SUVO STRATEGIC MINERALS

Annual Financial Report

Year ended 30 June 2023

ABN 97 140 316 463

Corporate Directory

Directors	Aaron Banks Hugh Thomas Oliver Barnes Agu Kantsler
Company secretary	Chris Achurch
Registered office	Level 11 40 The Esplanade Perth WA 6000 Phone: (08) 9389 4495
Principal place of business	3610 Glenelg Hwy Pittong VIC 3360 Phone: (03) 5344 6688
Share registry	Automic Registry Services Pty Ltd Level 5 191 St Georges Terrace Perth WA 6000 Phone: 1300 288 664
Auditors	RSM Australia Partners Level 32 2 The Esplanade Perth WA 6000 Phone: (08) 9261 9100
Solicitors	Hamilton Locke Level 48 152-158 St Georges Terrace Perth WA 6000 Phone: (08) 6311 9160
Stock exchange listing	Suvo Strategic Minerals Limited’s shares are listed on the Australian Securities Exchange (ASX code: SUV)
Website	www.suvo.com.au
Corporate Governance Statement	www.suvo.com.au/investors/corporate-governance/

Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Suvo Strategic Minerals Limited (referred to hereafter as the 'Suvo' or the 'Company') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were Directors of Suvo during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Aaron Banks	Interim Non-Executive Chairman (appointed 7 March 2023) Executive Director (resigned 7 March 2023)
Mr Hugh Thomas	Managing Director (appointed 15 June 2023)
Mr Oliver Barnes	Non-Executive Director
Dr Agu Kantsler	Non-Executive Director (appointed 5 September 2023)
Mr Henk Ludik	Non-Executive Director (appointed 7 March 2023, resigned 15 June 2023) Executive Chairman (appointed 22 August 2022, resigned 7 March 2023) Non-Executive Chairman (resigned 22 August 2022)
Dr Ian Wilson	Non-Executive Director (resigned 14 June 2023)

Principal activities

The principal activities of the Group during the year were refined kaolin production in Victoria and mineral exploration in Western Australia.

Review of operations

Pittong upgrade and optimisation project

In August 2022, the Company announced that an independent review on the Pittong processing plant had been completed. This independent review confirmed that the nameplate processing capacity of the Pittong plant could reach ~60,000 tonnes per annum if certain plant items were upgraded. Due to the forecast increasing demand for kaolin, from both domestic and international customers, and off the back of this independent review, the Board approved an upgrade and optimisation project to commence at Pittong.

In February 2023, the Company announced that it had successfully completed, on time and on budget, the above-mentioned Pittong plant upgrade and optimisation project. In February 2023, the Pittong plant was operated continuously over a 6-day period, and produced in total, 1,004 tonnes of hydrous kaolin. This represents a 245% uplift in production when compared to average weekly production rates achieved in the previous year of 410 tonnes. This result validates Pittong's ability to produce ~50,000 tonnes per annum of hydrous kaolin, representing an 83% utilisation rate of the 60,000 tonnes name plate processing capacity.

New sales orders received, additional turnover generated

Bolstering the Company's earnings, Suvo signed a major take or pay Offtake Agreement ("Agreement") with Chaozhou Chengcheng Industrial Co.,Ltd ("Chaozhou") in November 2022. This is a major supply agreement for the Company covering a minimum order quantity of 4,275 tonnes over a three-year term.

The hydrous kaolin to be supplied under this Agreement will primarily be used in the inks and pharmaceutical sectors, with the contract valued at between ~A$3.25 million to A$3.50 million, depending on delivery location and a forecast exchange rate of USD: AUD 0.65:1. An Offtake of this size is in line with the Company's growth strategy and justifies the upgrade of its Pittong plant.

In April 2023, Suvo signed another Sales Agreement ("the Agreement") with Chinese distributor, Qingdao Minglang New Material Co., Ltd ("Qingdao"). The Agreement covers up to 500 tonnes (+/-10%) of hydrous kaolin to be supplied between May 2023 and December 2024 and is valued at ~A$0.4 million (based on an exchange rate of USD: AUD 0.65:1).

Suvo's strategy for the next 12 months has been clearly defined, which is to increase sales of hydrous kaolin in the Asia Pacific. The Company has a newfound depth of knowledge with respect to hydrous kaolin industry trends and market dynamics throughout Asia Pacific which it can now leverage. Being an extremely opaque market, to sell the additional hydrous kaolin tonnes available from the Company's Pittong plant requires an in depth and acute understanding of each region throughout Asia. Management is confident that it is acquiring the necessary knowledge of how the market works, and the Company has identified a number of opportunities which it is currently pursuing.

Directors’ Report

As part of this newly formed strategy, new channel partners have been appointed throughout Asia Pacific, including Indonesia, Philippines, China, Japan, Korea and India. A significant number of new end users throughout Asia Pacific have been strategically targeted and product testing of Pittong hydrous kaolin is well advanced. The Company looks forward to updating the market in the near term as new sales agreements are executed.

In June 2023, the Company signed a three-year agreement (valued at $A1.5 - A2.0m) with BQ Nominees Pty Ltd trading as Barfold Quarry (“Barfold”) for the sale of silica sand, a by-product from its hydrous kaolin operation at Pittong, Victoria.

Barfold is a basalt quarry and recycled concrete company and will use the Pittong silica sand in its premix concrete. The Company currently operates three batching plants throughout Victoria and is in the process of building a fourth. Subsequent to the reporting period end, Barfold has mobilised its own mobile equipment at the Pittong processing facility and commenced dry screening of the existing silica sand stockpiles. All processing, capital and haulage costs are incurred by Barfold.

Suvo estimates the current silica sand stockpiled at the Pittong processing facility is ~200,000 tonnes, of which ~90% (180,000 tonnes) is saleable silica sand.

Due to the supply shortages of sand and growth in the construction industry, it is expected that all 180,000 tonnes of silica sand stockpiled at the Pittong processing facility will be processed and hauled by Barfold in the first year of the agreement. Post depletion of the current stockpiles, sales of the by-product will be linked to production of hydrous kaolin at Pittong. Based on current recoveries, 1 tonne of hydrous kaolin produced generates ~1.2 tonnes of saleable silica sand. Barfold will process and purchase all available future production during the term of the agreement.

This is a great result for Suvo as it is estimated the cost to the Company to re-locate and backfill would be approximately $9 per tonne in labour and equipment. Not only is the Company generating free cash-flow, the sale of the silica sand is reducing a future cash flow burden.

Corporate

As part of a overall strategy to refresh the Suvo Board, Mr Hugh Thomas and Dr Agu Kantsler were appointed to the Board in June 2023 and September 2023 respectively. Mr Hugh Thomas was initially appointed as Chief Executive Officer of the Company and was subsequently appointed as Managing Director, whilst Dr Agu Kantsler serves as an independent Non-Executive Director.

With over 35 years’ industry experience, Mr Thomas brings a strong mix of commercial and operational experience to Suvo, having held several executive positions across the natural resources sector. Mr Thomas’ previous positions include Managing Director and Head of Asia Pacific Natural Resources for both JP Morgan and Morgan Stanley in Hong Kong, Head of Natural Resources Investment Banking at Investec Bank in Sydney and Partner at Deloitte Corporate Finance Pty Ltd.

Dr Agu Kantsler B.SC (hons), Ph.D., G.A.I.C.D., FTSE, has over 45 years of experience in the international and Australian upstream oil and gas industry and has spent over 20 years in senior leadership positions and 12 years serving on the boards of several listed and private companies. He is currently the Managing Director of Transform Exploration Pty Ltd and a Non-Executive Director of Central Petroleum Limited.

The appointment of Mr Hugh Thomas and Dr Agu Kantsler follows the wider Company strategy to refresh the Board with the appropriate skillset to support the Company’s next phase of operations and development of its portfolio of assets.

Previous Chairman Mr Henk Ludik resigned from the Board in June 2023 and Non-Executive Director Dr Ian Wilson sadly passed in the same month. As this time, Mr Aaron Banks assumed the role of Interim Non-Executive Chairman.

Projects

On 17 January 2023, the Company announced that the tenement purchase for 100% of exploration license application E70/4981, located in the Muchea region of Western Australia, was completed. The exploration license remains under application as at the date of this report.

Subsequent to the reporting period end, the Company announced that it would not progress with the remaining stages of the Dingo HPA Pty Ltd (“Dingo”) earn-in agreement (“Agreement”), and as a result, the Company agreed to sell its 26% share at an agreed price of A$175,000. The divestment process is expected to be completed during the quarter ended 31 December 2023.

Directors' Report

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

Matters subsequent to the end of the financial year
On 29 August 2023, the Company announced that it would not progress with the remaining stages of the Dingo HPA Pty Ltd ("Dingo") earn-in agreement ("Agreement"), and as a result, the Company agreed to sell its 26% share at an agreed price of A$175,000. The divestment process is expected to be completed during the quarter ended 31 December 2023.

On 5 September 2023, Dr Agu Kantsler was appointed as Non-Executive Director of the Company.

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

Likely developments and expected results of operations
The Group intends to continue its exploration, development and production activities on its existing operations and projects and to acquire further suitable projects as opportunities arise.

Environmental regulation
The Group 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.

Material business risks
Exploration and development
The Company's mining tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that future exploration of these tenements, or any other mineral tenements that may be acquired in the future, will result in the discovery of an economic resource. Even where an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

Staffing and reliance on key management
The Company relies on the experience and knowledge of key members of its staff. In the event that key personnel leave and the Company is unable to recruit suitable replacements, such loss could have a materially adverse effect on the Company.

Capital and funding requirements
Suvo is not yet at the stage where it is generating positive cash flows at the group level. Further, no assurance can be given that Suvo will become profitable in the future. Accordingly, the Company may require additional equity or debt funding in the short, medium or long term. The ability of Suvo to access funding is never certain and is dependent on a multitude of factors, including the macro-economic conditions in Australia and overseas.

