | - | (486,000) |
| **Loss before income tax** | | **(686,633)** | **(1,096,648)** |
| Income tax expense | 3 | - | - |
| **Loss after tax for the year** | | **(686,633)** | **(1,096,648)** |
| Other comprehensive income | | - | - |
| **Total comprehensive loss for the year attributable to the owners of Cosmo Metals Limited** | | **(686,633)** | **(1,096,648)** |
| **Loss per share** | | | |
| Basic and diluted loss per share (cents) | 15 | (1.35) | (3.59) |

The accompanying notes form part of this financial report.

# STATEMENT OF FINANCIAL POSITION
# AS AT 30 JUNE 2023

| | Notes | 30 June 2023 $ | 30 June 2022 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 4 | 612,449 | 3,058,757 |
| Trade and other receivables | 5 | 131,864 | 103,454 |
| Total current assets | | 744,313 | 3,162,211 |
| | | | |
| **Non-current assets** | | | |
| Plant and equipment | 6 | 61,801 | 69,693 |
| Exploration and evaluation expenditure | 7 | 8,453,597 | 5,963,499 |
| Total non-current assets | | 8,515,398 | 6,033,192 |
| | | | |
| **Total assets** | | **9,259,711** | **9,195,403** |
| | | | |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 8 | 339,824 | 116,280 |
| Provisions | 9 | 7,174 | 5,579 |
| Total current liabilities | | 346,998 | 121,859 |
| | | | |
| **Non-current liabilities** | | | |
| Provisions | 9 | 335 | - |
| Total current liabilities | | 335 | - |
| | | | |
| **Total liabilities** | | **347,333** | **121,859** |
| | | | |
| **Net assets** | | **8,912,378** | **9,073,544** |
| | | | |
| **EQUITY** | | | |
| Issued capital | 10 | 9,544,309 | 9,197,642 |
| Reserves | 12 | 1,151,350 | 972,550 |
| Accumulated losses | | (1,783,281) | (1,096,648) |
| | | | |
| **Total equity** | | **8,912,378** | **9,073,544** |

The accompanying notes form part of this financial report.

| | Issued Capital $ | Share based payment reserve $ | Accumulated Losses $ | Total $ |
|---|---|---|---|---|
| **Balance at incorporation 26 August 2021** | 1 | - | - | **1** |
| Loss after income tax for the year | - | - | (1,096,648) | **(1,096,648)** |
| Other comprehensive income | - | - | - | **-** |
| **Total comprehensive income for the year** | - | - | (1,096,648) | **(1,096,648)** |
| **Transactions with owners in their capacity as owners** | | | | |
| Share Issue | 10,102,000 | - | - | **10,102,000** |
| Share Issue Costs | (904,359) | - | - | **(904,359)** |
| Share based payments | - | 972,550 | - | **972,550** |
| **Balance at 30 June 2022** | **9,197,642** | **972,550** | **(1,096,648)** | **9,073,544** |

| | Issued Capital $ | Share based payment reserve $ | Accumulated Losses $ | Total $ |
|---|---|---|---|---|
| **Balance at incorporation 1 July 2022** | **9,197,642** | **972,550** | **(1,096,648)** | **9,073,544** |
| Loss after income tax for the year | - | - | (686,633) | **(686,633)** |
| Other comprehensive income | - | - | - | **-** |
| **Total comprehensive income for the year** | - | - | (686,633) | **(686,633)** |
| **Transactions with owners in their capacity as owners** | | | | |
| Share Issue | 568,238 | - | - | **568,238** |
| Share Issue Costs | (221,571) | - | - | **(221,571)** |
| Share based payments | - | 178,800 | - | **178,800** |
| **Balance at 30 June 2023** | **9,544,309** | **1,151,350** | **(1,783,281)** | **8,912,378** |

The accompanying notes form part of this financial report.

