
CGN RESOURCES LIMITED
ABN 51 122 958 810

FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2023

CGN RESOURCES LIMITED
ABN 51 122 958 810

DIRECTORS' REPORT

The Board of Directors has pleasure in presenting its report, together with the financial statements of the entity (“the Company”) being CGN Resources Limited (formerly GeoCrystal Limited) (“the Company”) for the year ended 30 June 2023.

1. Directors

The names of the directors in office at any time during the year ended 30 June 2023 and until the date of this report are as follows:

Ashley Martin (retired 26 July 2023)
Daniel (Stan) Wholley
Darryl Harris
Grant Mooney (appointed 4 July 2023)

Daniel (Stan) Wholley – Managing Director (Appointed 12 April 2022)

Mr Daniel (Stan) Wholley was appointed as the Non-Executive Chair on 12 April 2022.

Mr Wholley is geologist, entrepreneur, consultant, executive manager and director with 30 years’ experience across the entire value chain of the mineral industry.

Mr Wholley has delivered exploration, resource development and mining projects targeting iron ore, base metals, gold and uranium in more than 15 countries. As a consultant he has provided strategic advice to boards from junior explorers through to major mineral houses listed in Australia, Canada and London, and has been a company Director in Canada, Ireland, UK, Indonesia and Australia.

Most recently Stan has been a Director and Executive Operations Manager at leading global geological consultancy CSA Global. During his 15 years with company, the Board and Management oversaw the expansion from a single office in Perth to 12 global offices.

Mr Wholley is regarded as an independent Director and is free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the person’s judgement.

On 4 July 2023, Stan was appointed Managing Director.

Darryl Harris – Non-Executive Chairman (Appointed 12 April 2022)

Mr Harris was appointed on 12 April 2022.

Mr Harris has over 40 years’ experience in both primary and secondary metallurgy as well as management experience in coordinating engineering / commercial groups for major projects, and the management of listed mining companies. Specific metallurgical experience includes from feasibility studies through to the project development for a variety of gold, ferrous, diamond and base metal projects. Experience includes the evaluation and development of potential project opportunities for mineral recovery and chemical projects and the coordination of major studies for large global projects including various copper beneficiation and hydro/pyro developments.

CGN RESOURCES LIMITED
ABN 51 122 958 810

DIRECTORS' REPORT

Darryl Harris – Non-Executive Chairman (Appointed 12 April 2022) continued

Mr Harris is currently contracted as Head of Global Project Solutions for Metso Outotec Australia Ltd. He is currently a non-executive Technical Director of Indo Mines Ltd who are developing an iron sands/ steel project in Indonesia. Additional previous corporate experience includes roles as non-executive Technical Director of Consolidated Tin Mines Limited (ASX:CSD) (delisted) and Managing Director of Beacon Minerals Limited (ASX:BCN).

Mr Harris is regarded as an independent Director and is free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the person's judgement.

Grant Mooney - Non-Executive Director (Appointed 4 July 2023) and Secretary

Grant Mooney is the principal of Perth-based corporate advisory firm Mooney & Partners, specialising in provision of corporate advisory services to public companies in the resource and technology sectors. Mr Mooney has gained extensive experience in the resources sector, particularly in the areas of corporate and project management since founding Mooney & Partners in 1999. His experience extends to advice on capital raisings, mergers and acquisitions and corporate governance.

Currently, Mr Mooney serves as Director and Company secretary to several ASX listed companies across a variety of industries including technology and resources. He is a director of ASX listed resource companies Talga Group Limited, Accelerate Resources Limited, Gibb River Diamonds Limited and Riedel Resources Limited. He is a director of Carnegie Clean Energy Limited and industrial technology company Aurora Labs Limited. Mr Mooney is a member of the Institute of Chartered Accountants in Australia.

Ashley Martin – Managing Director and Chief Executive Officer (Appointed 12 April 2022, retired 26 July 2023)

Mr Ashley Martin was appointed as the Managing Director and Chief Executive Officer on 12 April 2022 and retired on 26 July 2023.