Directors' Report

Information on directors

Name:	Aaron Banks
Title:	Interim Non-Executive Chairman (appointed 7 March 2023), Executive Director (resigned 7 March 2023)
Experience and expertise:	Aaron Banks is a specialist business consultant with over 20 years' experience in contract negotiations and business development including senior roles in sales, marketing and construction management. In 2015 as founder and Managing Director of Australian Silica Pty Ltd, Mr Banks discovered one of the largest high grade silica sand resources in the world. Whilst on the Board of Australian Silica he successfully negotiated the sale of the Muchea Silica Sand Project to Ventnor Resources Limited which pivoted the former base metals explorer to the emerging silica sand producers known today as VRX Silica Limited (ASX:VRX). In 2020 he vended his private companies into what is Suvo Strategic Minerals Limited today. Aaron has an extensive background in industrial minerals and has focused on developing emerging assets globally.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	75,319,527
Interests in options:	None
Interests in performance rights:	15,000,000

Name:	Hugh Thomas
Title:	Managing Director (appointed 15 June 2023)
Experience and expertise:	Mr Thomas has over 35 years' industry experience, with a strong mix of commercial and operational experience, having held several executive positions across the natural resources sector. Previous positions include Managing Director and Head of Asia Pacific Natural Resources for both JP Morgan and Morgan Stanley in Hong Kong, Head of Natural Resources Investment Banking at Investec Bank in Sydney and Partner at Deloitte Corporate Finance.
Other current directorships:	NT Minerals Limited (ASX: NTM)
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None
Interests in performance rights:	7,500,000

Name:	Oliver Barnes
Title:	Non-Executive Director
Experience and expertise	Oliver Barnes has over 25 years' experience in natural resources and asset development with expertise in carbon, rural development, ESG and clean technology commercialisation. Mr Barnes was previously the Managing Director of an ASX listed land and water developer and held a senior role with an ASX listed phosphate technology company. He holds a Bachelor of Science in Agriculture Business Management.
Other current directorships:	None
Former directorships (last 3 years):	Alterra Limited (ASX:1AG)
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None
Interests in performance rights:	5,895,000

Directors' Report

Name:	Agu Kantsler
Title:	Non-Executive Director (appointed 5 September 2023)
Experience and expertise:	Dr Agu Kantsler B.SC (hons), Ph.D., G.A.I.C.D., FTSE, has over 45 years of experience in the international and Australian upstream oil and gas industry and has spent over 20 years in senior leadership positions and 12 years serving on the boards of several listed and private companies. He is currently the Managing Director of Transform Exploration Pty Ltd and a Non-Executive Director of Central Petroleum Limited. He is a former Director of Oil Search Limited, a former President of the Chamber of Commerce and Industry Western Australia, a former Director of the Australian Chamber of Commerce and Industry and a former Chairman and Director of the Australian Petroleum Production and Exploration Association (APPEA). Dr Kantsler was awarded APPEA's gold medal for service to the industry in 2005 and in 2006 was elected to Fellowship of the Australia Academy of Technological Sciences and Engineering.
Other current directorships:	Central Petroleum Limited (ASX: CTP)
Former directorships (last 3 years):	Oil Search Limited (ASX: OSH)
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None
Interests in performance rights:	None

Name:	Henk Ludik
Title:	Non-Executive Director (appointed 7 March 2023, resigned 15 June 2023), Executive Chairman (appointed 22 August 2022, resigned 7 March 2023), Non-Executive Chairman (resigned 22 August 2022)
Experience and expertise:	Mr Ludik is a mining engineer with a career spanning over 20 years in mining with expertise in engineering, feasibility, mine optimisation, ESG and corporate finance. Mr Ludik has worked on a number of landmark transactions in the resource sector since 2006. Mr Ludik holds a BEng in Mining Engineering, MSc in Oil and Gas Engineering and an MBA.
Other current directorships:	Not applicable as no longer a director
Former directorships (last 3 years):	Not applicable as no longer a director
Special responsibilities:	Not applicable as no longer a director
Interests in shares:	Not applicable as no longer a director
Interests in options:	Not applicable as no longer a director
Interests in performance rights:	Not applicable as no longer a director

Name:	Ian Wilson
Title:	Non-Executive Director (resigned 14 June 2023)
Experience and expertise:	Dr. Wilson was an economic geologist with over forty-five years' international experience in industrial minerals. He held key technical and management positions in a major publicly listed mining and construction enterprise, was a Senior Scientific Officer in what is now the British Geological Survey, and had been an independent consultant since 2001. His experience spanned the range from exploration and resource estimation to project development and production, and included global and regional marketing for a wide variety of industrial minerals, including kaolin, halloysite, calcium carbonate, talc, bentonite, barytes, magnesite, and others. He authored many articles in peer-reviewed journals and was a regular contributor to Industrial Minerals magazine for over 17 years. He was formerly Secretary of the Mineralogical Society of London (Clay Minerals Group) and had been the convenor of several international conferences on clay minerals. In 2009 he was awarded the Hal William Hardinge Award by SME in recognition of his services to the industrial minerals industry.
Other current directorships:	Not applicable as no longer a director
Former directorships (last 3 years):	Not applicable as no longer a director
Special responsibilities:	Not applicable as no longer a director
Interests in shares:	Not applicable as no longer a director
Interests in options:	Not applicable as no longer a director
Interests in performance rights:	Not applicable as no longer a director

Directors' Report

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Chris Achurch (B Com, CA) holds the role of Company Secretary. Mr Achurch spent 10 years in public practice. Mr Achurch then spent over 2 years as CFO and Joint Company Secretary at Kalium Lakes Limited, before his resignation to join Perth based Investment Banking and Corporate Advisory firm, Westar Capital Limited. Mr Achurch provides company secretarial, corporate advisory and general consulting services to a number of ASX listed clients.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full board		Nomination and Remuneration Committee[1]		Audit and Risk Committee[1]	
	Attended	Held	Attended	Held	Attended	Held
Aaron Banks	5	5	-	-	-	-
Hugh Thomas	-	-	-	-	-	-
Oliver Barnes	5	5	-	-	-	-
Henk Ludik	4	5	-	-	-	-
Ian Wilson	3	4	-	-	-	-

[1] Refer to Company's Corporate Governance statement.

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group 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 accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Directors' Report

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the 2016 Annual General Meeting where the shareholders approved a maximum annual aggregate remuneration of $350,000.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

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

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved.

The long-term incentives ('LTI') include share-based payments. Shares are awarded to executives over a period greater than one year based on long-term incentive measures.

Use of remuneration consultants

During the financial year ended 30 June 2023, the Group did not engage a remuneration consultant.

Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')

At the 2022 AGM, 97.57% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Directors' Report

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following persons:
- Aaron Banks - Interim Non-Executive Chairman (appointed 7 March 2023), Executive Director (resigned 7 March 2023)
- Hugh Thomas - Managing Director (appointed 15 June 2023), Chief Executive Officer (appointed 1 April 2023)
- Oliver Barnes - Non-Executive Director
- Henk Ludik - Non-Executive Director (appointed 7 March 2023, resigned 15 June 2023), Executive Chairman (appointed 22 August 2022, resigned 7 March 2023), Non-Executive Chairman (resigned 22 August 2022)
- Ian Wilson - Non-Executive Director (resigned 14 June 2023)
- Bojan Bogunovic - Chief Financial Officer
- Hanno Van Der Merwe - Chief Operating Officer (appointed 1 December 2022)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2023	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled shares $	Equity-settled Other[9] $	Total $
Executive Directors:								
Aaron Banks[1]	-	-	-	-	-	-	399,375[7]	399,375
Hugh Thomas[2]	16,500	-	-	-	-	-	-	16,500
Henk Ludik[3]	261,639	-	-	26,250	-	-	225,000	512,889
Non-Executive Directors:								
Aaron Banks[1]	21,012	-	-	2,206	-	-	-	23,218
Oliver Barnes	48,000	-	-	-	-	-	87,794[4]	135,794
Henk Ludik[3]	6,000	-	-	-	-	-	-	6,000
Ian Wilson[5]	47,663	-	-	-	-	-	(34,641)[8]	13,022
Other KMP:								
Hugh Thomas[2]	82,500	-	-	-	-	-	13,221	95,721
Bojan Bogunovic	197,083	-	-	22,794	-	20,000	145,744	385,621
Hanno Van Der Merwe[6]	150,453	-	-	15,797	-	-	46,488	212,738
	830,850	-	-	67,047	-	20,000	882,981	1,800,878

1. Aaron Banks was Executive Director up until 7 March 2023, he transitioned to Interim Non-Executive Chairman.
2. Hugh Thomas was appointed Chief Executive Officer on 1 April 2023 and as Managing Director on 15 June 2023.
3. Henk Ludik was Non-Executive Chairman up until 22 August 2022, he then transitioned to Executive Chairman. He held this role until 7 March 2023, transitioning to Non-Executive Director. He resigned as Non-Executive Director on 15 June 2023.
4. Includes $31,945 in performance rights issued to ESG-F Holdings Pty Ltd, a related party of Oliver Barnes.
5. Salary represents the period 1 July 2022 to 14 June 2023.
6. Salary represents the period 1 December 2022 to 30 June 2023.
7. These performance rights were issued to Aaron Banks in his capacity as Executive Director.
8. Relates to performance rights forfeited due to cessation of directorship.
9. Equity settled performance rights.

Directors' Report

2022	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled shares $	Equity-settled other[4] $	Total $
Executive Directors:								
Aaron Banks	208,000	-	-	20,800	-	-	433,014	661,814
Robert Martin	287,833	50,000	-	-	-	-	-	337,833
Non-Executive Directors:								
Ian Wilson	46,348	-	-	-	-	-	34,641	80,989
Henk Ludik[1]	14,000	-	-	-	-	-	-	14,000
Oliver Barnes[1]	14,000	-	-	-	-	-	-	14,000
Leonard Troncone[2]	4,455	-	-	445	-	-	-	4,900
Other KMP:								
Bojan Bogunovic[3]	142,500	-	-	14,250	-	-	143,342	300,092
	717,136	50,000	-	35,495	-	-	610,997	1,413,628

1 Salary represents the period 14 March 2022 to 30 June 2022.
2 Salary represents the period 1 July 2021 to 29 July 2021.
3 Salary represents the period 1 October 2021 to 30 June 2022.
4 Equity settled performance rights.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2023	Fixed remuneration 2022	At risk - STI 2023	At risk - STI 2022	At risk - LTI 2023	At risk - LTI 2022
Executive Directors:						
Aaron Banks	-	35%	-	-	100%	65%
Hugh Thomas	100%	-	-	-	-	-
Henk Ludik	56%	-	-	-	44%	-
Non-Executive Directors:						
Aaron Banks	100%	-	-	-	-	-
Oliver Barnes	35%	100%	-	-	65%	-
Henk Ludik	100%	100%	-	-	-	-
Ian Wilson	366%[1]	57%	-	-	-266%[1]	43%
Other KMP:						
Hugh Thomas	86%	-	-	-	14%	-
Bojan Bogunovic	57%	52%	5%	-	38%	48%
Hanno Van Der Merwe	78%	-	-	-	22%	-

1 Due to reversals of performance rights issued in prior years.

Directors' Report

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Hugh Thomas
Title:	Managing Director (appointed 15 June 2023) and Chief Executive Officer (appointed 1 April 2023)
Agreement commenced:	1 April 2023
Term of agreement:	Open
Details:	Consultancy fee of $33,000 plus GST per month. The fee will be reviewed annually in accordance with the Company's policies and procedures. 4-week termination notice by either party, the Company may at any time pay a cash bonus, non-solicitation and non-compete clauses.

