LATITUDE 66 COBALT LIMITED

ABN 81 623 040 773

AND ITS CONSOLIDATED ENTITY

Annual Financial Report

FOR THE YEAR ENDED

30 JUNE 2022

LATITUDE 66 COBALT LIMITED AND ITS CONTROLLED ENTITY
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LATITUDE 66 COBALT LIMITED AND ITS CONTROLLED ENTITY
CORPORATE DIRECTORY

Australian Company Number:	623 040 773
Directors	Jeffrey Foster Russell Delroy Joshua Welch Thomas Hoyer Steffen Hagemann Mark Connelly (non-executive director) – resigned 31 August 2022 Timothy Day (non-executive director) – resigned 1 September 2022
Company Secretary	Eryn Kestel
Registered Office	Level 1, 284 Oxford Street Leederville Western Australia 6007 Australia
Principal Place of Business	Level 1, 29 Napoleon Street Cottesloe Western Australia 6011 Australia **Finland Office** Latitude 66 Cobalt Oy Asemakatu 41 90100 OULU Finland
Auditor	RSM Australia Partners Level 32, Exchange Tower 2 The Esplanade Perth Western Australia 6000 T +61(0) 8 9261 9100 F +61(0) 8 9261 9111

The directors of Latitude 66 Cobalt Limited ("Latitude 66" or "Company") present their report for the Company and its subsidiary (collectively the "Consolidated Entity") for the financial year ended 30 June 2022.

DIRECTORS

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

Jeffrey Foster	
Russell Delroy	
Joshua Welch	
Thomas Hoyer	
Steffen Hagemann	
Mark Connelly	Resigned 31 August 2022
Timothy Day	Resigned 1 September 2022

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 activities of the Consolidated Entity during the financial year consisted of mineral exploration for gold and cobalt. No significant change in the nature of the Consolidated Entity's activities occurred during the financial year.

DIVIDENDS PAID OR RECOMMENDED

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

REVIEW OF OPERATIONS

The net consolidated gain of the Consolidated Entity after providing for income tax amounted to $5,918,750 (2021: loss of $8,393,037).

During the year, the Consolidated Entity advanced exploration and scoping activities at its mineral properties in Finland. It also conducted due diligence on several business development opportunities in the resources sector however no transactions were agreed or transacted.

On 23 December 2021, SunMirror (Luxembourg) S. A. (SMAG) made a takeover bid in respect of the fully paid ordinary shares in Latitude 66 Cobalt Limited. The take-over bid (Offer) was extended 5 times from the original closing date of 4 February 2022. On 13 June 2022, SMAG released a supplementary bidder's statement that cast doubt on the bidder's ability to obtain funding to complete the Offer.

Subsequent to the end of the reporting period on 5 July 2022, the Independent Directors changed their recommendation to shareholders, such that shareholders reject, or withdraw their acceptances of the Offer. Following this, the aggregate relevant acceptances fell below 90%. Accordingly, a bid condition was not satisfied by the Offer closing date of 12 July 2022 and as a consequence of this the bid lapsed.

An In-Specie Distribution was made of one Finroy Limited share for every one Latitude 66 Cobalt Limited fully paid ordinary share held as at 5:00pm Australian Western Standard Time on 22 October 2021.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 25 August 2021 Latitude 66 Cobalt Limited acquired 100% of the ordinary shares of Finroy Limited for the total consideration of $108.

On 22 October 2021 there was an in-specie distribution of all of the shares in Finroy Limited to the shareholders of Latitude 66 Cobalt Limited. At this date Finroy Limited was deconsolidated from the Consolidated Entity.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

It is expected that the operations of the Consolidated Entity will continue in line with that of the current reporting period.

Latitude 66's continued strategy is to explore and develop the Consolidated Entity's existing assets in Finland and to assess new business opportunities in the resources sector which may add shareholder value.

The Consolidated Entity will continue to focus on maximising the value of its projects. In the coming year it intends to:

- Continue exploration activity at the Harakumpu and Juomasuo Projects with the aim of expanding or better defining known and new resources through drill testing where practicable;
- Continue to advance early-stage exploration in the Perapohja Schist Belt, Kainuu Schist Belt, and the Central Lapland Greenstone Belt;
- Capitalise on corporate knowledge base to identify and acquire new exploration ground to further enhance and develop the project pipeline;
- Work with regional mineral companies, other corporate or government entities to create partnerships and cooperation initiatives, and to attract development financing;
- Review new business opportunities in the resources sector which leverage off the Consolidated Entity's skills, expertise, and existing assets;
- Maintain the Consolidated Entity's balance sheet and ensure all expenditure is aligned with the creation of shareholder value; and
- The Consolidated Entity has and continues to implement COVID safe policies and working arrangements to ensure the Consolidated Entity employees can continue to work in a safe and productive environment.

