

Far Northern Resources Limited

ABN 89 621 685 701

Consolidated Financial Statements

Year Ended 30 June 2022

Far Northern Resources Limited

ABN 89 621 686 701

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Year Ended 30 June 2022

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Far Northern Resources Limited

ABN 89 621 685 701

Directors' Report

30 June 2022

The Directors present their report, together with the consolidated financial statements of the Group, being the Far Northern Resources Limited (the Company) and its controlled entities, for the financial year ended 30 June 2022.

General information

Directors

The names of the Directors in office at any time during, or since the end of, the year are:

Names

Mr Cameron Woodrow

Mr Matthew Bashford

Mr Michael Gunn – resigned 25 November 2022

Mr Nicholas Revell – resigned 2 November 2021

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of the Group during the financial year were exploration company with activities in Far North Queensland. Exploration Blocks: ML 20380, EPM 26473. The tenements are approximately 180km west of Cairns and 35km west of Chillagoe. ML 20380 has a 2004 JORC Resource that is the base of exploration by FNR. EPM 26473 is a greenfield project that is part of the holding of FNR and is currently being explored for gold, silver and base metals.

No significant changes in the nature of the Group's activity occurred during the financial year.

Review of Operations

The group loss for the year after providing for income tax was \$ 91,719 (2021: \$ 286,776 loss).

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Directors' Report

30 June 2022

Events after the reporting date

In November 2022, \$725,000 additional share capital was raised by the company to enable the group to continue to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements.

Accordingly, the Directors consider that it is appropriate to prepare the financial statements on the going concern basis meaning that the assets are expected to be realised at the values stated, the liabilities will be met as and when they fall due.

Objectives

The objective of the Group is to grow its core asset of the Empire gold Mine and to bring in a partner or listed ASX company that has the skills to bring the Empire Gold mine into production. Far Northern Resources Limited is in advanced discussion with several listed company that may be willing to buy or joint venture with Far Northern Resources Limited.

Key performance measures

The key performance measure of the Group is to upgrade of the resource at ML20380 to a JORC 2012 standard.

- Develop EPM 26473 to drill ready status.
- Complete Engineering and metallurgy.
- FNR completed a drilling program at ML20380 during the year some 2000m.

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Directors' Report 30 June 2022

Environmental Issues

The Group's operations are regulated by the Department of natural resources, mines and energy (DNRME).

Information on Directors

Cameron Woodrow	
Qualifications	PS146 Australian Securities Exams
Experience	20 Years
Special Responsibilities	MD / Capital Raising / Field work / R & D
Matthew Bashford	
Qualifications	Bachelor of Commerce, Chartered Accountant, Tax Agent
Experience	30 years
Special Responsibilities	Finance and Accounting
Michael Gunn	
Qualifications	Bachelor of Applied Science (Metallurgy)
Experience	40 years
Special Responsibilities	Process Engineer/ Project development
Nicholas Revell	
Qualifications	Bachelor of Applied Science (Geology)
Experience	30 years
Special Responsibilities	Exploration

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Directors' Report

30 June 2022

Meetings of Directors

While there were numerous informal meetings held during the year, below is a list of the formal board and director meetings held during 2022. Attendances by each director during the year were as follows:

Name of Directors	Directors' Meetings	
	Number eligible to attend	Number attended
Cameron Woodrow	5	5
Matthew Bashford	5	5
Michael Gunn	5	5
Nicholas Revell	3	0

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 4 for the year ended 30 June 2022.

Signed in accordance with a resolution of the Board of Directors.

Director:.....

Cameron Woodrow

Director:.....

Matthew Bashford

Dated 16 June 2023

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF FAR NORTHERN RESOURCES
LIMITED**

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

- (a) no contraventions of the auditor independence requirements of the *Corporation Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit. This declaration is in respect of Far Northern Resources Limited and the entities it controlled during the period.



Holden Bolster Avenir Pty Ltd

Alex Koutzourmis Director

16 June 2023

Far Northern Resources Limited

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**Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2022**

	Note	2022	2021
		\$	\$
Revenue		-	-
Employee benefits expenses		-	(123,188)
Exploration expenses		(27,846)	(123,677)
Depreciation		(66,400)	(3,199)
Other expenses		(18,608)	(59,044)
Profit/(Loss) before income tax		<u>(112,854)</u>	<u>(309,109)</u>
Income tax expense		<u>-</u>	<u>-</u>
Minority Interests		21,135	22,333
Profit/(Loss) for the year		<u>(91,719)</u>	<u>(286,776)</u>
Other comprehensive income, net of income tax		<u>-</u>	<u>-</u>
Total comprehensive income (loss) for the year		<u>(91,719)</u>	<u>(286,776)</u>

The accompanying notes form part of these financial statements.