Name:	Bojan Bogunovic
Title:	Chief Financial Officer
Agreement commenced:	1 October 2021
Term of agreement:	Open
Details:	Base salary of $275,000 plus superannuation guarantee. The salary will be reviewed annually by the Company in accordance with the policy of the Company for the annual review of salaries. 3-month termination notice by either party, the Company may at any time pay a cash bonus, non-solicitation and non-compete clauses.

Name:	Hanno Van Der Merwe
Title:	Chief Operating Officer (appointed 1 December 2022)
Agreement commenced:	1 December 2022
Term of agreement:	Open
Details:	Base salary of $257,918 plus superannuation guarantee. The salary will be reviewed annually by the Company in accordance with the policy of the Company for the annual review of salaries. 5-week termination notice by either party, the Company may at any time pay a cash bonus, non-solicitation and non-compete clauses.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Directors' Report

Share-based compensation

Shares
During the year Chief Financial Officer, Bojan Bogunovic received $20,000 worth of shares as part of compensation.

Performance rights
During the year, 24,645,000 performance rights were issued to Directors and 11,250,000 performance rights were issued to other key management personnel. Of the performance rights issued to Directors, 4,391,958 were exercised, and 6,858,042 were forfeited during the year. The performance rights convert into fully paid ordinary shares in the capital of the Company upon achievement of the following milestones:

a. One third of the performance rights will convert into ordinary shares on a one-for-one basis upon achieving refined Kaolin production of at least 35kt across any 12-month period commencing on or after the date of issue and ending within 3 years after the date of issue.

b. One third of the performance rights will convert into ordinary shares on a one-for-one basis upon achieving refined Kaolin production of at least 50kt across any 12-month period commencing on or after the date of issue and ending within 3 years after the date of issue.

c. One third of the performance rights will convert into ordinary shares on a one-for-one basis upon the Company's VWAP being at least $0.18 over 20 consecutive trading days on which the Company's shares have actually traded, expiring 3 years after the date of issue.

In addition to the above, 7,500,000 performance rights were granted to the Chief Executive Officer. The performance rights convert into fully paid ordinary shares in the capital of the Company upon achievement of the following milestones:

a. One third of the performance rights will convert into ordinary shares on a one-for-one basis upon the Company's VWAP being at least $0.08 over 20 consecutive trading days on which the Company's shares have actually traded, expiring 3 years after the date of issue.

b. One third of the performance rights will convert into ordinary shares on a one-for-one basis upon the Company's VWAP being at least $0.13 over 20 consecutive trading days on which the Company's shares have actually traded, expiring 3 years after the date of issue.

c. One third of the performance rights will convert into ordinary shares on a one-for-one basis upon the Company's VWAP being at least $0.18 over 20 consecutive trading days on which the Company's shares have actually traded, expiring 3 years after the date of issue.

For the year ended 30 June 2023, an expense of $882,981 has been recognised in relation to the performance rights issued to Directors and other key management personnel. Unless otherwise stated, the performance rights have not converted to ordinary shares as at the date of this report.

Additional information
The earnings of the Group for the four years to 30 June 2023 are summarised below:

	2023 **$**	2022 $	2021 $	2020[1] $
Sales revenue	**11,259,102**	13,957,078	6,510,970	-
EBITDA	**(7,533,562)**	(1,348,513)	(1,671,660)	(1,546,584)
EBIT	**(8,130,410)**	(1,888,438)	(2,238,073)	(1,546,584)
Loss after income tax	**(8,101,122)**	(1,951,007)	(2,220,638)	(1,546,584)

[1] The suspension of trading in the securities of Suvo Strategic Minerals Limited ('SUV') was lifted from the commencement of trading on Friday, 7 August 2020, following its re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Directors' Report

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2023	2022	2021	2020[1]
Share price at financial year end ($)	**0.026**	0.04	0.15	0.02
Total dividends declared (cents per share)	**-**	-	-	-
Basic loss per share (cents per share)	**(1.14)**	(0.32)	(0.43)	(0.19)

[1] The suspension of trading in the securities of Suvo Strategic Minerals Limited ('SUV') was lifted from the commencement of trading on Friday, 7 August 2020, following its re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

Ordinary shares	Balance at the start of the year	Exercise of performance rights	Received as part of remuneration	Acquired	Disposals/ other	Balance at the end of the year
Aaron Banks	72,564,516	-	-	2,755,011	-	75,319,527
Hugh Thomas	-	-	-	-	-	-
Oliver Barnes	-	-	-	-	-	-
Henk Ludik	-	4,391,958	-	-	(4,391,958)[1]	-
Ian Wilson	-	-	-	-	-	-
Bojan Bogunovic	-	600,000	522,619	375,000	(250,000)	1,247,619
Hanno Van Der Merwe	-	-	-	-	-	-
	72,564,516	4,991,958	522,619	3,130,011	(4,641,958)	76,567,146

[1] Cessation of directorship on 15 June 2023.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

Options over ordinary shares	Balance at the start of the year	Granted as remuneration	Exercised	Expired/ forfeited	Net change other	Balance at the end of the year
Aaron Banks	-	-	-	-	-	-
Hugh Thomas	-	-	-	-	-	-
Oliver Barnes	-	-	-	-	-	-
Henk Ludik	-	-	-	-	-	-
Ian Wilson	500,000	-	-	-	(500,000)[1]	-
Bojan Bogunovic	-	-	-	-	93,750[2]	93,750
Hanno Van Der Merwe	-	-	-	-	-	-
	500,000	-	-	-	(406,250)	93,750

[1] Cessation of directorship on 14 June 2023.
[2] Free-attaching options.

Directors' Report

Performance rights

The number of performance rights in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

Performance rights	Balance at the start of the year	Granted as remuneration	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Aaron Banks	20,833,333	7,500,000	-	(6,666,666)	21,666,667[1]
Hugh Thomas	-	-[2]	-	-	-
Oliver Barnes	-	5,895,000[3]	-	-	5,895,000
Henk Ludik	-	11,250,000	(4,391,958)	(6,858,042)	-
Ian Wilson	933,333	-	-	(933,333)	-
Bojan Bogunovic	1,800,000	5,250,000	(600,000)	-	6,450,000[4]
Hanno Van Der Merwe	-	6,000,000	-	-	6,000,000
	23,566,666	35,895,000	(4,991,958)	(14,458,041)	40,011,667

1 Subsequent to year end, 6,666,667 of these performance rights lapsed.

2 Hugh Thomas was granted 7,500,000 performance rights in his capacity as Chief Executive Officer. Subsequent to year end, and as part of Hugh's appointment as Managing Director of the Company, the vesting conditions of Hugh's performance rights were modified and subsequently issued.

3 Balance includes 2,145,000 performance rights issued to ESG-F Holdings Pty Ltd, a related party of Oliver Barnes.

4 Subsequent to year end, 600,000 of performance rights were exercised into ordinary shares.

Other transactions with key management personnel and their related parties

During the financial year, payments for consultancy services from ESG-F Holdings Pty Ltd and ESG-F Pty Ltd (Director-related entities of Oliver Barnes) of $116,366 were made. Amounts owing to related parties as at 30 June 2023 were $4,000 for director fees. All transactions were made on normal commercial terms and conditions and at market rates.

On 17 January 2023, the Company announced the completed acquisition of mining tenement E70/4981 (owned by Director Aaron Banks), a highly prospective silica sand project near Muchea, north of Perth, Western Australia.

This concludes the remuneration report, which has been audited.

Directors' Report

Shares under option
Unissued ordinary shares of Suvo Strategic Minerals Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
23-Dec-2020	31-Dec-2023	$0.15	12,000,000
15-Dec-2022	6-Dec-2025	$0.075	1,000,000
15-Dec-2022	6-Dec-2025	$0.10	12,500,000
17-Feb-2023	16-Mar-2026	$0.08	5,000,000
17-Feb-2023	16-Mar-2026	$0.12	7,500,000
17-Feb-2023	16-Mar-2026	$0.16	12,500,000
27-Jun-2023	26-Jun-2026	$0.06	5,000,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights
Unissued ordinary shares of Suvo Strategic Minerals Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under performance rights
5-Oct-2021	24-Nov-2026	nil	2,600,000
17-Nov-2021	24-Nov-2026	nil	7,500,000
21-Oct-2022	16-Nov-2025	nil	5,895,000
30-Nov-2022	16-Dec-2025	nil	7,500,000
13-Dec-2022	3-Jan-2026	nil	19,500,000
30-Aug-2023	6-Sep-2026	nil	7,500,000

On 7 August 2023, 13,333,333 performance rights expired.

Shares issued on the exercise of options and performance rights
During the year ended 30 June 2023, 2,483,333 shares were issued on the exercise of options, and 4,991,958 shares were issued on the exercise of performance rights. Subsequent to year end, 241,667 shares were issued on the exercise of options, and 600,000 share were issued on the exercise of performance rights.

Indemnity and insurance of officers
The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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.

Directors' Report

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 30 to the financial statements.

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

The Directors are of the opinion that the services as disclosed in note 30 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

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.

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

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

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

On behalf of the directors

Aaron Banks
Interim Non-Executive Chairman

29 September 2023
Perth

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Suvo Strategic Minerals 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

TUTU PHONG
Partner

Perth, WA
Dated: 29 September 2023

General information

The financial statements cover Suvo Strategic Minerals Limited as a consolidated entity consisting of Suvo Strategic Minerals Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Suvo Strategic Mineral Limited's functional and presentation currency.

Suvo Strategic Minerals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 11
40 The Esplanade
Perth WA 6000

Principal place of business

3610 Glenelg Hwy
Pittong VIC 3360

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 September 2023. The Directors have the power to amend and reissue the financial statements.