Mr Martin brings over 15 years of mining construction and development experience to the Company. Most recently he was the Chief Operating Officer at Voyager Metals Inc. (formerly Vanadium One Iron Corp.), advancing the Mont Sorcier Iron and Vanadium project (Quebec).

At Guyana Goldfields Inc. he held various positions including Manager of Technical Services, Civil Works Manager and Construction Manager for the Aurora Gold Mine (Guyana). He was Senior Project Manager at Treasury Metals Inc. (Canada) and Manager of Business Development at Forrester Metals Inc. (Peru) and Nubian Resources Ltd (USA, Peru).

Mr Martin started his career with Knight Piesold (Perth office, SE Asia, Africa) and received his degree in Civil Engineering from Curtin University, in Western Australia.

DIRECTORS' REPORT

1. Principal Activities

The principal activities of the Company are review of mineral exploration and development projects. No significant change in the nature of these activities occurred during the year.

2. Financial Results

The net loss of the Company after income tax for the financial year amounted to \$444,023 (2022 net loss: \$731,033).

4. Dividends

No dividends were declared or recommended to be paid during the financial year (2022: \$Nil).

5. Review of Operations

During this reporting period, the Company focused on its Webb diamond/IOCG project comprising 6 granted and 1 application tenements totalling 890 km² in area located in the Gibson Desert region of Western Australia, some 670km west of Alice Springs, close to the remote Aboriginal community of Kiwirrkurra.

In September 2012, the Company entered into a farm-in and Joint Venture with mineral explorer Meteoric Resources NL whereby the Company could earn an interest in the Webb diamond project located in Western Australia. In the current year Meteoric elected not to contribute to further exploration expenditure at Webb and therefore diluted their equity in the Webb Diamond JV Project.

At the 30 June 2023, the Company had earned an 86% interest in the Webb Diamond JV Project from Meteoric Resources NL following expenditure of \$6.07M. Since 2013, the Company has focused on the testing of a cluster of some 280 airborne magnetic anomalies identified from old and new regional magnetic survey data and which are believed to represent kimberlite bodies. The magnetic anomalies are clustered within an area of some 400km² and are situated in sand covered desert terrain. Drill testing by the Company of these magnetic anomalies commenced in June 2013 following the discovery of microdiamonds in surface sampling over the areas of interest. To date, 56 kimberlite bodies have been identified at Webb and only 70 targets or 25% of these 280 discrete magnetic anomalies have been tested by the drilling programs. No microdiamonds were recovered from the drill samples. However, geo-bathymetry work indicates the northern third of the tenure is the more prospective for diamondiferous kimberlites.

To maximise the value of our tenement holding a project-wide review was undertaken to assess the potential for other mineral commodities using all available data sets from drilling, geochemical data, geophysical surveys and publicly available datasets. The review, successfully delineated multiple new targets for copper, nickel and rare earth elements. During the reporting period to further investigate and refine these targets the Company completed an airborne gravity geophysical survey (Falcon).