# STATEMENT OF CASH FLOWS
# FOR THE YEAR ENDED 30 JUNE 2023

| | Notes | 30 June 2023 $ | For the period 26 August 2021 to 30 June 2022 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Payments to suppliers and employees (inclusive of GST) | | (613,499) | (587,467) |
| Interest received | | 11,640 | 1,874 |
| **Net cash outflow from operating activities** | 4 | **(601,859)** | **(585,593)** |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | (7,169) | (118,684) |
| Refund of property, plant and equipment | | 46,030 | - |
| Payments for exploration and evaluation | | (2,447,777) | (931,151) |
| **Net cash outflow from investing activities** | | **(2,408,916)** | **(1,049,835)** |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | | 568,238 | 5,102,000 |
| Capital raising costs | | (3,771) | (407,815) |
| Proceeds from loan (Great Boulder Resources Ltd) | | - | 329,786 |
| Repayment of loan (Great Boulder Resources Ltd) | | - | (329,786) |
| **Net cash inflow from financing activities** | | **564,467** | **4,694,185** |
| **Net increase in cash held** | | **(2,446,308)** | **3,058,757** |
| Cash at the beginning of the financial year | | 3,058,757 | - |
| **Cash at the end of the financial year** | 4 | **612,449** | **3,058,757** |

The accompanying notes form part of this financial report.

**1. Summary of significant accounting policies**

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

***New and Revised Accounting Standards and Interpretations***

The Company has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the Company's accounting policies. Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Company.

**Basis of Preparation**

The financial report is a general purpose financial report that has been prepared in accordance with *Corporations Act 2001,* Australian Accounting Standards, Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Company is a public listed company and and is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

***Going Concern***

These financial statements are prepared on a going concern basis. The Company had incurred a net loss after tax of $686,633, cash outflows from operating activities of $601,859 and cash outflows from investing activities of $2,408,916 for the year ended 30 June 2023. As at that date, the Company had net current assets of $397,315.

Whilst the above conditions indicate a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report, the Directors believe that there are reasonable grounds to believe that the Company will be able to continue as a going concern, after consideration of the following factors:

a) In accordance with the Corporations Act 2001, the Company has plans to raise further working capital through the issue of equity during the financial year end 30 June 2024; and
b) The Directors of the Company expect that major shareholders of the Company will support fundraising activities.

On this basis, the Directors are of the opinion that the financial statements should be prepared on a going concern basis and that the Company will be able to pay its debts as and when they fall due and payable.

Should the Company be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

***Reporting Basis and Conventions***

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, unless otherwise indicated.

***Critical accounting estimates and judgements***

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Exploration and evaluation expenditure*
Exploration and evaluation costs have been capitalised on the basis that the Company will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

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

In the opinion of the Directors, there have been no other significant estimates or judgements used in the preparation of this financial report.

***Comparative figures***

The consolidated entity's current accounting period is the year ended 30 June 2023 and its comparative accounting period is from 26 August 2021 (date of incorporation) to 30 June 2022. Therefore, the results are not directly comparable.

***Operating segments***

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

***Parent Entities***

The Company is controlled by Great Boulder Resources Limited who is the ultimate parent entity and holds 43.04% of the issued ordinary shares of the Company as at the end of the reporting year (2022: 49.5%).

***Exploration and evaluation***

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

***Income tax***

The income tax expense or benefit for the year is the tax payable on that year's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior years, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- 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 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.

***Current and non-current classification***

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

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

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

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

***Cash and cash equivalents***

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

***Trade and other receivables***

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

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

***Investments and other financial assets***

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

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

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

***Property, plant and equipment***

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
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 as follows:

| | |
|---|---|
| Office equipment | 3 years |
| Property, plant and equipment | 3-8 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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

Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

***Impairment of non-financial assets***

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

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

***Trade and other payables***

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

***Provisions***

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

***Other income***

Interest revenue is recognised as it accrues using the effective interest rate method. Other revenue is recognised when it is received or when the right to receive payment is established.

***Finance costs***

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the year in which they are incurred.

***Employee benefits***

*Short-term employee benefits*
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and years of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Defined contribution superannuation expense*
Contributions to defined contribution superannuation plans are expensed in the year in which they are incurred.

*Share-based payments*
Equity-settled share-based compensation benefits are provided to employees.

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

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

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

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

***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.

***Earnings per share***

*Basic earnings per share*
Basic earnings per share is calculated by dividing the profit attributable to the owners of Cosmo Metals Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

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

***Goods and Services Tax ('GST') and other similar taxes***

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

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

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

***Rounding of amounts***

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

## 2. Expenses

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| *Depreciation* | | |
| Plant and equipment | 19,664 | 2,961 |
| | | |
| *Superannuation expense* | | |
| Defined contribution superannuation expense | 62,935 | 24,214 |
| | | |
| *Share-based payments expense* | | |
| Employees | - | - |
| Directors | - | 486,000 |