Consolidated statement of profit or loss and other comprehensive income

	Note	Consolidated 2023 $	2022 $
Profit or loss from continuing operations			
Revenue	4	**11,259,102**	13,957,078
Cost of sales		**(10,961,231)**	(10,856,820)
Gross profit before depreciation and amortisation		**297,871**	3,100,258
Depreciation and amortisation relating to kaolin production		**(300,415)**	(287,661)
Gross (loss)/profit from operations		**(2,544)**	2,812,597
Other income		**306,975**	220,281
Administration and other corporate expenses	5	**(4,595,479)**	(4,025,143)
Foreign exchange profit		**44,398**	28,949
Other depreciation and amortisation expenses		**(296,433)**	(252,264)
Exploration and evaluation expenditure impairment		**(40,768)**	-
Property, plant and equipment written off	13	**(2,097,507)**	-
Share based payments expense	6	**(1,408,628)**	(735,427)
Share of loss of associate accounted for using the equity method	17	**(11,136)**	-
Loss before income tax expense from continuing operations		**(8,101,122)**	(1,951,007)
Income tax expense	7	**-**	-
Loss after income tax expense from continuing operations		**(8,101,122)**	(1,951,007)
Loss after income tax expense for the year		**(8,101,122)**	(1,951,007)
Other comprehensive income			
Items that may be reclassified through profit or loss			
Total other comprehensive loss for the year, net of tax		**-**	-
Total comprehensive loss for the year		**(8,101,122)**	(1,951,007)
Loss for the year is attributable to:			
Owners of Suvo Strategic Minerals Limited		**(8,101,122)**	(1,951,007)
Total comprehensive loss for the year is attributable to:			
Continuing operations		**(8,101,122)**	(1,951,007)
Owners of Suvo Strategic Minerals Limited		**(8,101,122)**	(1,951,007)
Loss per share for loss attributable to owners of Suvo Strategic Minerals Limited			
Basic and diluted loss per share (in cents)	8	**(1.14)**	(0.32)

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

Consolidated statement of financial position

	Note	Consolidated 2023 $	Restated 2022[1] $
Assets			
Current assets			
Cash and cash equivalents	9	**3,163,638**	6,687,336
Trade and other receivables	10	**1,416,028**	2,039,517
Inventories	11	**2,090,431**	1,896,215
Other financial assets	12	**71,000**	71,000
Other	27	**787,408**	488,562
Total current assets		**7,528,505**	11,182,630
Non-current assets			
Property, plant and equipment	13	**4,244,441**	4,631,652
Mine properties	14	**2,084,682**	2,002,842
Mineral interest acquisition and exploration expenditure	15	**5,824,404**	5,591,674
Right-of-use assets	16	**341,681**	611,985
Investment in associate	17	**208,864**	-
Other financial assets	12	**2,184,233**	2,184,230
Other		**-**	30,996
Total non-current assets		**14,888,305**	15,053,379
Total assets		**22,416,810**	26,236,009
Liabilities			
Current liabilities			
Trade and other payables	18	**1,899,963**	3,407,957
Provisions	19	**808,850**	731,102
Lease liabilities	20	**387,594**	407,927
Interest-bearing liabilities	21	**641,161**	-
Total current liabilities		**3,737,568**	4,546,986
Non-current liabilities			
Provisions	22	**2,567,057**	2,504,467
Lease liabilities	23	**113,689**	499,955
Interest-bearing liabilities	21	**528,648**	-
Total non-current liabilities		**3,209,394**	3,004,422
Total liabilities		**6,946,962**	7,551,408
Net assets		**15,469,848**	18,684,601
Equity			
Issued capital	24	**42,230,249**	38,732,317
Reserves	25	**7,765,360**	6,376,923
Accumulated losses	26	**(34,525,761)**	(26,424,639)
Total equity		**15,469,848**	18,684,601

[1] Restated – refer to note 39

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

Consolidated statement of changes in equity

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2021	31,191,948	5,641,496	(24,473,632)	12,359,812
Loss after income tax expense for the year	-	-	(1,951,007)	(1,951,007)
Other comprehensive loss for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(1,951,007)	(1,951,007)
Transactions with owners in their capacity as owners:				
Shares issued	8,066,350	-	-	8,066,350
Shares issue costs	(525,981)	-	-	(525,981)
Share-based payments *(note 6)*	-	735,427	-	735,427
Balance at 30 June 2022	38,732,317	6,376,923	(26,424,639)	18,684,601

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2022	**38,732,317**	**6,376,923**	**(26,424,639)**	**18,684,601**
Loss after income tax expense for the year	**-**	**-**	**(8,101,122)**	**(8,101,122)**
Other comprehensive loss for the year, net of tax	**-**	**-**	**-**	**-**
Total comprehensive loss for the year	**-**	**-**	**(8,101,122)**	**(8,101,122)**
Transactions with owners in their capacity as owners:				
Shares issued	**3,771,300**	**-**	**-**	**3,771,300**
Share issue costs	**(273,368)**	**-**	**-**	**(273,368)**
Share-based payments *(note 6)*	**-**	**1,388,437**	**-**	**1,388,437**
Balance at 30 June 2023	**42,230,249**	**7,765,360**	**(34,525,761)**	**15,469,848**

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

Consolidated statement of cash flows

	Note	Consolidated 2023 $	Restated 2022[1] $
Cash flows from operating activities			
Receipts in the course of operations		**12,037,142**	14,553,843
Payments to suppliers and employees		**(15,848,187)**	(14,947,751)
Income taxes received		**-**	153,769
Interest received		**101,049**	11,611
Interest paid		**(98,536)**	(45,694)
Grants received		**24,600**	32,471
Net cash used in operating activities	*28*	**(3,783,932)**	(241,751)
Cash flows from investing activities			
Payments for property, plant and equipment		**(2,621,883)**	(2,690,160)
Payments for exploration and evaluation		**(556,310)**	(954,305)
Payments for mine properties		**(119,634)**	(348,934)
Payments for investments in associates	*17*	**(220,000)**	-
Other financial assets – term deposits at bank		**-**	(1,266,000)
Net cash used in investing activities		**(3,517,827)**	(5,259,399)
Cash flows from financing activities			
Proceeds from issue of shares		**3,600,000**	8,066,347
Proceeds from exercise of options		**74,500**	-
Share issue transaction costs		**(181,858)**	(525,978)
Financed equipment		**801,353**	-
Repayment of lease liabilities		**(337,302)**	(337,433)
Repayment of interest-bearing liabilities		**(178,632)**	-
Net cash received from financing activities		**3,778,061**	7,202,936
Net (decrease)/increase in cash and cash equivalents		**(3,523,698)**	1,701,786
Cash and cash equivalents at the beginning of the financial year		**6,687,336**	4,985,550
Effects of exchange rate changes on cash and cash equivalents		**-**	-
Cash and cash equivalents at the end of the financial year	*9*	**3,163,638**	6,687,336

[1] Restated – refer to note 39

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

Notes to the financial statements

Note 1. 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 or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

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

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going Concern
The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. As disclosed in the financial statements, the Group incurred a loss of $8,101,122 and had net cash outflows from operating activities of $3,783,932 for the year ended 30 June 2023. As at that date the Group had a cash balance of $3,163,638.

The Directors believe that it is appropriate to continue to adopt the going concern basis of preparation as per the detailed cash flow forecast prepared by Management. The cash flow forecast indicates that the Group expects to have sufficient working capital and other funds available to continue for at least the next twelve-month period ending 30 September 2024. The key assumptions used to derive at a detailed cashflow forecast relate to future sales and costs.

Whilst the Directors recognise that the key assumptions underpinning the cash flow forecast are subject to future events, some of which are beyond the direct control of the Group, the Directors have assessed the cash flow forecast and believe that it is appropriate that the Group continues to prepare its financial report on the going concern basis.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 34.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Suvo Strategic Minerals Limited ('Company' or 'Parent') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Suvo Strategic Minerals Limited and its subsidiaries together are referred to in these annual financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Notes to the financial statements

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

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.

Foreign currency translation

As stated in the “Basis of preparation’, the financial statements are presented in Australian dollars, which is Suvo Strategic Mineral Limited's functional and presentation currency.

Foreign currency transactions

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

Foreign operations

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

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Notes to the financial statements

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Sale of kaolin and other minerals
Sale of kaolin and other minerals is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Government grants
Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Income tax
The income tax expense or benefit for the period is the tax payable on that period'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 periods, 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 and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Suvo Strategic Minerals Limited (the 'Parent') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The Parent and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Notes to the financial statements

In addition to its own current and deferred tax amounts, the Parent also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Discontinued operations

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

Current and non-current classification

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

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

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

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

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 60 to 90 days.

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

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

Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Notes to the financial statements

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Group that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Cost is determined on the following basis:

a. Work in progress and finished goods on hand is valued on an average total production cost method
b. Ore stockpiles are valued at the average cost of mining and stockpiling the ore, including haulage
c. Raw materials are valued at average cost

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Land is measured at fair value, based on periodic valuations by external independent valuers. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Buildings are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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:

Buildings	3-40 years
Plant and equipment	2-25 years

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

Notes to the financial statements

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

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

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

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Exploration and evaluation assets

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.

Mining assets

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation phase once production commences in the area of interest.

Amortisation of mining development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

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 Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to the financial statements

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Refund liabilities

Refund liabilities are recognised where the Group receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Group does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

Lease liabilities

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

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

Finance costs

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

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group 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.

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.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Notes to the financial statements

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

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

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

The cost of equity-settled transactions 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 period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

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

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

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether that market condition has been met, provided all other conditions are satisfied.

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

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

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

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

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

Notes to the financial statements

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

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

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.

Investment in Associates

Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Earnings per share

Basic earnings per share

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

Notes to the financial statements

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.

New Accounting Standards and Interpretations not yet mandatory or early adopted

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

Note 2. Critical accounting judgements, estimates and assumptions

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.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes 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. Refer to note 6 for further information.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing prices, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the contained tonnes based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys. The Group reviews the carrying value of stockpile inventories regularly to ensure that their cost does not exceed net realisable value.

Rehabilitation provision

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Group 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.

Notes to the financial statements

Amortisation

The Group uses the concept of life of mine to determine the amortisation of mine properties. In determining life of mine, the Group prepares ore reserve estimation in accordance with JORC 2012, guidelines prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. The estimate of these proved and probable ore reserves, by their very nature, require judgements, estimates and assumptions. Where the proved and probable reserve estimates need to be modified, the amortisation expense is accounted for prospectively from the date of assessment until the end of the revised mine life (for both current and future years).

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into one operating segment, being mining and exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services

The principal products and services of the kaolin production operating segment are the manufacture and sale of refined kaolin in Australia and overseas.

Major customers

During the year ended 30 June 2023 approximately $3,699,182 (2022: $4,697,338) of the Group's external revenue was derived from sales to two major Australian paper producers.