DIRECTORS' REPORT

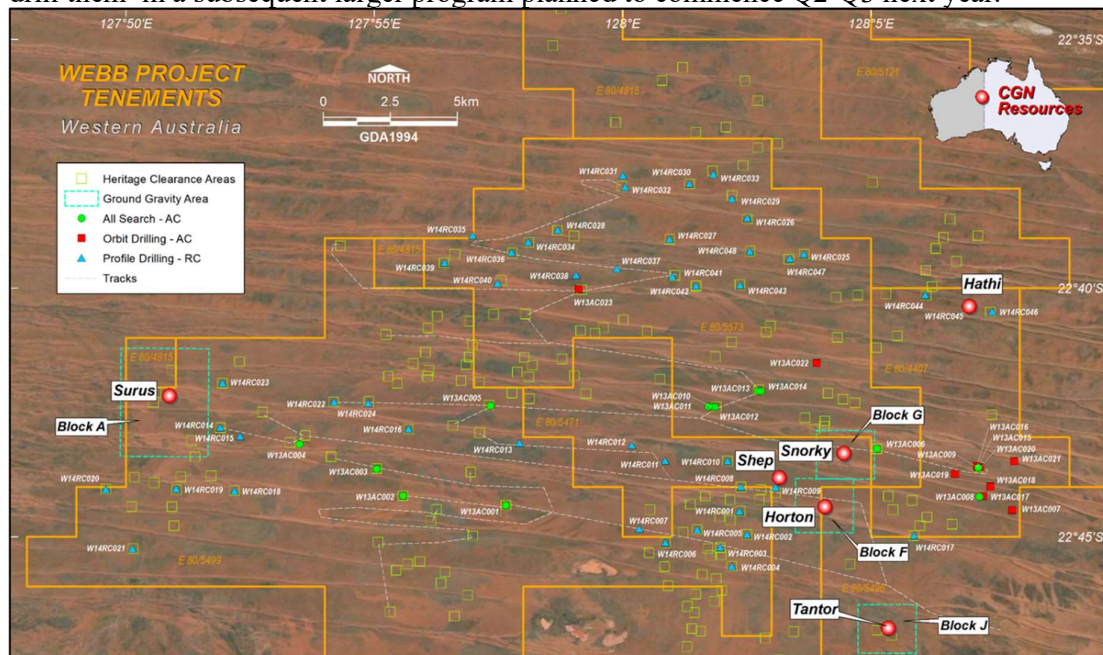
5. Review of Operations (continued)

The interpretation of the airborne geophysical survey data in conjunction with the other data sets has delineated six new targets. Tantor, Surus, Snorky and Horton represent high quality iron oxide copper gold (IOCG) targets. These IOCG targets are interpreted from aeromagnetic and Falcon gravity data in close proximity to anomalous copper hits in drilling. This new exploration target has been supported by technical data releases by Geoscience Australia and the Geological Survey of Western Australia which have confirmed the potential of the Webb region to host significant Cu-Au mineralisation including IOCG deposits.

Additionally, the review highlighted the presence of highly anomalous nickel values (between 0.5% Ni and 1.17%Ni) in several drill holes overlying a sill-like aeromagnetic anomaly. The key drill hole (W14RC009) over this new target (Shep) was one of the few to not intersect kimberlite as planned but has potentially directed us to a new nickel discovery.

Our sixth target (Hathi) was conceived based on the recent discovery of carbonatite by WA1 Ltd, our northern neighbour. Our review highlighted drill hole W14RC045 contained highly anomalous REE values in the partially sampled drill hole. By re-analysing the sample pulps we had available we confirmed 37m zone of 0.38% total rare earth oxides (TREO) with a maximum value of 0.71% TREO.

Looking forward the company will look to drill Surus and Tantor in Q3/Q4 2023. As we have heritage clearance available to access these targets. Over the same period we will refine our exploration and evaluation programs for the other Targets. We will be engaging with our stakeholders in the project the Tjamu Tjamu traditional owners and seek heritage approval to drill them in a subsequent larger program planned to commence Q2-Q3 next year.



DIRECTORS' REPORT

7. Significant Changes in the State of Affairs

No significant changes in the state of affairs of the Company occurred during the year.

8. Significant Events after Balance Date

There were no events subsequent to the end of the financial year that would have a material effect on these financial statements other than the following:

- On 31 July 2023 the Company issued 16 million shares with 8 million attaching options exercisable at \$0.25 and expiry 3 years from date of issued at an issue price of \$0.05 per share to raise \$800,000 in working capital.
- On 26 July 2023 the Company held a General Meeting of Shareholders to remove Director Ashley Martin as a director. The resolution was passed.

9. Share Options

The Company has 4,166,666 options on issue over ordinary shares. These are exercisable at \$0.25 each and expire on 21 December 2024. (2022: 4,166,666 options on issue).

10. Directors' Meetings

There were two (2) meetings of Directors held during the financial year ended 30 June 2023. The names of Directors who held office during the financial year and their attendance at Board meetings is detailed below:

Director	Number attended	Number eligible to attend
D Wholley	3	3
A Martin (Retired 26/7/23)	3	3
D Harris	3	3
Grant Mooney (Appointed 4/7/23)*	3	3

*Grant Mooney attended meetings in capacity as Company Secretary.