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Consolidated Statement of Financial Position**As At 30 June 2022**

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash equivalents	5	10,223	92,400
Trade and Other Receivables		3,460	1,532
TOTAL CURRENT ASSETS		<u>13,683</u>	<u>93,932</u>
NON-CURRENT ASSETS			
Exploration and Evaluation Expenditure		58,718	52,905
Goodwill on Consolidation	6	553,927	553,927
Property, Plant and Equipment	11	894,399	960,798
TOTAL NON-CURRENT ASSETS		<u>1,507,044</u>	<u>1,567,630</u>
TOTAL ASSETS		<u>1,520,727</u>	<u>1,661,562</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	10	241	38,772
TOTAL CURRENT LIABILITIES		<u>241</u>	<u>38,770</u>
NON-CURRENT LIABILITIES			
Convertible Notes	10	-	100,000
Related Party Loan	9	77,803	77,754
TOTAL NON-CURRENT LIABILITIES		<u>77,803</u>	<u>177,754</u>
TOTAL LIABILITIES		<u>78,044</u>	<u>216,526</u>
NET ASSETS		<u>1,442,683</u>	<u>1,455,036</u>
EQUITY			
Share Capital	12	1,953,502	1,853,502
Retained earnings		(745,371)	(664,152)
Minority Interests		234,552	255,686
TOTAL EQUITY		<u>1,442,683</u>	<u>1,445,036</u>

The accompanying notes form part of these financial statements.

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Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2022

	Share Capital	Retained Earnings	Total
	\$	\$	\$
2022			
Balance at 1 July 2021	1,853,502	(664,152)	1,445,036
Issue of share capital	100,000	-	100,000
Loss for the year	-	(91,719)	(91,719)
Minority Interests			234,552
Balance at 30 June 2022	1,953,502	(745,371)	1,442,683

	Share Capital	Retained Earnings	Total
	\$	\$	\$
2021			
Balance at 1 July 2020	815,502	(440,410)	375,092
Issue of share capital	1,038,000	-	1,038,000
Loss for the year	-	(286,276)	(286,276)
Minority Interests			255,686
Balance at 30 June 2021	1,853,502	(664,152)	1,445,036

The accompanying notes form part of these financial statements.

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Consolidated Statement of Cash Flows
For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from ATO		-	-
Payments to suppliers and employees		(82,177)	(267,501)
Net cash provided by operating activities	14	(82,177)	(267,501)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Other cash items from investing activities		-	-
Loans to Related parties		-	(991,677)
Net cash (used in) investing activities		-	(991,677)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings to related parties		-	-
Other financing activities		-	1,132,187
Net cash provided by financing activities		-	1,132,187
Net increase (decrease) in cash and cash equivalents held		(82,177)	(91,393)
Cash and cash equivalents at beginning of year		92,400	183,687
Cash and cash equivalents at end of financial year	5	10,223	91,894

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Basis of Preparation

The financial report includes the consolidated financial statement and notes of the Far Northern Resources Limited and Controlled entities (Consolidated Group or Group). Far Northern Resources Limited is an unlisted public Group limited by shares, registered and domiciled in Australia. Far Northern Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared as a Tier 2 general purpose financial report which has been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board and the Corporations Act 2001.

The consolidated financial statements for the year ended 30 June 2022 were approved and authorised for issue by the Board of Directors.

2 New Accounting Standards and Interpretations

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

A separate disclosure Standard applied in the preparation of general-purpose financial statements prepared in accordance with 'Tier 2' of the differential reporting framework in AASB 1053 Application of Tiers of Australian Accounting Standards.

Entities preparing general purpose financial statements in accordance with this Standard are not required to comply with the disclosure requirements of other Accounting Standards. However, the recognition and measurement requirements of all Accounting Standards must be applied.

The disclosure requirements in AASB 1060 replace those required under 'Reduced Disclosure Requirements' (RDR) which shaded those disclosure requirements of Accounting Standards that were not applicable to Tier 2 entities. The number of disclosures required by this Standard are generally less than RDR.

These financial statements have been amended since last prepared in March 2023 due to minor formatting and amendments made since.

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Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Summary of Significant Accounting Policies

(a) Basis for consolidation

The consolidated financial statements included the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 6 to the financial statements.