Notes to the financial statements

Operating segment information

	Corporate $	Exploration & Evaluation $	Kaolin Production $	30 June 2023 Total $
Revenue				
Sales to external customers	-	-	11,259,102	11,259,102
Total segment revenue	-	-	11,259,102	11,259,102
EBITDA	(4,832,911)	(42,886)	(2,657,765)	(7,533,562)
Depreciation and amortisation	(228,367)	(729)	(367,752)	(596,848)
Interest revenue	29,022	-	98,802	127,824
Finance costs	(36,189)	(1,780)	(60,567)	(98,536)
Loss before income tax expense	(5,068,445)	(45,395)	(2,987,282)	(8,101,122)
Income tax expense	-	-	-	-
Loss after income tax expense	(5,068,445)	(45,395)	(2,987,282)	(8,101,122)
Assets				
Segment assets	2,741,028	5,836,072	13,839,710	22,416,810
Liabilities				
Segment liabilities	958,020	-	5,988,942	6,946,962

	Corporate $	Exploration & Evaluation $	Kaolin Production $	30 June 2022 Total $
Revenue				
Sales to external customers	-	-	13,957,078	13,957,078
Total segment revenue	-	-	13,957,078	13,957,078
EBITDA	(3,553,986)	(8,492)	2,219,817	(1,342,661)
Depreciation and amortisation	(187,753)	(1,457)	(350,715)	(539,925)
Interest revenue	3,451	-	2,308	5,759
Finance costs	(39,413)	-	(34,767)	(74,180)
Loss before income tax expense	(3,777,701)	(9,949)	1,836,643	(1,951,007)
Income tax expense	-	-	-	-
Loss after income tax expense	(3,777,701)	(9,949)	1,836,643	(1,951,007)
Assets				
Segment assets	6,007,325	5,619,554	14,609,130	26,236,009
Liabilities				
Segment liabilities	1,051,410	282,811	6,217,187	7,551,408

Notes to the financial statements

Note 4. Revenue

	Consolidated	
	2023	2022
	$	$
Revenue from contracts with customers		
Sale of goods	**11,259,102**	13,957,078
Revenue from continuing operations	**11,259,102**	13,957,078

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2023	2022
	$	$
Geographical regions		
Australia and New Zealand	**7,182,454**	8,555,013
Asia	**3,474,701**	5,023,716
Rest of the World	**601,947**	378,349
	11,259,102	13,957,078

Note 5. Administration and other corporate expenses

	Consolidated	
	2023	2022
	$	$
Employee expenses	**1,601,243**	1,523,277
Legal fees	**265,099**	164,427
Accounting fees	**203,672**	240,511
Compliance fees	**243,666**	237,672
Other administration costs	**2,281,799**	1,859,256
	4,595,479	4,025,143

Notes to the financial statements

Note 6. Share based payments expense

	Consolidated 2023 $	Consolidated 2022 $
Shares issued to key management personnel[1]	**20,000**	-
Shares issued to advisors[1]	**46,000**	-
Options issued to advisors[1]	**317,374**	-
Performance rights issued to key management personnel[1]	**882,981**	610,997
Performance rights issued to others[1]	**142,273**	124,430
	1,408,628	735,427
Options issued to lead and co-lead managers[2]	**45,809**	-
	1,454,437[3]	735,427[3]

[1] Share based payments expensed to the consolidated statement of profit or loss and other comprehensive income.
[2] Share based payments capitalised to the consolidated statement of financial position as cost of raising capital.
[3] Of this balance, $1,388,437 is recorded in Reserves and $66,000 is recorded in Issued Capital (2022: $735,427 recorded in Reserves).

Options

Set out below is a summary of the movement in options during the financial year:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
10-May-2019	4-Sep-2022	$0.08	5,166,670	-	-	(5,166,670)	**-**
30-Jul-2020	30-Jul-2023	$0.03	101,866,903	-	(2,483,333)	-	**99,383,570**
24-Nov-2020	30-Jul-2023	$0.03	500,000	-	-	-	**500,000**
23-Dec-2020	31-Dec-2023	$0.15	12,000,000	-	-	-	**12,000,000**
24-Mar-2022	30-Jun-2023	$0.15	30,751,680	-	-	(30,751,680)	**-**
15-Dec-2022	6-Dec-2025	$0.075	-	1,000,000	-	-	**1,000,000**
15-Dec-2022	6-Dec-2025	$0.10	-	12,500,000	-	-	**12,500,000**
17-Feb-2023	16-Mar-2026	$0.08	-	5,000,000	-	-	**5,000,000**
17-Feb-2023	16-Mar-2026	$0.12	-	7,500,000	-	-	**7,500,000**
17-Feb-2023	16-Mar-2026	$0.16	-	12,500,000	-	-	**12,500,000**
27-Jun-2023	26-Jun-2026	$0.06	-	5,000,000	-	-	**5,000,000**
			150,285,253	43,500,000	(2,483,333)	(35,918,350)	**155,383,570**
Weighted average exercise price			$0.07	$0.11	$0.03	$0.14	$0.06

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2023 Number	2022 Number
10-May-2019	4-Sep-2022	**-**	5,166,670
30-Jul-2020	30-Jul-2023	**99,383,570**	101,866,903
24-Nov-2020	30-Jul-2023	**500,000**	500,000
23-Dec-2020	31-Dec-2023	**12,000,000**	12,000,000
24-Mar-2022	30-Jun-2023	**-**	30,751,680
15-Dec-2022	6-Dec-2025	**13,500,000**	-
17-Feb-2023	16-Mar-2026	**25,000,000**	-
27-Jun-2023	26-Jun-2026	**5,000,000**	-
		155,383,570	150,285,253

Notes to the financial statements

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.84 years (2022: 1.07 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Exercise price	Share price at grant date	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
15-Dec-2022	6-Dec-2025	$0.075	$0.04	67%	-	3.15%	**$0.0117**
15-Dec-2022	6-Dec-2025	$0.10	N/A – free attaching options				
17-Feb-2023	16-Mar-2026	$0.08	$0.049	75%	-	3.49%	**$0.0174**
17-Feb-2023	16-Mar-2026	$0.12	$0.049	75%	-	3.49%	**$0.0132**
17-Feb-2023	16-Mar-2026	$0.16	$0.049	75%	-	3.49%	**$0.0105**
27-Jun-2023	26-Jun-2026	$0.06	$0.026	69%	-	3.91%	**$0.0068**

Performance rights

Set out below is a summary of the movement in performance rights during the financial year:

	Balance at the start of the year	Issued	Exercised	Expired/ lapsed/ other	Balance at the end of the year
Key management personnel	44,400,000	35,895,000	(4,991,958)	(28,624,708)	**46,678,334**
Others	3,000,000	8,250,000	-	(1,000,000)	**10,250,000**
	47,400,000	44,145,000	(4,991,958)	(29,624,708)	**56,928,334**

For the performance rights issued during the current year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Performance Milestone	Total	Fair value at grant date	Issue date	Vesting period	Expiry period
21-Oct-22	16-Nov-25	a	5,715,000	$0.0590	16-Nov-22	24 months	36 months
21-Oct-22	16-Nov-25	b	5,715,000	$0.0590	16-Nov-22	30 months	36 months
21-Oct-22	16-Nov-25	c	5,715,000	$0.0357	16-Nov-22	36 months	36 months
30-Nov-22	16-Dec-25	a	2,500,000	$0.0460	16-Dec-22	24 months	36 months
30-Nov-22	16-Dec-25	b	2,500,000	$0.0460	16-Dec-22	30 months	36 months
30-Nov-22	16-Dec-25	c	2,500,000	$0.0229	16-Dec-22	36 months	36 months
13-Dec-22	3-Jan-26	a	4,250,000	$0.0400	3-Jan-23	24 months	36 months
13-Dec-22	3-Jan-26	b	6,500,000	$0.0400	3-Jan-23	30 months	36 months
13-Dec-22	3-Jan-26	c	4,250,000	$0.0203	3-Jan-23	36 months	36 months
13-Dec-22	3-Jan-26	d	2,250,000	$0.0400	3-Jan-23	12 months	36 months
13-Dec-22	3-Jan-26	e	2,250,000	$0.0400	3-Jan-23	18 months	36 months
			44,145,000				

Performance milestones

(a) Achieving kaolin production of at least 35kt across any 12-month period commencing on or after the date of issue.
(b) Achieving kaolin production of at least 50kt across any 12-month period commencing on or after the date of issue.
(c) The Company's VWAP being at least $0.18 over 20 consecutive trading days on which the Company's shares have actually traded.
(d) 12 months continuous service from date of issue.
(e) 18 months continuous service from date of issue.

Notes to the financial statements

Note 7. Income tax expense

	Consolidated 2023 $	Consolidated 2022 $
Income statement		
Current income tax		
Current income tax charge	**-**	-
Deferred income tax		
Relating to origination and reversal of temporary differences	**-**	-
Income tax expense/benefit reported in the income statement	**-**	-
Tax reconciliation		
Accounting profit/(loss) before tax from continuing operations	**(8,101,122)**	(1,951,007)
At statutory tax rate of 25% (2022: 25%)	**(2,025,281)**	(487,752)
Non-deductible expenses	**260,061**	211,502
Tax losses and temporary differences not recognised	**1,765,220**	276,250
Income tax expense/benefit	**-**	-
Deferred tax assets		
Inventories	**841**	841
Property, plant and equipment	**-**	-
Trade and other payables	**23,633**	30,067
Provisions	**789,405**	808,892
Lease liabilities	**153,003**	226,971
Mine properties	**15,457**	-
Blackhole expenditure	**750,664**	426,516
Foreign exchange loss	**(5)**	124
Tax losses	**3,111,043**	1,509,527
Net off deferred tax liabilities	**(600,079)**	(517,986)
Net deferred tax asset not recognised	**(4,243,962)**	(2,484,952)
Deferred tax assets	**-**	-
Deferred tax liabilities		
Other assets	**(137,295)**	(56,000)
Mineral interest acqusition and exploration expenditure	**(377,364)**	(308,989)
Right-of-use assets	**(85,420)**	(152,996)
Net off deferred tax liabilities	**600,079**	517,985
Deferred tax liabilities	**-**	-

A potential deferred tax asset, attributable to tax loss incurred in the current period, amounts to approximately $4,243,962 (2022: $2,484,952) and has not been brought to account at reporting date because the Directors believe it is inappropriate to regard realisation of the deferred tax asset as probable at this point in time. This benefit will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss incurred;
- the Group continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely effects the Group in realising the benefit from the deductions for the loss incurred.

Notes to the financial statements

Note 8. Loss per share

	Consolidated 2023 $	2022 $
Loss used in calculating loss per share		
Loss after income tax attributable to owners of Suvo strategic Minerals Limited	**(8,101,122)**	(1,951,007)
	(8,101,122)	(1,951,007)
	Cents	Cents
Basic and diluted loss per share	**(1.14)**	(0.32)
	Number	Number
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	**712,555,052**	614,367,846
	712,555,052	614,367,846

Note 9. Cash and cash equivalents

	Consolidated 2023 $	Restated 2022 $
Cash at bank and on hand	**3,163,638**	6,687,336

Restatement
Refer to note 39 for details of a restatement of the 30 June 2022 balance to reclassify restricted cash consisting of a bank card guarantee, a rental guarantee, and a rehabilitation bond.

Note 10. Trade and other receivables

	Consolidated 2023 $	2022 $
Trade receivables	**1,416,028**	2,039,517

Allowance for expected credit losses
The Group has recognised a loss of $Nil in the profit or loss in respect of the expected credit losses for the year ended 30 June 2023.

In relation to the ageing of receivables, 100% (2022: 92%) of trade receivables are current, with nil (2022: 6%) being 0 to 30 days overdue and nil (2022: 2%) being 31 to 60 days overdue.