There were three (3) circular resolutions passed by the Board of Directors during the financial year.

11. Auditor

During the year, Walker Wayland Audit (WA) Pty Ltd merged with SW Accountants & Advisors. The Board has received a consent to act as the auditor from SW Audit and has appointed SW audit to be the auditor of The Company.

12. Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings. The Company was not a party to any such proceedings during the year ended 30 June 2023.

DIRECTORS' REPORT

13. Environmental Regulations

The Company is required to carry out its activities in accordance with the Mining Laws and regulations in the areas in which it undertakes its exploration activities. The Company is not aware of any matter which requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

14. Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 7.

Signed in accordance with a resolution of the directors



Darryl Harris

Non-Executive Chairman

Signed at Perth this 7th day of August 2023


**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF CGN RESOURCES
LIMITED**

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

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

SW Audit

SW Audit
Chartered Accountants



Richard Gregson
Partner

Perth, 7 August 2023

Brisbane
Level 15
240 Queen Street
Brisbane QLD 4000
T + 61 7 3085 0888

Melbourne
Level 10
530 Collins Street
Melbourne VIC 3000
T + 61 3 8635 1800

Perth
Level 18
197 St Georges Terrace
Perth WA 6000
T + 61 8 6184 5980

Sydney
Level 7, Aurora Place
88 Phillip Street
Sydney NSW 2000
T + 61 2 8059 6800



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

	NOTES	2023 \$	2022 \$
Other income	2	24	-
		<u>24</u>	<u>-</u>
Other administration and overhead expenses		(121,510)	(141,307)
Prospectus costs		-	(85,135)
Depreciation expense		(734)	(887)
Rent expense		-	(2,200)
Exploration expenses		(321,805)	(484,367)
Write of investment and loan to subsidiary		-	(17,137)
Total expenses	3	<u>(444,049)</u>	<u>(731,033)</u>
Loss before income tax	3	(444,025)	(731,033)
Income tax benefit	4	<u>-</u>	<u>-</u>
Loss for the year		<u>(444,025)</u>	<u>(731,033)</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		<u>(444,025)</u>	<u>(731,033)</u>
Loss attributable to:			
Members of the entity		<u>(444,025)</u>	<u>(731,033)</u>
Total comprehensive loss attributable to:			
Members of the entity		<u>(444,025)</u>	<u>(731,033)</u>
.Loss per Share			
		<u>Cents</u>	<u>Cents</u>
Basic loss per share	16	<u>(1.13)</u>	<u>(4.39)</u>

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

NOTES

		2023	2022
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		215,505	157,802
Trade and other receivables	5	2,930	43,472
Other current assets	6	2,093	99,325
TOTAL CURRENT ASSETS		<u>220,528</u>	<u>300,599</u>
NON-CURRENT ASSETS			
Plant & equipment	7	-	734
TOTAL NON-CURRENT ASSETS		<u>-</u>	<u>734</u>
TOTAL ASSETS		<u>220,528</u>	<u>301,333</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	108,260	321,170
TOTAL CURRENT LIABILITIES		<u>108,260</u>	<u>321,170</u>
TOTAL LIABILITIES		<u>108,260</u>	<u>321,170</u>
NET ASSETS		<u>112,268</u>	<u>(19,837)</u>
EQUITY			
Issued capital	9	6,018,640	5,442,510
Accumulated Losses		(5,906,372)	(5,462,347)
TOTAL EQUITY		<u>112,268</u>	<u>(19,837)</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

Note	Ordinary Shares	Accumulated Losses	Total
	\$	\$	\$
Balance at 1 July 2021	4,757,510	(4,747,749)	9,761
Loss attributable to the members of the entity	-	(731,033)	(731,033)
Total other comprehensive income for the year	-	-	-
Subtotal	-	(771,033)	(771,033)
Shares issued 20 December 2021	500,000	-	500,000
Conversion of Directors loans 20 December 2021	85,000	-	85,000
Shares issued 28 June 2022	100,000	-	100,000
Adjustment for GeoMinerals – deconsolidation of accumulated losses	-	16,435	16,435
Balance at 30 June 2022	5,442,510	(5,462,347)	(19,837)
Loss attributable to the members of the entity	-	(444,025)	(444,025)
Total other comprehensive income for the year	-	-	-
Subtotal	-	(444,025)	(444,045)
Shares issued 28 September 2022	576,630	-	576,630
Share issue costs	(500)	-	(500)
Balance at 30 June 2023	6,018,640	(5,946,372)	112,268