## 3. Income Tax Expense

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| *a) Reconciliation of income tax expense prima facie tax payable* | | |
| Loss before income tax | (686,633) | (1,096,648) |
| Prima facie income tax at 30% (2022: 30%) | (205,990) | (328,994) |
| | | |
| Tax effect amounts which are not deductible in calculating taxable income: | | |
| Share-based payments | - | 145,800 |
| Entertainment expenses | 679 | - |
| Legal expenses | - | 23,619 |
| Impairment of exploration expenses | 1,989 | - |
| Tax effect of movement in unrecognised temporary differences | (870,270) | (369,915) |
| Tax loss not recognised | 1,073,591 | 529,490 |
| **Income tax expense** | **-** | **-** |
| | | |
| *b) Tax losses* | | |
| Unused tax losses for which no deferred tax asset has been recognised | 5,343,606 | 1,764,968 |
| **Potential tax benefit at 30%** | **1,603,082** | **524,490** |

*c)* The directors estimate that the potential deferred tax asset at 30 June 2023 in respect of tax losses not brought to account is $5,343,606 (2022: $1,764,968).

The benefit for tax losses will only be obtained if:

i. the Company derives income, sufficient to absorb tax losses; and
ii. there is no change to legislation to adversely affect the Company in realising the benefit from the deduction of losses.

### 4. Cash and Cash Equivalents

| | 2023 $ | 2022 $ |
|---|---|---|
| *Cash and cash equivalents in the statement of financial position and statement of cash flows* | | |
| Cash at bank and on hand | 612,449 | 3,058,757 |
| | **612,449** | **3,058,757** |

| | 2023 $ | 2022 $ |
|---|---|---|
| *Reconciliation of profit after income tax to the net cash flow from operating activities* | | |
| **Loss after income tax** | **(686,633)** | **(1,096,648)** |
| *Adjustments for:* | | |
| Depreciation | 19,664 | 2,961 |
| Non-capital exploration expenditure | 6,631 | 3,320 |
| *Changes in net assets and liabilities:* | | |
| Receivables | 22,386 | (89,845) |
| Payables | 36,093 | 594,619 |
| **Net cash inflows from operating activities** | **(601,859)** | **(585,593)** |

### 5. Trade and Other Receivables

| | 2023 $ | 2022 $ |
|---|---|---|
| GST receivable | 64,060 | 62,942 |
| Prepayments | 50,503 | 40,511 |
| Other | 17,301 | 1 |
| | **131,864** | **103,454** |

## 6. Plant and Equipment

| | Plant & Equipment $ | Office Equipment $ | Total $ |
|---|---|---|---|
| *At 30 June 2023* | | | |
| Cost | 74,742 | 9,684 | 84,426 |
| Accumulated depreciation | (17,781) | (4,844) | (22,625) |
| **Net carrying amount** | **56,961** | **4,840** | **61,801** |
| *At 30 June 2022* | | | |
| Cost | 62,970 | 9,684 | 72,654 |
| Accumulated depreciation | (1,345) | (1,616) | (2,961) |
| **Net carrying amount** | **61,625** | **8,068** | **69,693** |

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

| | Plant & Equipment $ | Office Equipment $ | Total $ |
|---|---|---|---|
| *Net carrying amount at 1 July 2022* | **61,625** | **8,068** | **69,693** |
| Additions | 11,772 | - | 11,772 |
| Depreciation expense | (16,436) | (3,228) | (19,664) |
| **Net carrying amount at 30 June 2023** | **56,961** | **4,840** | **61,801** |
| *Net carrying amount at 26 August 2021* | - | - | - |
| Additions | 62,970 | 9,684 | 72,654 |
| Depreciation expense | (1,345) | (1,616) | (2,961) |
| **Net carrying amount at 30 June 2022** | **61,625** | **8,068** | **69,693** |

## 7. Exploration and Evaluation

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Exploration and evaluation – at cost | 8,453,597 | 5,963,499 |

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

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Opening balance | 5,963,499 | - |
| Acquisitions during the year | - | 5,000,000 |
| Expenditure incurred during the year | 2,496,729 | 963,499 |
| Written off during the year | (6,631) | - |
| Closing balance | **8,453,597** | **5,963,499** |

During the 2022 period, the Company entered into an agreement to acquire the Yamarna Project Assets from Great Boulder Resources Limited (ASX:GBR), the original parent company of Cosmo Metals. As consideration for these projects, Great Boulder Resources Limited received 25,000,000 fully paid ordinary shares in the Company at a deemed issue price of $0.20.