Notes to the financial statements

Note 11. Inventories

	Consolidated	
	2023	2022
	$	$
Raw materials	**956,144**	1,037,907
Packaging	**420,904**	324,217
Work in progress	**114,481**	74,101
Finished goods	**598,902**	459,990
	2,090,431	1,896,215

Note 12. Other financial assets

	Consolidated	
		Restated
	2023	2022
	$	$
Current		
Bank card guarantee	**40,000**	40,000
Rental guarantee	**31,000**	31,000
	71,000	71,000
Non-current		
Rehabilitation bond	**2,086,000**	2,086,000
Rental guarantee	**98,233**	98,230
	2,184,233	2,184,230

The rehabilitation bond was lodged with the Department of Jobs, Precincts and Regions in Victoria. It serves as surety for compliance with the conditions of the mining licenses relating to rehabilitation.

Restatement
Refer to note 39 for details of a restatement of the 30 June 2022 balance to reclassify restricted cash to other financial assets.

Note 13. Property, plant and equipment

	Consolidated	
	2023	2022
	$	$
Land and buildings - at fair value (land) and at cost (buildings)	**798,934**	798,934
Less: Accumulated depreciation on buildings	**(337,267)**	(289,100)
	461,667	509,834
Leasehold improvements - at cost	**222,926**	222,926
Less: Accumulated depreciation	**(54,818)**	(32,891)
	168,108	190,035
Plant and equipment - at cost	**3,993,154**	4,087,577
Less: Accumulated depreciation	**(378,488)**	(155,794)
	3,614,666	3,931,783
	4,244,441	4,631,652

Notes to the financial statements

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

Consolidated	Land and buildings $	Leasehold Improvements $	Plant and equipment $	Total $
Balance at 1 July 2021	705,529	211,963	512,311	1,429,803
Additions	-	-	3,436,380	3,436,380
Disposals	-	-	(1,275)	(1,275)
Depreciation expense[1]	(195,695)	(21,928)	(15,633)	(233,256)
Balance at 30 June 2022	509,834	190,035	3,931,783	4,631,652
Additions	**-**	**-**	**2,005,911**	**2,005,911**
Disposals	**-**	**-**	**(492)**	**(492)**
Depreciation expense[1]	**(48,167)**	**(21,927)**	**(225,029)**	**(295,123)**
Write-off[2]	**-**	**-**	**(2,097,507)**	**(2,097,507)**
Balance at 30 June 2023	**461,667**	**168,108**	**3,614,666**	**4,244,441**

[1] Depreciation expense will not match the depreciation and amortisation relating to kaolin production expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as the above depreciation expense relates to all classes of property, plant and equipment, whilst the depreciation and amortisation related to kaolin production expense includes amortisation of mining reserves but excludes certain equipment, such as office equipment.

[2] During the year, an amount of property, plant and equipment was written off as it related to abandoned projects.

Note 14. Mine properties

	Consolidated 2023 $	2022 $
Mining properties - at cost	**2,084,682**	2,002,842

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

Consolidated	Overburden Asset $	Mining Reserves $	Rehabilitation Asset $	Total $
Balance at 1 July 2021	-	597,110	1,406,616	2,003,726
Transfer from exploration expenditure	-	92,555	-	92,555
Additions	-	256,379	-	256,379
Adjustment under provisional accounting	-	-	108,000	108,000
Change in present value of rehabilitation provision	-	-	(263,130)	(263,130)
Amortisation expense	-	(126,231)	(68,457)	(194,688)
Balance at 30 June 2022	**-**	819,813	1,183,029	2,002,842
Additions	**113,696**	**29,969**	**-**	**143,665**
Change in present value of rehabilitation provision	**-**	**-**	**(30,403)**	**(30,403)**
Amortisation expense	**-**	**(13,147)**	**(18,275)**	**(31,422)**
Balance at 30 June 2023	**113,696**	**836,635**	**1,134,351**	**2,084,682**

Notes to the financial statements

Note 15. Mineral interest acquisition and exploration expenditure

	Consolidated	
	2023	2022
	$	$
Mineral interest acquisition and exploration expenditure - at cost	**5,824,404**	5,591,674

Reconciliations

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

Consolidated	Exploration and evaluation $
Balance at 1 July 2021	4,436,938
Transfer to mine properties	(92,555)
Additions	1,247,291
Balance at 30 June 2022	5,591,674
Additions	**273,498**
Exploration and evaluation expenditure impairment	**(40,768)**
Balance at 30 June 2023	**5,824,404**

The Company holds 4 exploration licences by Mt Marshall Kaolin Pty Ltd (Gabbin Kaolin project) and 4 exploration licences by Watershed Enterprise Solutions Pty Ltd (Eneabba Silica Sands project). On 17 January 2023, the Company announced the completed acquisition of mining tenement E70/4981 (owned by Director Aaron Banks), a highly prospective silica sand project near Muchea, north of Perth, Western Australia.

On 31 January 2023, tenement E70/5334, held by Mt Marshall Kaolin Pty Ltd, was surrendered. The $40,768 of exploration expenditure that related to this tenement was written off. No other impairment has been recognised for the year ended 30 June 2023.

Note 16. Right-of-use assets

	Consolidated	
	2023	2022
	$	$
Office space - right-of-use	**608,898**	608,898
Less: Accumulated depreciation	**(338,277)**	(135,311)
	270,621	473,587
Motor vehicles - right-of-use	**228,769**	228,769
Less: Accumulated depreciation	**(157,709)**	(90,371)
	71,060	138,398
	341,681	611,985

Additions to the right-of-use assets during the year were nil.

The Group leases its office space and has motor vehicles under lease agreements of three years. On renewal, the terms of the leases are renegotiated. The Group also leases equipment which are either short-term or low-value leases, so have been expensed as incurred and not capitalised as right-of-use assets.

Notes to the financial statements

Note 17. Investment in associate

	Consolidated	
	2023 $	2022 $
Investment in associate accounted for using the equity method:		
Initial investment at cost	220,000	-
Share of associate's loss	(11,136)	-
	208,864	-

During the year, the Company acquired a 26% share in Dingo HPA Pty Ltd ("Dingo") through a private placement. The Company purchased 220,000 fully paid ordinary shares in Dingo, at an issue price of $1.00 per share ($220,000). This investment in an associate was initially recognised at cost, under the equity method, in accordance with Accounting Standards. The carrying amount of the investment has decreased to recognise the Company's 26% share of the loss generated by Dingo ($11,136) from the date of acquisition up to the year ended 30 June 2023. Subsequent to year end, the Company sold its 26% share for $175,000.

Note 18. Trade and other payables

	Consolidated	
	2023 $	2022 $
Trade payables	1,226,346	2,251,141
Accruals	322,193	912,450
Other payables	351,424	244,366
	1,899,963	3,407,957

Note 19. Current provisions

	Consolidated	
	2023 $	2022 $
Annual leave	329,076	372,381
Long service leave	247,236	342,971
Other provisions	14,250	15,750
Make good provision	218,288	-
	808,850	731,102

Note 20. Current lease liabilities

	Consolidated	
	2023 $	2022 $
Lease liability	387,594	407,927
	387,594	407,927

The Group leases its office space and has motor vehicles under lease agreements of three years. On renewal, the terms of the leases are renegotiated. Refer to note 35 for further information on financial instruments.

Notes to the financial statements

Note 21. Interest-bearing liabilities

	Consolidated 2023 $	2022 $
Current		
Insurance funding	**494,057**	-
Equipment finance	**147,104**	-
	641,161	-
Non-current		
Equipment finance	**528,648**	-
	528,648	-

Note 22. Non-current provisions

	Consolidated 2023 $	2022 $
Long service leave	**55,682**	53,809
Rehabilitation	**2,511,375**	2,450,658
	2,567,057	2,504,467

Rehabilitation
The provision represents the present value of estimated costs for future rehabilitation of land explored or mined by the Group at the end of the exploration or mining activity.

Movements in rehabilitation provision
Movements in the rehabilitation provision during the current and previous financial year, are set out below:

Consolidated	Rehabilitation $
Balance at 1 July 2021	2,685,300
Additional provisions recognised	(263,128)
Unwinding of discount	28,486
Balance at 30 June 2022	2,450,658
Additional provisions recognised	**(30,403)**
Unwinding of discount	**91,120**
Balance at 30 June 2023	**2,511,375**

Note 23. Non-current lease liabilities

	Consolidated 2023 $	2022 $
Lease liability	**113,689**	499,955
	113,689	499,955

Refer to note 35 for further information on financial instruments.

Notes to the financial statements

Note 24. Equity - issued capital

	Consolidated			
	2023 Shares	2022 Shares	**2023 $**	2022 $
Ordinary shares - fully paid	**809,671,424**	680,407,120	**42,230,249**	38,732,317

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	30 Jun 2021	585,508,922		31,191,948
Shares issued - Placement	7 Mar 2022	88,235,294	0.085	7,500,000
Shares issued - Share purchase plan	3 May 2022	6,662,904	0.085	566,347
Share issue costs		-		(525,978)
Balance	30 Jun 2022	680,407,120		38,732,317
Shares issued - Advisory fees	23 Sep 2022	**931,174**	**0.049**	**46,000**
Shares issued - Capital raising fees	23 Sep 2022	**770,000**	**0.040**	**30,800**
Shares issued - Placement	15 Dec 2022	**50,000,000**	**0.040**	**2,000,000**
Shares issued - Conversion of Performance Rights	20 Dec 2022	**600,000**	**0.038**	**-**[1]
Shares issued - Conversion of Performance Rights	16 Mar 2023	**4,391,958**	**0.051**	**-**[1]
Shares issued - Employee remuneration	16 Mar 2023	**102,649**	**0.049**	**5,000**
Shares issued - Employee remuneration	22 Jun 2023	**419,970**	**0.036**	**15,000**
Shares issued - Placement	27 Jun 2023	**69,565,220**	**0.023**	**1,600,000**
Shares issued - Options exercised	various	**2,483,333**	**0.030**	**74,500**
Share issue costs		**-**		**(273,368)**
Balance	30 Jun 2023	**809,671,424**		**42,230,249**

[1] This appears as nil as the value is already fully recognised within equity, in the share-based payments reserve.

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

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

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

Capital risk management
The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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

The Group would look to raise capital when an opportunity to invest in a business or company is seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2022 Annual Report.

Notes to the financial statements

Note 25. Equity - reserves

	Consolidated 2023 $	2022 $
Share based payments reserve	**7,765,360**	6,376,923
	7,765,360	6,376,923

Share based payments reserve
The reserve is used to recognise increments and decrements in the fair value of share-based payments.