All of these activities present inherent risk and therefore the Board is unable to provide certainty that any or all of these activities will be able to be achieved. The material business risks faced by the Consolidated Entity that are likely to have an effect on the Consolidated Entity's future prospects, and how the Consolidated Entity manages these risks, include:

- Latitude 66's exploration properties may never be brought into production – The exploration for, and development of, mineral deposits involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. To mitigate this risk, the Consolidated Entity will undertake systematic and staged exploration and testing programs on its mineral properties and, subject to the results of these exploration programs, the Consolidated Entity will then progressively undertake a number of technical and economic and environmental studies with respect to its projects prior to making a decision to mine. However, there can be no guarantee that the studies will confirm the technical, environmental and economic viability of the Consolidated Entity's mineral properties or that the properties will be successfully brought into production;
- Fluctuations in commodity prices – The price of cobalt and gold fluctuates widely and are affected by numerous factors beyond the control of the Consolidated Entity. Future production, if any, from the Consolidated Entity's mineral resource and other mineral properties will be dependent upon the price of the underlying commodities being sufficient to make the project economic; and
- The Consolidated Entity's activities will require further capital – The ability to finance a mining project is dependent on the Consolidated Entity's existing financial position, the availability and cost of project and other debt markets, the availability and cost of leasing and similar finance packages for project infrastructure and mobile equipment, the availability of mezzanine and offtake financing and the ability to access equity markets to raise new capital. There can be no guarantees that when the Consolidated Entity seeks to implement financing strategies to pursue the development of its projects that suitable financing alternatives will be available and at a cost acceptable to the Consolidated Entity.

SUBSEQUENT EVENTS

Subsequent to the end of the reporting period on 5 July 2022, the Independent Directors changed their recommendation to shareholders, such that shareholders reject, or withdraw their acceptances of the Offer. Following this, the aggregate relevant acceptances fell below 90%. Accordingly, a bid condition was not satisfied by the Offer closing date of 12 July 2022 and as a consequence of this the bid lapsed.

On 4 August 2022 Latitude 66 Cobalt Limited terminated the Sale Agreement with SunMirror and in accordance with the Fourth Loan agreement, the exclusivity fee and unsecured limited recourse loans will not be repayable.

The coronavirus pandemic ("COVID-19") is impacting global economic markets. Any governmental measures taken in response to COVID-19 may adversely impact the Consolidated Entity's operations and are likely to be beyond the control of the Consolidated Entity.

The Directors are monitoring the situation closely and as the situation is continuously evolving, the extent of the impact of COVID-19 to the Consolidated Entity is not possible to be reliably estimated at the date of this report.

At the date of this report, there are no other matters or circumstances which have arisen since 30 June 2022 that have significantly affected or may significantly affect the operations, results of those operations and the state of affairs in the financial years subsequent to 30 June 2022, of the Consolidated Entity.

ENVIRONMENTAL REGULATIONS

The Consolidated Entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia or Finland.

INFORMATION ON DIRECTORS

Mr Jeffrey Foster – Chairman and Director

Qualifications
BSc (Hons), MSc (University of Leicester)

Responsibilities
Chairs monthly meetings of the Board of Directors, manages and provides leadership to the Board of Directors, and acts as a direct liaison between the Board and the Company's management, through the Managing Director.

Mr Russell Delroy – Director

Qualifications
B.Com. (University of Western Australia)

Responsibilities
Investor and Shareholder Relations Director

Mr Joshua Welch – Director

Qualifications
BSc. (Murdoch University), M.Aus. IMM and GAICD

Responsibilities
Investor and Shareholder Relations Director

Professor Steffen Hagemann – Director

Qualifications
BSc (Frankfurt University);
MSc (University of Wisconsin-Madison);
PhD (University of Western Australia); and
Habilitation (Technical University of Munich)

Responsibilities
Technical, geological and exploration Director

Mr Thomas Hoyer – Managing Director

Qualifications
MSc (Economics)

Responsibilities
Developing and executing the Company's business strategies. Providing strategic advice to the Board and Chairman. Preparing and implementing comprehensive business plans to facilitate achievement.

Mr Mark Connelly – Director

Qualifications
B. Bus (Edith Cowan University), MAICD, AIMM and Member of SME

Responsibilities
Provides independent guidance, oversight and constructive challenge to the Board.

Mr Timothy Day – Director

Qualifications
LLB (University of Western Australia and Monash University), Bec (Hons) (University of Western Australia)

Responsibilities
Provides independent guidance, oversight and constructive challenge to the Board.