## 8. Trade and Other Payables

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Trade payables | 204,260 | 31,673 |
| Accrued expenses | 60,900 | 24,285 |
| Other creditors | 74,664 | 60,322 |
| | **339,824** | **116,280** |

## 9. Provisions

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| *Current* | | |
| Annual leave payable | 7,174 | 5,579 |
| **Balance at 30 June** | **7,174** | **5,579** |
| | | |
| *Non-current* | | |
| Long service leave payable | 335 | - |
| **Balance at 30 June** | **335** | **-** |

## 10. Issued Capital

| | 2023 $ | 2022 $ |
|---|---|---|
| Ordinary shares – issued and fully paid | 9,544,309 | 9,197,642 |

| | No. of shares | Issue Price | $ |
|---|---|---|---|
| *Movement in ordinary shares on issue* | | | |
| Share issued on incorporation of the Company – 26 August 2021 | 1 | 1.00 | 1 |
| Shares issued as consideration for the Yamarna projects (refer to note 7) | 25,000,000 | 0.20 | 5,000,000 |
| Shares issued under the Initial Public Offer Prospectus - 31 January 2022 (a) | 25,510,000 | 0.20 | 5,102,000 |
| Transactions costs | - | - | (904,359) |
| **On issue at 30 June 2022** | **50,510,001** | | **9,197,642** |
| | | | |
| At 1 July 2022 | 50,510,001 | - | 9,197,642 |
| Shares issued under Placement (b) | 7,576,500 | 0.075 | 568,238 |
| Transactions costs | - | - | (221,571) |
| **On issue at 30 June 2023** | **58,086,501** | | **9,544,309** |

(a) Refer to Cosmo Metals Limited Prospectus dated 22 November 2021

(b) Refer to ASX announcement dated 15 June 2023

**Ordinary shares**

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

On a poll, every member present at a meeting in person or by proxy shall have one vote per share.

*Share buy-back*
There is no current on-market share buy-back.

**Capital management**

The objectives of management when managing capital is to safeguard the Company's ability to continue as a going concern, so that the Company many continue to provide returns for shareholders and benefits for other stakeholders.

## 10. Issued Capital (continued)

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements with a view of initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2023 is as follows:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Cash and cash equivalents | 612,449 | 3,058,757 |
| Trade and other receivables | 131,864 | 103,454 |
| Other current assets | - | - |
| Trade and other payables | (339,824) | (116,280) |
| Provisions | (7,174) | (5,579) |
| **Working capital position** | **397,315** | **3,040,352** |

## 11. Share Based Payment Transactions

On 31 January 2022, 425,000 shares were issued to key management personnel at an issue price of $0.20 per share and a total transactional value of $85,000.

An employee incentive option plan has been adopted by the Company and reported in the Prospectus dated 22 November 2021, whereby the Company may, at the discretion of the Board, grant options over ordinary shares in the company to executives and employees of the Company. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Options – recognised as a Share-based Payment Expense (a) | - | 486,000 |
| Options – recognised in Equity (share issue costs) (b) | 178,800 | 486,550 |
| | **178,800** | **972,550** |

### Summary of Options Granted

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options granted under the Employee Option Plan during the year:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Number | WAEP | Number | WAEP |
| At beginning of reporting year | 10,000,000 | $0.250 | - | - |
| Granted during the year:<br>- Employees and service providers (a) | 4,500,000 | $0.128 | 10,000,000 | $0.250 |
| **Balance at the end of the reporting year** | **14,500,000** | **$0.212** | **10,000,000** | **$0.250** |
| **Exercisable at end of reporting year** | **10,000,000** | **$0.250** | **10,000,000** | **$0.250** |

**11. Share Based Payment Transactions (continued)**

(a) On 15 September 2022, 500,000 options with an exercise price of $0.25 and an expiry date of 15 September 2025 were issued to an employee of the Company as part of the Company's Equity Incentive Plan. The employee's contract was terminated during the financial year and management determined the options would forfeit in full. As a result, a probability of 0% was applied to the options vesting at 30 June 2023 which were subsequently cancelled on 4th August 2023 and were therefore carried at nil value at 30 June 2023.

| | 2023 | 2022 |
|---|---|---|
| Weighted average remaining contractual life | 1.9 years | 2.5 years |
| Range of exercise prices | $0.1125 - $0.25 | $0.25 |
| Weighted average fair value of entitlement offer options granted during the year | - | $0.097 |
| Weighted average fair value of employee and service providers' options granted during the year | $0.049 | $0.097 |
| Weighted average fair value of directors' options granted during the year | - | $0.097 |