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	24	-
Payments to suppliers and employees	(518,451)	(547,529)
NET CASH FLOWS USED IN OPERATING ACTIVITIES (i)	<u>(518,427)</u>	<u>(547,529)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	576,130	685,000
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>576,130</u>	<u>685,000</u>
NET INCREASE/(DECREASE)IN CASH AND CASH EQUIVALENTS HELD	57,703	137,471
Cash and cash equivalent at beginning of the financial year	157,802	20,331
Cash and cash equivalent at the end of the financial year	<u>215,505</u>	<u>157,802</u>
(i) CASH FLOW INFORMATION		
Reconciliation of cash flow from operations with loss after income tax.		
Loss after income tax	(444,025)	(771,033)
Non-cash flows in loss:		
Depreciation	734	887
Share based payments	-	40,000
Write off GeoMinerals	-	17,137
Changes in assets and liabilities		
Decrease / (Increase) in receivables	40,544	(41,068)
Decrease / (Increase) in other current assets	97,233	(96,272)
Increase/ (Decrease) in trade creditors	(212,913)	302,820
NET CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(518,427)</u>	<u>(547,529)</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

The financial report for CGN Resources Limited for the year ended 30 June 2023 was authorised for issue in accordance with a resolution by the board of directors.

CGN Resources Limited is an unlisted public Company limited by shares, incorporated and domiciled in Australia. Its registered office is located at Suite 4, 6 Richardson Street, West Perth, Western Australia and its principal place of business is located at Level 4, 6 Richardson Street West Perth, Western Australia.

1. STATEMENT OF ACCOUNTING POLICIES

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

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Reporting Basis and Conventions

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 13.

Going Concern

For the year ended 30 June 2023, the Company has generated a loss after tax of \$444,025 and net cash outflows of \$518,427 from operating activities, as disclosed in the statement of profit or loss and other comprehensive income and statement of cashflows, respectively. The Company's trading and cash flow forecasts for the 12-month period from the date of reporting indicate that there is some risk that it may not meet all its payment obligations unless the Company is able to complete a successful equity/finance raising. These matters present a significant material uncertainty in relation to the Company's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

normal course of business and at the amounts stated in the financial report. As a result the Directors have assessed the Company's ability to continue as a going concern and to pay its debts as and when they fall due.

As a junior explorer with a start-up project and a dependency on securing additional funding, the ability of the Company to continue as a going concern and to pay its debts as and when they fall due is dependent on the following:

- The ability of the Company to secure additional funding through either the issue of further shares, debt or a combination of debt and equity. \$800,000 of funding was raised from the issue of 16,000,000 shares on 31 July 2023.;
- The Company is intending to lodge a prospectus for the issue of up to 50 million shares at an issue price of \$0.20 per share to raise up to \$10 million and list of the Australian Securities Exchange Limited (ASX) in the second half of 2023. The Company has appointed Joint Lead Managers Oracle Capital Pty Ltd and 708 Capital Pty Ltd to assist with the capital raising.
- Deriving revenue through successful exploitation of the Company's tenements; and
- Active management of the current level of discretionary exploration expenditure in line with the funds available to the Company.

After taking into account all available information, the Directors have concluded that there are currently reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and to continue as a going concern and be in a position to realise its assets and settle its liabilities and commitments in the normal course of business, and at the amounts stated in the financial report. Accordingly, the Directors also believe that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

In the event that the Company does not achieve the conditions stated by the Directors there is a material uncertainty whether the Company will continue as a going concern and therefore the Company may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations, and at the amounts stated in the financial report. No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the Company not continue as going concern.