Movements in reserves
Movements in equity reserves during the current and previous financial year are set out below:

Consolidated	Performance Rights $	Options $	Total $
Balance at 1 July 2021	-	5,641,496	5,641,496
Share based payments	735,427	-	735,427
Balance at 30 June 2022	735,427	5,641,496	6,376,923
Share based payments (*note 6*)	**1,025,254**	**363,183**	**1,388,437**
Balance at 30 June 2023	**1,760,681**	**6,004,679**	**7,765,360**

Note 26. Equity - accumulated losses

	Consolidated 2023 $	2022 $
Accumulated losses at the beginning of the financial year	**(26,424,639)**	(24,473,632)
Loss after income tax expense for the year	**(8,101,122)**	(1,951,007)
Accumulated losses at the end of the financial year	**(34,525,761)**	(26,424,639)

Note 27. Other current assets

	Consolidated 2023 $	2022 $
Prepayments	**550,518**	224,002
GST receivable	**165,519**	193,567
Lease receivable	**32,325**	70,619
Accrued interest income	**26,775**	-
Sundry debtors	**12,271**	374
	787,408	488,562

Notes to the financial statements

Note 28. Reconciliation of loss after income tax to net cash from operating activities

	Consolidated	
	2023	2022
	$	$
Loss after income tax expense for the year	**(8,101,122)**	(1,951,007)
Adjustments for:		
Depreciation and amortisation	**596,848**	539,925
Share-based payments expense	**1,408,628**	735,427
Write-off of property, plant and equipment	**2,097,507**	-
Exploration and evaluation expenditure impairment	**40,768**	-
Share of loss of associate	**11,136**	-
Make good provision	**218,288**	-
Unwinding of the discount on provisions	**91,120**	28,486
Other non-cash items	**35,000**	-
Change in operating assets and liabilities:		
Change in trade and other receivables	**623,489**	522,159
Change in inventories	**(194,216)**	(590,581)
Change in other assets	**87,625**	(158,935)
Change in trade and other payables	**(560,336)**	1,010,232
Change in provision for income tax	**-**	153,769
Change in other provisions	**(138,667)**	(531,226)
Net cash outflows from operating activities	**(3,783,932)**	(241,751)

Non-cash investing and financing activities

	Consolidated	
	2023	2022
	$	$
Additions to the right-of-use assets	**-**	567,833
Change in present value of rehabilitation provision	**(30,403)**	(263,130)
Additions to interest-bearing liabilities	**(547,088)**	-
Impairment and write-off	**(2,138,275)**	-
	(2,715,766)	304,703

Note 29. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2023	2022
	$	$
Short-term employee benefits	**830,850**	767,136
Post-employment benefits	**67,047**	35,495
Share-based payments	**902,981**	610,997
	1,800,878	1,413,628

Notes to the financial statements

Note 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company, its network firms and unrelated firms:

	Consolidated	
	2023	2022
	$	$
RSM Australia Partners		
Audit or review of the financial statements	**78,500**	70,000
Independent expert report	**6,750**	20,000
Grant applications	**11,000**	-
Review of employee share scheme and notice of meeting	**-**	1,800
	96,250	91,800

Note 31. Related party transactions

Parent entity
Suvo Strategic Minerals Limited is the parent entity.

Subsidiaries
Interests in subsidiaries and associates are set out in note 32 and 33 respectively.

Key management personnel
Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the directors' report.

Transactions with related parties
During the financial year, payments for consultancy services from ESG-F Holdings Pty Ltd and ESG-F Pty Ltd (Director-related entities of Oliver Barnes) of $116,366 were made.

On 17 January 2023, the Company announced it had completed the acquisition of mining tenement E70/4981 (owned by Director Aaron Banks), a highly prospective silica sand project near Muchea, north of Perth, Western Australia.

Receivable from and payable to related parties
There were no receivables from related parties at the current and previous reporting date. As at 30 June 2023, $4,000 was outstanding to related parties (2022: $255,563).

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

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

Notes to the financial statements

Note 32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1.

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Watershed Enterprise Solutions Pty Ltd	Australia	**100%**	100%
Mt Marshall Kaolin Pty Ltd	Australia	**100%**	100%
Suvo Australia Pty Ltd	Australia	**100%**	100%
Suvo Minerals Australia Pty Ltd	Australia	**100%**	100%
Kaolin Australia Pty Ltd	Australia	**100%**	100%
Suvo Minerals Technology Pty Ltd (formerly known as Far North Minerals Pty Ltd)	Australia	**100%**	100%

Note 33. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Dingo HPA Pty Ltd	Australia	**26%**	-

Note 34. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2023 $	Parent 2022 $
Loss after income tax	**(5,381,711)**	(3,779,950)
Total comprehensive loss	**(5,381,711)**	(3,779,950)

Statement of financial position

	Parent 2023 $	Parent 2022 $
Total current assets	**2,066,510**	5,291,593
Total assets	**16,427,868**	17,016,599
Total current liabilities	**883,650**	733,377
Total liabilities	**958,020**	1,051,410
Equity		
Issued capital	**42,230,250**	38,732,317
Reserves	**7,765,360**	6,376,923
Accumulated losses	**(34,525,762)**	(29,144,051)
Total equity	**15,469,848**	15,965,189

Notes to the financial statements

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others.

Contingent liabilities
Other than those specified in note 36, the parent entity had no contingent liabilities as at 30 June 2023 (30 June 2022: $Nil).

Capital commitments - Property, plant and equipment
The parent entity had committed $Nil for property, plant and equipment as at 30 June 2023 (30 June 2022: $Nil).

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 35. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk
Foreign currency risk
The Group undertakes certain transactions (export sales) denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

The Group has elected not to enter into hedging contracts as receipts in foreign currency (USD) were not material during the financial year. The Group will continue to monitor foreign currency risk and take the appropriate course of action as required.

The Group held cash of US$50,647 as at 30 June 2023 (2022: US$268,515).

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The group is exposed to interest rate risk given it has interest-bearing liabilities at 30 June 2023 of $1,169,809 (2022: nil). These are principal and interest payment liabilities. Monthly cash outlays of approximately $5,000 per month are required to service the interest payments. In addition, minimum principal repayments of $641,159 are due during the year ending 30 June 2024. As the interest-bearing liabilities are at fixed rates, an official change in interest rates will have no effect on profit before tax.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Notes to the financial statements

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group'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.

Consolidated - 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 payables	-	1,270,340	-	-	-	1,270,340
Other payables	-	629,623	-	-	-	629,623
Interest-bearing - fixed rate						
Lease liability	5.98%	402,270	111,777	-	-	514,047
Interest-bearing liabilities	6.28%	703,214	192,370	400,771	-	1,296,355
Total non-derivatives		3,005,447	304,147	400,771	-	3,710,365

Consolidated - 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 payables	-	2,251,141	-	-	-	2,251,141
Other payables	-	1,156,816	-	-	-	1,156,816
Interest-bearing - fixed rate						
Lease liability	5.94%	407,927	384,939	115,016	-	907,882
Total non-derivatives		3,815,884	384,939	115,016	-	4,315,839

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Notes to the financial statements

Note 36. Contingent assets and liabilities

On 17 January 2023, the Company announced that the tenement purchase for 100% of exploration license application E70/4981, located in the Muchea region of Western Australia, was completed. As part of the consideration for the Tenement Application, the Company agreed to issue or grant (as the case may be) the following royalty interest and deferred consideration to the Vendor:

(a) Royalty: 4% of the proceeds of gross sales from Product derived from the Tenement Application;

(b) Deferred Consideration Shares: Subject to the following development milestones having first been satisfied, issue to the Vendor up to $1,550,000 Shares (Deferred Consideration Shares), in the following tranches:

i. Grant of Mining License: Upon the grant of a mining license over any area the subject of the Exploration License. The number of Shares calculated by dividing $1,150,000 by the greater of:
- the 5 Day VWAP; and
- $0.15

ii. Grant of Mining Permit: Upon the grant of all necessary mining permits over any part of the Tenement Application, necessary to commence production (including environmental permits, water licenses, project management plans and mine closure plans), the number of Shares calculated by dividing $400,000 by the greater of:
- The 5 Day VWAP; and
- $0.15

The Deferred Consideration Shares must be issued by 21 October 2027 (5 years from the date of shareholder approval), or the rights to the Deferred Consideration Shares will lapse.

Other than the above, the Group had no other contingent assets or liabilities at the current and previous reporting date.

Note 37. Commitments

	Consolidated	
	2023 **$**	2022 $
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Rent, rates and minimum tenement expenditure for next 12 months	**477,952**	475,546
	477,952	475,546

Note 38. Changes in liabilities arising from financing activities

Consolidated	Interest-bearing liabilities $	Lease liabilities $
Balance at 1 July 2021	-	286,773
Net cash from/used in financing activities	-	(337,433)
Other additions to liabilities	-	958,542
Balance at 30 June 2022	-	907,882
Net cash from/used in financing activities	**622,721**	**(406,599)**
Other additions to liabilities	**547,088**	**-**
Balance at 30 June 2023	**1,169,809**	**501,283**

Notes to the financial statements

Note 39. Restatement

	Consolidated 30 June 2022 $
Consolidated statement of financial position	
Current assets – cash and cash equivalents	
Balance reported	8,844,336
Reclassification of bank guarantees and term deposits	(2,157,000)
Restated balance	6,687,336
Current assets – other financial assets	
Balance reported	-
Reclassification of bank guarantees and term deposits	71,000
Restated balance	71,000
Non-current assets – other financial assets	
Balance reported	-
Reclassification of bank guarantees and term deposits	2,184,230
Restated balance	2,184,230
Non-current assets – other	
Balance reported	129,226
Reclassification of bank guarantees and term deposits	(98,230)
Restated balance	30,996

The balances above were restated to reclassify bank guarantees held in term deposits.

	Consolidated 30 June 2022 $
Consolidated statement of cash flows	
Cash and cash equivalents at the beginning of the financial year	
Balance reported	5,876,550
Reclassification of bank guarantees and term deposits	(891,000)
Restated balance	4,985,550
Cash and cash equivalents at the end of the financial year	
Balance reported	8,844,336
Reclassification of bank guarantees and term deposits	(2,157,000)
Restated balance	6,687,336

The balances above were restated to reclassify bank guarantees held in term deposits.

Notes to the financial statements

Note 40. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Suvo Strategic Minerals Limited
Watershed Enterprise Solutions Pty Ltd
Mt Marshall Kaolin Pty Ltd
Suvo Australia Pty Ltd
Suvo Minerals Australia Pty Ltd
Kaolin Australia Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Suvo Strategic Minerals Limited, they also represent the 'Extended Closed Group'.

The statement of profit and loss and other comprehensive income and statement of financial position of the Closed Group are substantially the same as the consolidated entity and therefore have not been separately disclosed.

Note 41. Matters subsequent to the end of the financial year

On 29 August 2023, the Company announced that it would not progress with the remaining stages of the Dingo HPA Pty Ltd ("Dingo") earn-in agreement ("Agreement"), and as a result, the Company agreed to sell its 26% share at an agreed price of A$175,000. The divestment process is expected to be completed during the quarter ended 31 December 2023.

On 5 September 2023, Dr Agu Kantsler was appointed as Non-Executive Director of the Company.

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

Director's Declaration

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

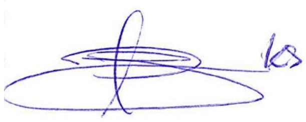
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

- At the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 40 to the financial statements.