Subsidiaries

Subsidiaries are all entities over which the parent has control. Control is established when the parent 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 relevant activities of the entity.

Associates

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 Investment in Associates and Joint Ventures. Under this method, the investment is initially recognized as cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

(b) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities are measured 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 (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

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Notes to the Financial Statements
For the Year Ended 30 June 2022

3 Summary of Significant Accounting Policies (continued)

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included 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 is classified as operating cash flows.

(d) Financial Instruments

For comparative year

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

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Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

The Group's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss or other financial liabilities depending on the purpose for which the liability was acquired. Although the Group uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Groups financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of Financial Assets

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

For current year

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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Notes to the Financial Statements
For the Year Ended 30 June 2022

3 Summary of Significant Accounting Policies (continued)

(d) Financial instruments (continued)

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

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Notes to the Financial Statements For the Year Ended 30 June 2022

3 Summary of Significant Accounting Policies (continued)

(d) Financial instruments (continued)

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables, bank and other loans and finance lease liabilities.

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Notes to the Financial Statements For the Year Ended 30 June 2022

3 Summary of Significant Accounting Policies (continued)

(e) Revenue and other income

Other income

Other income is recognized on an accrual basis when the Group is entitled to it.

(f) Cash and cash equivalents

Cash and cash equivalents comprises of cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(g) Exploration, Evaluation and Development Expenditure

Costs incurred during exploration and evaluations relating to an area of interest are accumulated. Costs are carried forward to the extent they are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not yet reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. In these instances, the entity must have rights of tenure to the area of interest and must be continuing to undertake exploration operations in the area.

(h) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Plant & Equipment	5 -15 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

(i) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

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Notes to the Financial Statements For the Year Ended 30 June 2022

3 Summary of Significant Accounting Policies (continued)

(i) Going concern

We note that notwithstanding the Group incurred a net loss during the year ended 30 June 2022, the financial statements have been provided on a going concern basis as management believe that the Group will be able to pay its debts as and when they fall due and payable.

This assessment is supported by the fact that in November 2022 FNR raised \$725,000 capital from the equity market.

(j) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2022, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group or refer to Note 2 for details of the changes due to standards adopted.

4 Critical Accounting Estimates and Judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

There is no significant estimates and judgements made for this year.

5 Cash and Cash Equivalents

	2022	2021
CURRENT	\$	\$
Cash at bank	9,717	91,894
Cash on hand	506	506
	<u>10,223</u>	<u>92,400</u>

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Notes to the Financial Statements For the Year Ended 30 June 2022

6 Interests in Subsidiaries

(a) Composition of the Group

Subsidiaries	Country of Incorporation	% Owned 2022	% Owned 2021
Chillagoe Resources Pty Ltd	Australia	100%	100%
Premier Mining Pty Ltd	Australia	73.6%	73.6%

The percentage of ownership interest held is equivalent to the percentage voting rights for the subsidiary.

Premier Mining Pty Ltd is a subsidiary company of Chillagoe Resources which holds 73.6% of the company.

Goodwill is the premium arising on consolidation and is treated as an intangible (non-current) asset. The partial goodwill method has been used.

(b) Significant restrictions relating to subsidiaries

There are no significant restrictions to access or use the assets and settle the liabilities of the Group.

7 Interests in Associates

In 2020 Premier Mining Pty Ltd was the Group's only associate due to Chillagoe Resources a 100% subsidiary of Far Northern Resources Ltd holding 21% of Premier.

In 2021 Chillagoe Resources increased its holding in Premier Mining Pty Ltd to 73.6% changing the company's status from associate to subsidiary.

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Notes to the Financial Statements

For the Year Ended 30 June 2022

8 Key Management Personnel Remuneration

Key management personnel remuneration included within employee expenses for the year is shown below:

	2022	2021
	\$	\$
Short-term employee benefits	-	123,188
Post-employment benefits	-	-
Share based payments	-	-
	<u>-</u>	<u>123,188</u>

9 Related Parties

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

Key management personnel -refer to Note 8.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

There were no related party transactions.

	Purchases	Sales	Other	Balance owed to the company	Outstanding owed by the company	Provision for bad debts	Bad debts expenses
Associates	\$	\$	\$	\$	\$	\$	\$
None							

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Notes to the Financial Statements
For the Year Ended 30 June 2022

(c) Loans to / from related parties

	2022	2021
	\$	\$
Non-Current Liabilities		
Directors Loans	77,803	77,754
	<u>77,803</u>	<u>77,754</u>

The related party loan assets and liabilities are both unsecured, interest free with no fixed repayment term.