(b) New Accounting Standards for Application in Current and Future Periods

In the year ended 30 June 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to The Company's operations and effective for annual reporting periods commencing on or after 1 July 2022. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on The Company and, therefore, no change is necessary to accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(c) New Accounting Standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which The Company has decided not to early adopt. The Directors have reviewed these standards and there are none which may have a material impact on the Company.

(d) Taxes

(i) Income tax

Current income tax expense charged to the statement of profit or loss and other comprehensive income is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(d) Taxes (continued)

(ii) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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

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

(e) Exploration, Evaluation and Development Expenditure

All exploration and evaluation expenditure including the acquisition of tenements is expensed to the Statement of Profit or Loss and Other Comprehensive Income as incurred.

(f) Restoration, Rehabilitation and Environmental Expenditure

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are accrued at the time of those activities and treated as exploration and evaluation expenditure. Costs are estimated on the basis of current undiscounted costs, current legal requirements and current technology.

(g) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

(h) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

(i) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63

Classification and Subsequent Measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF ACCOUNTING POLICIES (continued)
(i) Financial Instruments (continued)

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair values (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with AASB 9.3.25.3; and
- the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF ACCOUNTING POLICIES (continued)
(i) Financial Instruments (continued)

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the Company was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments:

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3:Business Combinations applies, The Company made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss. Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with The Company’s accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities:

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF ACCOUNTING POLICIES (continued)
(i) Financial Instruments (continued)

Derecognition of financial assets:

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (ie The Company has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Impairment of Assets

At the end of each reporting period, The Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, The Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(j) Trade and Other Payables

Trade and other payables are initially measured at fair value and subsequently measured at cost using the effective interest method.

Trade and other payables represent the liabilities for goods and services received by The Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(k) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

(l) Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value of shares issued is by reference to the fair value of shares that would be issued in an arms-length transaction.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

(m) Revenue recognition

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(n) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

(o) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or fair value, as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on a cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed asset is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Property, plant & equipment	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

2. OTHER INCOME

	2023	2022
	\$	\$
Interest received	24	-
Total other income	24	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

3. LOSS BEFORE INCOME TAX

Other administrative and overhead expenses is determined after charging as expenditure:

Auditors' Remuneration

	2023	2022
	\$	\$
- audit and review of financial report	16,665	19,581
	<u>16,665</u>	<u>19,581</u>

4. INCOME TAX

(a) Income tax benefit

Current income tax benefit

	2023	2022
	\$	\$
	-	-
	<u>-</u>	<u>-</u>

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Loss from continuing operations before income tax expense	(444,025)	(731,033)
Tax credit at the Australian tax rate of 30% (2021: 30%)	133,207	219,309
Tax effect of amounts which are not deductible (taxable) in calculating income tax expense:		
Net (non-assessable)/non-deductible items	(39,773)	-
Tax losses not brought to account	(93,434)	(219,309)
Income tax benefit	<u>-</u>	<u>-</u>

(c) Tax losses

Unused tax losses for which no deferred tax asset has been recognised

Potential tax benefit at 30% (2021: 30%)

	4,881,645	3,810,161
	<u>1,464,494</u>	<u>1,143,048</u>

All unused tax losses were incurred by the Company, which is an Australian Entity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

4. INCOME TAX (CONTINUED)

(b) Deferred income tax

	Opening Balance	Change in tax rate	Charged to Income	Charged directly to equity	Closing Balance
	\$	\$	\$	\$	\$
Deferred income tax at 30 June 2023 relates to the following:					
Deferred tax liabilities:					
Prepayments	(1,071)		(484)		(1,555)
Deferred tax assets:					
Accrued expenses	34,493		(8,123)		26,370
Capital raising costs	20,417			3,209	23,626
Tenement applications	1,534		(1,534)		-
	55,373		(10,141)	3,209	48,441

Deferred income tax at 30 June 2022 relates to the following:

Deferred tax liabilities:					
Prepayments	(916)	-	(155)	-	(1,071)
Deferred tax assets:					
Accrued expenses	4,350	-	30,143	-	34,493
Capital raising costs	20,417	-	-	-	20,417
Tenement applications	1,534	-	-	-	1,534
	25,385	-	29,988	-	55,373

The temporary differences have not been brought to account because the Directors do not believe it is appropriate to regard realisation of those deferred tax assets as being probable. The benefit of these deferred tax assets will only be obtained if:

- (1) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the temporary differences to be realised;
- (2) the Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- (3) no changes in tax legislation adversely affect the entity in realising the benefit from the deductions for the temporary differences.