**Option Pricing Model**

The following table lists the inputs to the Binomial Lattice ESO option pricing model used to determine the fair value at the grant date for the year ended 30 June 2023:

| Grant date | Vesting date | Expiry date | Share price at grant date $ | Exercise price $ | Expected volatility % | Risk-free interest rate % | Number of Options | Fair Value at grant date $ |
|---|---|---|---|---|---|---|---|---|
| 01/07/2022 | 04/07/2023 | 15/09/2025 | 0.1624 | 0.25 | 100 | 3.01 | 250,000 | 0.0796 |
| 01/07/2022 | 04/01/2024 | 15/09/2025 | 0.1624 | 0.25 | 100 | 3.01 | 250,000 | 0.0830 |
| 21/06/2023 | 04/08/2023 | 21/06/2026 | 0.1014 | 0.1125 | 100 | 3.93 | 4,000,000[(b)] | 0.0510 |

(b) On 21 June 2023, 4,000,000 options were granted but were not issued as at 30 June 2023. These were issued subsequent to year end (refer to note 17).

The following table lists the inputs to the Binomial Lattice ESO option pricing model used to determine the fair value at the grant date for the year ended 30 June 2022:

| Grant date | Vesting date | Expiry date | Share price at grant date $ | Exercise price $ | Expected volatility % | Risk-free interest rate % | Number of Options | Fair Value at grant date $ |
|---|---|---|---|---|---|---|---|---|
| 12/11/2021 | Nil | 12/11/2024 | 0.20 | 0.25 | 100 | 1.02 | 5,000,000 | 0.0972 |
| 31/01/2022 | Nil | 31/01/2025 | 0.20 | 0.25 | 100 | 1.21 | 5,000,000 | 0.0973 |

## 12. Reserves

| | Number | $ |
|---|---|---|
| *Share-based payments reserve consists of:* | | |
| Share options | 10,500,000 | 1,151,350 |
| | **10,500,000** | **1,151,350** |
| | | |
| Balance at 26 August 2021 | - | - |
| Options issued | 10,000,000 | 972,500 |
| Subscription monies received for issue of options | - | 50 |
| **Balance at 30 June 2022** | **10,000,000** | **972,550** |
| | | |
| Balance at 1 July 2022 | 10,000,000 | 972,550 |
| Options issued (note 11) | 500,000 | 178,800 |
| Subscription monies received for issue of options | - | - |
| **Balance at 30 June 2023** | **10,500,000** | **1,151,350** |

## 13. Related Parties

### Key Management Personnel Compensation

The key management personnel compensation included in employee benefits expense and share-based payments (note 11) is a follows:

| | 2023 $ | 2022 $ |
|---|---|---|
| Short-term employee benefits | 405,317 | 224,403 |
| Share-based payments | - | 486,000 |
| Long-term employee benefits | 335 | - |
| Post-employment benefits | 42,306 | 22,342 |
| **Total compensation** | **447,958** | **732,745** |

### Parent Entities

Cosmo Metals Limited is controlled by the following entity:

| Name | Type | Place of Incorporation | Ownership 2023 | Ownership 2022 |
|---|---|---|---|---|
| Great Boulder Resources Limited | Ultimate parent entity | Australia | 43.0% | 49.5% |

### Controlled Entities

Cosmo Metals Limited is a sole entity and thus, does not have controlled entities.

## 13. Related Parties (continued)

**Transactions with Related Entities**

On 3 September 2021, the Company entered into an Agreement with Consilium Corporate Pty Ltd for the provision of CFO and Corporate Secretarial Services. Prior to that, Melanie Ross was appointed as a director to the Company on incorporation, 26 August 2021, and subsequently resigned on 10 November 2021. Ms Ross is a director of Consilium Corporate Pty Ltd. During the period Ms Ross was appointed as a director, Consilium Corporate Pty Ltd invoiced the Company $4,020 for CFO and Corporate Secretarial Fees.

During the year ending 30 June 2023, Great Boulder Resources Limited (parent entity of the Company), invoiced the Company $26,020 (2022: $20,749) for shared storage fees. As at 30 June 2023, $5,271 was owing to Great Boulder Resources Limited.

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

**Loans to/from related parties**

There were no loans to or from related parties at the current and previous reporting date.