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



Aaron Banks
Interim Non-Executive Chairman

29 September 2023
Perth

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SUVO STRATEGIC MINERALS LIMITED

Opinion

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

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year 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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Key Audit Matters

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

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Going concern - Refer to Note 1 in the financial statements</td></tr>
<tr><td>At 30 June 2023, the Group incurred a loss of $8,101,122 and had net cash outflows from operating activities of $3,783,932 for the year ended 30 June 2023. As at that date the Group had a cash balance of $3,163,638.

The directors have prepared the financial report on the going concern basis. The directors' assessment of the Group's ability to continue as a going concern is based on a cash flow forecast.

We determined this assessment of going concern to be a key audit matter due to the significant judgments involved in preparing the cash flow forecast, and the potential material impact of the results of management´s assessment.</td><td>Our audit procedures included:

• Assessing the reasonableness of the Group’s cash flow forecast;
• Checking the mathematical accuracy of management’s cash flow forecast;
• Challenging the reasonableness of the key assumptions used by management in the cash flow forecast by comparison to our knowledge of the business;
• Assessing the sensitivity of the key assumptions within management’s cash flow forecast; and
• Assessing the adequacy of disclosures made in the financial report.</td></tr>
<tr><td colspan="2">Share-based payments – Performance Rights - Refer to Note 6 in the financial statements</td></tr>
<tr><td>During the year, the Group granted 44,145,000 performance rights. The fair value of performance rights granted during the year was $1,861,921 of which $580,169 was recognised and expensed in the consolidated statement of profit or loss and other comprehensive income. The remaining amount of $1,281,752 will be amortised over the remaining vesting period. In addition to $580,169 recognised, $445,085 is recognised from performance rights issued in prior years totalling to $1,025,254 which has been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income.

Management has performed the valuation of the performance rights granted using a valuation model. We considered the valuation of these performance rights to be a key audit matter as it involved management’s judgement in determining various inputs used in the valuation model.</td><td>Our audit procedures included:

• Reviewing the key terms and conditions of the performance rights issued;
• Obtaining the valuation model prepared by management and assessing whether the model was appropriate for valuing the performance rights granted during the year;
• Challenging the reasonableness of key assumptions used by management in the valuation model;
• Reviewing the probability of vesting at reporting date;
• Recalculating the value of the share-based payment expense to be recognised in the consolidated statement of profit or loss and other comprehensive income; and
• Assessing the adequacy of the disclosures in the financial report.</td></tr>
<tr><td colspan="2">Impairment consideration for property, plant and equipment and mine properties - Refer to Note 13 and 14 in the financial statements</td></tr>
<tr><td>As at 30 June 2023, the Group has capitalised property, plant and equipment and mine properties amounting to $6,329,123 relating to its Kaolin production cash generating unit (CGU).

The consideration of whether these assets in this CGU have indicators of impairment was determined to be a key audit matter due to the significant judgment involved in making this determination.</td><td>Our audit procedures included:

• Understanding the nature of and property, plant and equipment and mine properties that relate to the CGU; and
• Critically assessing and evaluating management’s assessment that no indicators of impairment existed in relation to the CGU as at 30 June 2023.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and 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 Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or 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 Suvo Strategic Minerals 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 AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 29 September 2023

Annual Mineral Resource Statement

1. Mineral Resource Estimate

A summary of the Mineral Resources at Suvo Strategic Minerals Limited's projects and operations as at 30 June 2023 is shown in Table 1 and Table 2 below. The Mineral Resource estimation was carried out by CSA Global Pty Ltd, resulting in the estimation of Indicated and Inferred Mineral Resources.

Table 1 Kaolin Mineral Resources Statement (as at 30 June 2023)

Category	White Kaolinised Granite (Mt)	ISO Brightness % (457nm)	Yield <45um %	Kaolin (Mt)
Gabbin Project (White Cloud Kaolin Project)[1]				
Indicated	26.9	80.4	41.3	11.1
Inferred	45.6	80.6	41.1	18.8
Total	**72.5**	**80.5**	**41.2**	**29.9**
Trawalla Deposit[2]				
Indicated	9.9	81.0	27.7	2.8
Inferred	2.8	79.8	28.3	0.8
Total	**12.7**	**80.8**	**27.8**	**3.6**
Pittong Operations[3]				
Indicated	3.7	81.3	35.5	1.3
Inferred	2.0	79.1	33.0	0.7
Total	**5.7**	**80.5**	**34.6**	**2.0**

[1] The Gabbin (White Cloud Kaolin Project) Mineral Resource estimate was completed by CSA Global Pty Ltd (CSA) on behalf of Suvo. The Mineral Resource estimate was announced on 25 March 2021. As no mining activity has occurred since there has been no movement in the Mineral Resource estimate.

[2] The Trawalla Mineral Resource estimate was completed by CSA Global Pty Ltd (CSA) on behalf of Suvo. The Mineral Resource estimate was announced on 22 September 2021. As no mining activity has occurred since there has been no movement in the Mineral Resource estimate.

[3] The Pittong Mineral Resource estimate was completed by CSA Global Pty Ltd (CSA) on behalf of Suvo. The Mineral Resource estimate was announced on 1 March 2022. The Company estimates that between 50,000 to 60,000 tonnes were mined during the current reporting period. Whilst mining activity has been undertaken, the depletion to the Mineral Resource since the estimate date is immaterial and the Company confirms that there has been no material change to the Mineral Resource estimate announced on 1 March 2022.

Table 2 Silica Sands Mineral Resources Statement (as at 30 June 2023)

Category	Product Tonnes Mt	SiO_2 %	Al_2O_3 %	Fe_2O_3 %	TiO_2 %
Eneabba Project (Nova Silica Sands Project)[4]					
Silica Sand - Glass (-0.6 + 0.15mm)	132	99.2	0.4	0.1	0.0
Silica Flour (-0.15 + 0.075mm)	60	97.0	1.1	0.4	0.7
Silica Sand - Coarse (-1mm + 0.6mm)	24	99.0	0.5	0.1	0.1

[1] The Eneabba (Nova Silica Sands Project) Mineral Resource estimate was completed by CSA Global Pty Ltd (CSA) on behalf of Suvo. The Mineral Resource estimate was announced on 12 October 2021. As no mining activity has occurred since there has been no movement in the Mineral Resource estimate.

Annual Mineral Resource Statement

2. Material changes and resource statement comparison

There has been no material changes to the resource statements between the current and previous reporting date.

3. Competent Persons Statement

No consent or statement is required from the competent person as no new information has been included since the previous reporting period.

4. Mineral Resource Governance

The Company currently does not have a formal governance arrangement and internal control process for the reporting and review of its Mineral Resource Estimates, other than those prescribed for the initial estimation of Mineral Resource estimates in the JORC Code. The Company is of the view that a formal governance arrangement and internal control process is not required at this stage on the basis that each of the Mineral Resource Estimates are less than 24 months old as at 30 June 2023 and that there has been no material resource depletion of any of its projects or operations. The Company will consider whether a formal governance arrangement and internal control process is required prior to 30 June 2024

Shareholder information

The shareholder information set out below was applicable as at 22 September 2023.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	142	0.01%
1,001 to 5,000	530	0.20%
5,001 to 10,000	326	0.32%
10,001 to 100,000	1,005	5.12%
100,001 and over	708	94.35%
	2,711	100.00%
Holding less than a marketable parcel	-	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
MR AARON PETER BANKS	73,616,433	9.13%
MR CHRISTOPHER JAMES WEED & MRS JANET ELIZABETH BROCKMAN <MAINSTONE SUPER FUND A/C>	27,183,771	3.37%
MR ROBERT KINGSLEY FITZGERALD	17,250,000	2.14%
RATDOG PTY LTD	17,058,522	2.12%
MELBOURNE SECURITIES CORPORATION LTD <BV1 FUND A/C>	11,500,000	1.43%
MR KOBI BEN SHABATH	11,378,159	1.41%
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	11,233,528	1.39%
BEARAY PTY LIMITED <BRIAN CLAYTON S/F A/C>	10,733,997	1.33%
CITICORP NOMINEES PTY LIMITED	10,473,157	1.30%
ASMAC INVESTMENTS PTY LTD	9,650,000	1.20%
SSELKROW PTY LTD	9,350,000	1.16%
DIXSON TRUST PTY LTD	9,347,826	1.16%
MR CHRISTOPHER JAMES WEED & MRS JANET ELIZABETH BROCKMAN <BROCKMAN WEED FAMILY A/C>	8,909,899	1.11%
SANDTON CAPITAL PTY LTD <SANDTON FAMILY A/C>	8,753,456	1.09%
PRIMERO GROUP LIMITED <PRIMERO GROUP>	7,852,941	0.97%
ALWAYS HOLDINGS PTY LTD <THE BUHAGIAR S/F A/C>	7,136,992	0.89%
MR WAYNE STEPHEN CLARK	7,100,000	0.88%
CHRISTOPHER JAMES WEED &JANET ELIZABETH BROCKMAN <BROCKMAN WEED FAMILY A/C>	6,820,000	0.85%
HSBC CUSTODY NOMINEES	6,694,802	0.83%
MR CHRISTOPHER JAMES WEED & MRS JANET ELIZABETH BROCKMAN <MAINSTONE SUPER FUND A/C>	6,405,202	0.79%
	278,448,685	34.54%

Shareholder information

Unquoted equity securities

	Number on issue	Number of holders
Options expiring 31 December 2023 at $0.15	12,000,000	6
Options expiring 6 December 2025 at $0.075	1,000,000	1
Options expiring 6 December 2025 at $0.10	12,500,000	86
Options expiring 16 March 2026 at $0.08	5,000,000	1
Options expiring 16 March 2026 at $0.12	7,500,000	1
Options expiring 16 March 2026 at $0.16	12,500,000	1
Options expiring 26 June 2026 at $0.06	5,000,000	1
Performance rights	63,828,334	14

Substantial holders

As at 22 September 2023, the Company had received substantial shareholder notices from the following shareholders:

	Ordinary shares	
	Number held	% of total shares issued
MR AARON PETER BANKS & HAYLEY MARIE PARRY	75,319,527	9.34%
MR CHRISTOPHER JAMES WEED & MRS JANET ELIZABETH BROCKMAN	49,318,872	6.12%

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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

There are no other classes of equity securities.

Tenements

Description	Tenement number	Interest owned %
White Cloud Kaolin Project	E70/5039	100%
White Cloud Kaolin Project	E70/5332	100%
White Cloud Kaolin Project	E70/5333	100%
White Cloud Kaolin Project	E70/5517	100%
Nova Silica Sands Project	E70/5324	100%
Nova Silica Sands Project	E70/5001	100%
Nova Silica Sands Project	E70/5322	100%
Nova Silica Sands Project	E70/5323	100%
Pittong Project	M5408	100%
Pittong Project	M5409	100%
Pittong Project	M5365	100%

E = Exploration License
M = Mining Lease