	2023 \$	2022 \$
5. TRADE AND OTHER RECEIVABLES		
GST receivable	2,930	43,472
6. OTHER CURRENT ASSETS		
Prepayments	2,093	99,325

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

7. PLANT AND EQUIPMENT

	2023	2022
	\$	\$
Plant and Equipment – at cost	9,593	9,593
Plant and Equipment – accumulated depreciation	(9,593)	(8,859)
Total Plant and Equipment	<u>-</u>	<u>734</u>

	Plant and Equipment \$	Total \$
Balance as at 30 June 2021	1,621	1,621
Additions	-	-
Disposal – cost	(4,683)	(4,683)
Depreciation	(887)	(887)
Disposal – accumulated depreciation	4,683	4,683
Balance as at 30 June 2022	<u>734</u>	<u>734</u>
Depreciation	(734)	(734)
Balance as at 30 June 2023	<u>-</u>	<u>-</u>

8. TRADE AND OTHER PAYABLES

	2023	2022
	\$	\$
Trade creditors	12,566	206,611
Trade creditors	95,694	114,559
Total Creditors and Other Payables	<u>108,260</u>	<u>321,170</u>

9. ISSUED CAPITAL

	2023	2022
	\$	\$
44,173,205(2022: 24,952,209) Ordinary Shares, fully paid	<u>6,018,640</u>	<u>5,442,510</u>
Movements during the period	\$	Number of Shares
Closing Balance at 30 June 2021	<u>4,575,510</u>	<u>71,213,142</u>
Shares issued	585,000	58,500,000
1:6 share consolidation	-	(108,094,267)
Shares issued	100,000	3,333,334
Closing Balance at 30 June 2022	<u>5,442,510</u>	<u>24,952,209</u>
Shares issued	576,630	19,221,000
Closing Balance at 30 June 2023	<u>6,018,640</u>	<u>44,173,205</u>

On 28 September 2022, the Company issued 19,221,000 seed shares at an issue price of \$0.03 to raise \$576,630.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

9. ISSUED CAPITAL (CONTINUED)

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

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

The Company's debt and capital includes ordinary share capital, and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year.

10. FINANCIAL REPORTING BY SEGMENTS

The Company operates predominantly in the mineral exploration industry in Australia.

11. RELATED PARTY DISCLOSURES

(a) The Company's main related parties are as follows:

(i) Key management personnel:

Any persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

(ii) Other related parties:

Other related parties include entities over which key personnel exercise significant influence.

(b) Transactions with related parties:

There were no transactions with related parties during the financial year, other than disclosed in this note.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

11. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Key Management Personnel Compensation

Key management and personnel of the Company have received remuneration from the Company or any related party as follows:

	30 June 2023	30 June 2022
Short-term employee benefits	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share based payments	-	-
Total Compensation	-	-

Included in short-term employee benefits are equity settled share based transactions of nil (2022: nil).

(d) Other payments to Directors or Director related entities

During the year a Group associated with Grant Mooney, Mooney and Partners was paid for office rental totaling \$0 (2022: \$2,200).

12. EVENTS OCCURRING AFTER BALANCE DATE

There were no events subsequent to the end of the financial year that would have a material effect on these financial statements other than the following:

- On 31 July 2023 the Company issued 16 million shares with 8 million attaching options exercisable at \$0.25 and expiry 3 years from date of issued at an issue price of \$0.05 per share to raise \$800,000 in working capital.
- On 26 July 2023 the Company held a General Meeting of Shareholders to remove Director Ashley Martin as a director. The resolution was passed.

13. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key estimates

Impairment- non-financial assets including intangible assets.

The Company tests annually whether the assets have suffered any impairment. Management exercise its judgment in the process of applying the Company's accounting policies by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. These include technology and economic environments. If an impairment trigger exists, the recoverable amount of the asset is determined.