## 14. Commitments for Expenditure

**Exploration and Evaluation**

The Company is required to maintain current rights of tenure to tenements, which require outlays of expenditure in future financial years. Under certain circumstances, these commitments are subject to the possibility of adjustment to the amount and/or timing of such obligations, however they are expected to be fulfilled in the normal course of operations.

The Company has tenement expenditure commitments payable of:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Not later than 12 months | 653,040 | 539,040 |
| Between 12 months and 5 years | 2,612,160 | 2,156,160 |
| **Total** | **3,265,200** | **2,695,200** |

## 15. Loss per Share

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Loss after income tax | (686,633) | (1,096,648) |

| | Number of shares | Number of shares |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic loss per share | 50,696,819 | 30,506,473 |
| **Basic and diluted loss per share (cents)** | **(1.35)** | **(3.59)** |

### 16. Auditors' Remuneration

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company.

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| *RSM Australia Partners* | | |
| Auditing and reviewing the financial report | 25,226 | 22,500 |
| Other services | 1,500 | 12,000 |
| **Total** | **26,726** | **34,500** |

### 17. Events After the Reporting Date

On 27 July 2023, the Company held a General Meeting to seek shareholders' approval to issue the below securities to complete the Company's placement, as announced on 15 June 2023:

- 1,090,167 fully paid ordinary shares (Tranche 2 placement);
- 8,666,667 free-attaching option (exercisable at $0.10 expiring 21 June 2026);
- 520,000 fully paid ordinary shares and 520,000 free-attaching options (exercisable at $0.10 expiring 21 June 2026) to brokers as conversion of their lead management and capital raising fees of $39,000; and
- 4,000,000 options (exercisable at $0.1125 expiring 21 June 2026) to brokers for capital raising services provided for the placement.

All resolutions were passed at the Company's General Meeting and the shares and options were issued on 4 August 2023.

Furthermore, on 4 August 2023, 500,000 options with an exercise price of $0.25 and an expiry date of 15/09/2025 were forfeited due to termination of an employee's contract.

Apart from the matters discussed above, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

### 18. Contingent Assets and Liabilities

Contingent assets

The Company had no contingent assets as at 30 June 2023.

Contingent liabilities

The Company had no contingent liabilities as at 30 June 2023.

### 19. Operating Segments

The Company is organised into one operating segment based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Company operates as a single segment which is mineral exploration and in a single geographical location which is Australia.

## 20. Financial Instruments

**Financial risk management objectives**

The Company's principal financial instruments comprise cash and short-term deposits. The Company has various other financial assets and liabilities such as other receivables and payables, which arise directly from its operations.

The Company's activities expose it to a variety of financial risks, including, credit risk, liquidity risk, foreign exchange risk and cash flow interest rate risk. The Company is not exposed to price risk.

Risk management is carried out by the Board of Directors, who evaluate and agree upon risk management and objectives.

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, 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.

*Interest rate risks*

The Company's exposure to market interest rates relates to cash deposits held at variable rates. The Board regularly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions.

*Sensitivity analysis*

The Company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

*Interest rate sensitivity analysis*

At 30 June 2023, the Company is not exposed to any loss as a result of changes in the interest rate.

**Credit risk**

The Company does not have significant concentrations of credit risk. Credit risk is managed by the Board of Directors and arises from cash and cash equivalents as well as credit exposure including outstanding receivables.

All cash balances are held in Australia.

The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets disclosed within the financial report.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about default rates.

**Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The Company's exposure to the risk of changes in the market interest rates relate primarily to cash assets.

The Directors monitor the cash-burn rate of the Company on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

The financial liabilities the Company had a reporting date were other payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

**20. Financial Instruments (continued)**

*Maturity analysis for financial liabilities*

The following table details the Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| 2023 | Weighted average interest rate % | 1 year or less $ | Between 1 and 2 years $ | Between 2 and 5 years $ | Over 5 years $ | Remaining contractual maturities $ |
|---|---|---|---|---|---|---|
| Non-derivatives | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade and other payables | - | 339,824 | - | - | - | 339,824 |
| **Total non-derivatives** | | **339,824** | **-** | **-** | **-** | **339,824** |

| 2022 | Weighted average interest rate % | 1 year or less $ | Between 1 and 2 years $ | Between 2 and 5 years $ | Over 5 years $ | Remaining contractual maturities $ |
|---|---|---|---|---|---|---|
| Non-derivatives | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade and other payables | - | 116,280 | - | - | - | 116,280 |
| **Total non-derivatives** | | **116,280** | **-** | **-** | **-** | **116,280** |

**Foreign exchange risk**

The Company is not exposed to any foreign exchange risk.

**Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Company at the reporting date are recorded at amounts approximating their carrying amount.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

**21. Dividends**

The Company has not declared nor paid a dividend for the year.

In the directors' opinion:

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

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

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

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors

James Merrillees
Managing Director

Date: 22 September 2023
Perth

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## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Cosmo Metals Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM
RSM AUSTRALIA PARTNERS

AWhyte

Perth, WA
Dated: 22 September 2023

ALASDAIR WHYTE
Partner



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**INDEPENDENT AUDITOR'S REPORT**
**TO THE MEMBERS OF**
**COSMO METALS LIMITED**

## Opinion

We have audited the financial report of Cosmo Metals Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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:

(i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

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

## Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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 (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

**THE POWER OF BEING UNDERSTOOD**
AUDIT | TAX | CONSULTING

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**Material Uncertainty Related to Going Concern**

We draw attention to Note 1 in the financial statements, which indicates that the Company had incurred a net loss after tax of $686,633, cash outflows from operating activities of $601,859 and cash outflows from investing activities of $2,408,915 for the year ended 30 June 2023. As at that date, the Company had net current assets of $397,315. These conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant 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 this matter |
|---|---|
| ***Exploration and evaluation expenditure***<br>Refer to Notes 7 in the financial statements | |
| The Company has capitalised exploration expenditure with a carrying value $8,453,597 as of 30 June 2023.<br><br>We determined this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the assets including:<br><br>• Determining whether the exploration and evaluation expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest;<br>• Assessing whether any indicators of impairment are present; and<br>• Assessing whether exploration activities have reached a stage at which the existence of an economically recoverable reserves may be concluded. | Our audit procedures included:<br><br>• Assessing the Company accounting policy in compliance with Accounting Standards;<br>• Assessing whether the rights to tenure of those areas of interest are current;<br>• Testing a sample of additions to supporting documentation and assessing whether the amounts capitalised during the year are in compliance with the Company's accounting policy and relate to the relevant area of interest;<br>• Enquiring with management and reading budgets and other documentation as evidence that active and significant operations in, or relation to, the relevant area of interests will be continued in the future;<br>• Assessing and evaluating management's determination that exploration activities have not yet progressed to the stage where the existence or otherwise of economically recoverable reserves may be determined<br>• Assessing and evaluating management's assessment of whether indicators of impairment existed at the reporting date; and<br>• Assessing the appropriateness of the disclosures in the financial statements. |

## Other Information

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

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

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

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

## Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 Company 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: https://www.auasb.gov.au/auditors_responsibilities/ar2.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 within the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Cosmo Metals Limited, for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

*Responsibilities*

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

RSM
RSM AUSTRALIA PARTNERS

AWhyte
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 22 September 2023

### SHAREHOLDING

The distribution of members and their holdings of equity securities in the Company is:

| Number Held as at 13 September 2023 | Number of Holders | Fully Paid Ordinary Shares | % |
|---|---|---|---|
| 1 – 1,000 | 12 | 2,318 | 0.00% |
| 1,001 – 5,000 | 34 | 118,522 | 0.20% |
| 5,001 – 10,000 | 73 | 691,671 | 1.16% |
| 10,001 – 100,000 | 145 | 6,303,920 | 10.56% |
| 100,001 & Over | 75 | 52,580,237 | 88.08% |
| **Total** | **339** | **59,696,668** | **100.00%** |

The number of holders with less than a marketable parcel of fully paid ordinary shares is 58 holding a total of 207,635 shares.

### TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest ordinary fully paid shareholders at 13 September 2023:

| Name | Number of Fully Paid Ordinary Shares Held | % Held of Issued Ordinary Capital |
|---|---|---|
| GREAT BOULDER RESOURCES LTD[1] | 25,000,001 | 41.88% |
| MR RICHARD THOMAS HAYWARD DALY & MRS SARAH KAY DALY | 2,150,000 | 3.60% |
| RETZOS EXECUTIVE PTY LTD[2] | 1,600,000 | 2.68% |
| WESTPARK OPERATIONS PTY LTD[2] | 1,050,000 | 1.76% |
| MR DANIEL BERNARD CLOUGH | 1,000,000 | 1.68% |
| ATLANTIS MG PTY LTD | 960,000 | 1.61% |
| MISS RUTH AMANDA STROPPIANA | 900,000 | 1.51% |
| BNP PARIBAS NOMINEES PTY LTD | 767,916 | 1.29% |
| MR SALVATORE DI VINCENZO | 750,000 | 1.26% |
| CAPEL STREET PTY LTD | 738,118 | 1.24% |
| GEMELLI NOMINEES PTY LTD | 650,000 | 1.09% |
| MAGEDO SUPER PTY LTD | 585,837 | 0.98% |
| MR MICHAEL PATRICK LYNCH | 550,000 | 0.92% |
| MR NATHAN LAWRENCE CAMMERMAN & MR JAMES EDWARD DILLON | 510,010 | 0.85% |
| SHAYDEN NOMINEES PTY LTD | 500,000 | 0.84% |
| AXSIM FUNDS MANAGEMENT PTY LTD | 461,962 | 0.77% |
| ECLIPSE SMSF PTY LTD | 450,000 | 0.75% |
| N & J MITCHELL HOLDINGS PTY LTD | 450,000 | 0.75% |
| MR LUCAS ROBINSON | 425,000 | 0.71% |
| M NARDO INVESTMENTS PTY LTD | 400,000 | 0.67% |
| RETZOS FAMILY PTY LTD[2] | 400,000 | 0.67% |
| MR KALE IVAN PERVAN | 400,000 | 0.67% |

| | | |
|---|---|---|
| MAKOOL PTY LTD | 400,000 | 0.67% |
| MR ZBIGNIEW WALDEMAR LUBIENIECKI | 383,334 | 0.64% |
| **Total** | **41,482,178** | **69.49%** |

[1] Great Boulder Resources Limited is a substantial holder of Cosmo Metals Limited, holding 41.88% of total ordinary shares.

[2] Mr Chris Retzos is a substantial holder of Cosmo Metals Limited, holding 6.30% of total ordinary shares.

### VOTING RIGHTS

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

### UNLISTED OPTIONS

The unlisted options on issue at 13 September 2023:

| Details of Holders | Number of Holders | Exercise Price | Expiry Date | Number of Options Held |
|---|---|---|---|---|
| Directors – issued pursuant to ESOP | 4 | $0.25 | 12 November 2024 | 5,000,000 |
| Lead managers of IPO | 6 | $0.25 | 31 January 2025 | 5,000,000 |
| Various including Directors and Lead Managers – issued pursuant to Placement[1] | 57 | $0.10 | 21 June 2026 | 9,186,667 |
| Lead managers of Placement[1] | 2 | $0.1125 | 21 June 2026 | 4,000,000 |

[1]Refer to Cosmo Metals ASX Announcement dated 15 June 2023

### RESTRICTED EQUITY SECURITIES

The number of restricted equity securities on issued at 13 September 2023:

| Security | Number of Holders | Number Held | Escrow Expiry Date |
|---|---|---|---|
| Fully paid ordinary shares | 1 | 25,000,001 | 31 January 2024 |
| Unlisted options | 10 | 10,000,000 | 31 January 2024 |

### SECOND ANNUAL REPORT AFTER ADMISSION

The Company confirms that the cash raised has been used consistently with its business objectives.

### TENEMENTS

| Description | Tenement Number | Interest Owned % |
|---|---|---|
| Winchester | E38/2129 | 75.00 |
| Yamarna | E38/2320 | 100.00 |
| Yamarna | E38/2685 | 100.00 |
| Yamarna | E38/2952 | 100.00 |
| Yamarna | E38/2953 | 100.00 |
| Yamarna | E38/2957 | 100.00 |
| Yamarna | E38/2958 | 100.00 |
| Winchester | E38/3340 | 100.00 |
| Yamarna | E38/3640 | 100.00 |
| Mulgabiddy | E38/3753 | 100.00 |
| Mulgabiddy | E38/3754 | 100.00 |
| Yamarna | E38/3836 | In Application |
| Yamarna | E38/3839 | In Application |
| Wurnda Lithium | E38/3886 | In Application |
| Wurnda Lithium | E38/3887 | In Application |
| Wurnda Lithium | E38/3888 | In Application |
| Pingrup | E70/5955 | 100.00 |
| Pingrup | E70/5956 | 100.00 |
| Yamarna | P38/4540 | 100.00 |