10 Trade and Other Payables

	2022	2021
	\$	\$
Current		
Trade payables		
GST & PAYG payable	241	2,018
Accrued expenses	-	26,254
Convertible Note	-	10,500
Superannuation payables	-	100,000
	<u>241</u>	<u>138,772</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The Convertible note was converted to 500,000 ordinary shares @ \$0.20 on 17 February 2022

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Notes to the Financial Statements
For the Year Ended 30 June 2022

11 Property, Plant and Equipment

	2022	2021
Plant & Equipment	\$	\$
At cost	966,182	966,182
Accumulated depreciation	(71,783)	(5,384)
Total plant & equipment	<u>894,399</u>	<u>960,798</u>
Total property, plant and equipment	<u>894,399</u>	<u>960,798</u>

12 Issued Capital

	2022	2021
	\$	\$
Ordinary Shares 20,546,471 (2021: 20,046,471)	<u>1,953,502</u>	<u>1,853,502</u>
	<u>1,953,502</u>	<u>1,835,502</u>

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up the Company. In a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

13 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2022 (30 June 2021: None).

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Notes to the Financial Statements

For the Year Ended 30 June 2022

14 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2022	2021
	\$	\$
Loss for the year	(91,719)	(286,776)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation and amortisation	66,400	3,199
- bad debts and impairments	-	-
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(1,928)	7,984
- (Increase)/Decrease in Loans related parties	(10,136)	(991,677)
- (Increase)/Decrease in plant & equipment		943,734
- increase/(decrease) in revenue received in advance	-	-
- increase/(decrease) in trade and other payables	(128,392)	113,201
- Increase/(Decrease) in GST clearing account	-	-
- increase/(decrease) in provisions	-	-
Cashflows from operations	(165,775)	(210,335)

15 Auditor's remuneration

Amounts received or due and receivable by the auditors of company for:
Audit of the financial report

2022	2021
\$	\$
-	-
-	-

16 Events Occurring After the Reporting Date

In November 2022, \$725,000 additional share capital was raised by the company to enable the group to continue to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements.

17 Statutory Information

The registered office and principal place of business of the group is:

Far Northern Resources Limited
Unit D, 107 Alfred Street
Fortitude Valley
QLD 4006

Far Northern Resources Limited

ABN 89 621 685 701

Directors' Declaration

The Directors of the Company declare that:

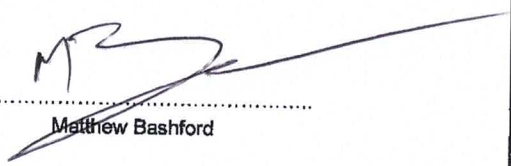
1. The consolidated financial statements and notes for the year ended 30 June 2022 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Simplified Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements ; and
 - b. give a true and fair view of the financial position and performance of the consolidated group;
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.

Director:.....


Cameron Woodrow

Director:.....


Matthew Bashford

Dated 16 June 2023

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
FAR NORTHERN RESOURCES LIMITED

Opinion

We have audited the financial report of Far Northern Resources Limited (the Company) and its controlled entities (together the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated income statement and statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion:

1. The Group's financial report has been prepared in accordance with *Corporation Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards to the extent described in Note 1 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 Group's Financial Statements section of our report. I am independent of the Group in accordance with the *Corporation Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia; and I have fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw attention to Note 3(i) in the financial report which indicates that the Group incurred a net loss of \$ 91,719 during the year ended 30 June 2022. As stated in Note 3(i) these events or conditions, along with other matters set out in Note 3(i), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. My opinion is not modified in respect of this matter.

No adjustments have been made to the financial report relating to the recoverability or classification of the recorded asset amounts and classification of liabilities that maybe necessary should the Group not continue as a going concern.

Our procedures in relation to going concern included, but were not limited to:

- a) Making enquiries of management and the Directors in relation to events and conditions that may impact the assessment on the Group's ability to continue as a going concern;
- b) Challenging the assumptions contained in management's cash flow forecast in relation to the Group's ability to continue as a going concern;
- c) Assessing the adequacy of the disclosures relating to going concern in Note 3(j)

Emphasis of Matter

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the *Corporation Act 2001*. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect to this matter.

Directors' Responsibilities

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

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or 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 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 Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 Group'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 in the preparation of the financial report. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for our audit opinion.

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 I identify during our audit.

We also required to provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Holden Bolster Avenir Pty Ltd

Alex Koutzoumis

Director

16 June 2023