14. COMMITMENTS

The Company has \$408,000 (2022: \$426,000) of commitments for expenditure for tenements granted and held at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

15. FINANCIAL INSTRUMENTS

Overview

The Company has exposure to the following risks from their use of financial instruments:

- interest rate risk.
- credit risk
- liquidity risk

This note presents information about the Company's exposure to each of the above risks.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established by the board of directors to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Company's principal financial instruments are cash and payables.

Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

30 June 2023	Weighted Av Effective Interest Rate %	Floating Interest Rate \$	Non- Interest Bearing \$	Total \$
Financial Assets				
Cash and cash equivalents	0.1%	215,505	-	215,505
Trade and other Receivables	-	-	2,930	2,930
Other current assets	-	-	2,093	2,093
		215,505	5,203	220,528
Financial Liabilities				
Trade and other Payables	-	-	108,260	108,260
30 June 2022				
Financial Assets				
Cash and cash equivalents	0.1%	157,801	-	157,801
Trade and other		-	43,476	43,476
Receivables		-	99,325	99,325
Other current assets		157,801	142,801	301,602
Financial Liabilities				
Trade and other Payables	-	-	321,170	321,170

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

15. FINANCIAL INSTRUMENTS (continued)

It is the Company's policy to settle trade payables within the credit terms allowed and therefore not incur interest on overdue balances.

Sensitivity analysis

If interest rates on cash balances had weakened/strengthened by 1% at 30 June, there would be no material impact on the Statement of Profit or Loss and Other Comprehensive Income. There would be no material effect on the equity reserves other than those directly related to Statement of Comprehensive Income movements.

(a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any allowances for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial statements

(b) Liquidity Risk

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

The following are the contractual maturities of financial liabilities:

Non derivative financial liabilities:	2023 \$ Carrying Amount	2023 \$ Under 6 Months	2022 \$ Carrying Amount	2022 \$ Under 6 Months
Trade and other payables	108,260	108,260	321,170	321,170
	108,260	108,260	321,170	47,139

(d) Net Fair Values

The net fair value of cash and non-interest bearing monetary assets and financial liabilities of the Company approximates their carrying amount.

16. EARNINGS/(LOSS) PER SHARE

	2023 \$	2022 \$
Loss from continuing operations	(444,023)	(731,033)
Weighted number of average shares	39,386,441	17,051,744
	Cents	Cents
Loss per share	(1.13)	(4.29)

17. CONTINGENT LIABILITY

The Company has a contingent liability to payout the previous Managing Director \$75,000. The payment shall be made following the Company becoming admitted to the Official List of the ASX.

DIRECTORS' DECLARATION

The Directors of CGN Resources Limited declare that:

1. the financial statements and notes, as set out on pages 8 to 28, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards which, as stated in the accounting policy Note 1 to the financial statements, constitute explicit and unreserved compliance with International Accounting Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Company; and
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board of Directors:



Darryl Harris

Non-Executive Chairman

Signed at Perth this 7th day of August 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CGN RESOURCES LIMITED

Opinion

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

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

- giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended, and
- complying with Australian Accounting Standards and *the Corporations Regulations 2001*.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(a) in the financial statements, which indicates the Company incurred a net loss after tax of \$444,025 during the year ended 30 June 2023 and, as of that date, the Company had net cash outflows of \$518,427 from operating activities. As stated in Note 1(a), these events or conditions, along with other matters as set forth in Note 1(a), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

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

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

Brisbane
Level 15
240 Queen Street
Brisbane QLD 4000
T + 61 7 3085 0888

Melbourne
Level 10
530 Collins Street
Melbourne VIC 3000
T + 61 3 8635 1800

Perth
Level 18
197 St Georges Terrace
Perth WA 6000
T + 61 8 6184 5980

Sydney
Level 7, Aurora Place
88 Phillip Street
Sydney NSW 2000
T + 61 2 8059 6800



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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SW Audit

SW Audit

Chartered Accountants



Richard Gregson
Partner

Perth, 7 August 2023