INFORMATION ON COMPANY SECRETARY

Ms Eryn Kestel – Company Secretary

Qualifications
B. Bus (Accounting) (Curtin University of Technology) and CPA

Responsibilities
Administering the affairs of the Company and managing the business of the Company Board.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors held during the financial year up to and including 30 June 2022 and the number of meetings attended by each director were:

Name	Number of meetings held whilst a director	Number of meetings attended whilst a director
Jeffrey Foster (Chairperson)	12	12
Russell Delroy	12	11
Joshua Welch	12	11
Thomas Hoyer	12	11
Steffen Hagemann	12	10
Mark Connelly	11	10
Timothy Day	11	11

DIRECTORS' INTEREST IN SHARES AND OPTIONS

At reporting date, Directors, in office, held a relevant interest in the following securities of the Company:

Name	Ordinary Shares
Jeffrey Foster	2,040,000
Russell Delroy	15,190,000[i]
Joshua Welch	15,190,000[ii]
Thomas Hoyer	5,190,000
Steffen Hagemann	1,250,000
Mark Connelly	-
Timothy Day	-

[i] Includes 190,000 shares indirectly held through Francesa Gnagnerell ATF Colour Trust (50% owner of Garry Warren Pty Ltd who participated in the August 2019 Placement acquiring 380,000 fully paid Ordinary Shares).

[ii] Includes 190,000 shares indirectly held through Third Reef Pty Ltd <Back Reef A/c> (50% owner of Garry Warren Pty Ltd who participated in the August 2019 Placement acquiring 380,000 fully paid Ordinary Shares).

PERFORMANCE RIGHTS

Performance rights were granted on the 27 June 2019 to the directors and management of the Company. Of the 40,000,000 performance rights issued, 39,250,000 performance rights with non-market vesting conditions were issued to the directors.

Details of equity instruments (other than ordinary shares and options) held directly, indirectly, or beneficially by directors and key management personnel and their related parties are as follows:

Name	Held at 1 July 2021	Balance 30 June 2022	Share-based payments during FY2022
Directors:			**$**
Jeffrey Foster	3,000,000	3,000,000	(496,505)
Russell Delroy	15,000,000	15,000,000	(2,482,525)
Joshua Welch	15,000,000	15,000,000	(2,482,525)
Thomas Hoyer	5,000,000	5,000,000	(827,508)
Steffen Hagemann	1,250,000	1,250,000	(206,878)
Mark Connelly	-	-	-
Timothy Day	-	-	-
Total	**39,250,000**	**39,250,000**	**(6,495,941)**

As of grant date, no value has been recognised.

During the year ended 30 June 2021, the probability of these rights to be vested was deemed to be 80% at fair value of $0.25 per right and were expected to vest on 30 November 2021. During the financial year ended 30 June 2022 the probability of these rights to be vested was deemed to be nil and the share-based payments reserve was reversed to nil.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Directors' and Officers' Liability Insurance is held to cover a director for certain liabilities arising whilst acting as a director of the Company. The wording of the policy prohibits disclosure of the nature of these liabilities and the amount of the premium.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, Latitude 66 has agreed to indemnify its auditors, RSM Australia Partners, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify RSM Australia Partners during or since the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or 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.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2011 is set out immediately after this directors' report.

Signed in accordance with a resolution of the directors pursuant to section 306(3)(a) of the Corporations Act 2001.

Jeffrey Foster
Chairperson
Perth
24 October 2022

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Latitude 66 Cobalt Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 24 October 2022

TUTU PHONG
Partner

LATITUDE 66 COBALT LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2022

	Notes	30 June 2022 $	30 June 2021 $
Interest revenue	2.1	476	4,897
Other income	2.1	311	19,797
Waiver of loan payables	2.1	2,027,250	-
Reversal / (charge) of share-based payments expense	5.3	6,620,068	(6,620,068)
Personnel expenses		(323,647)	(233,957)
Corporate, administrative and general expenses	2.2	(2,142,295)	(1,169,120)
Foreign exchange loss		(37,939)	(39,607)
Motor vehicle expenses		(117,686)	(86,955)
Depreciation and amortisation expenses		(95,381)	(260,219)
Operating profit / (loss)		**5,931,157**	**(8,385,232)**
Finance costs		(12,407)	(7,805)
Profit / (loss) before income tax		**5,918,750**	**(8,393,037)**
Income tax expense	2.3	-	-
Profit / (loss)for the year after income tax		**5,918,750**	**(8,393,037)**
Items that may subsequently be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		(304,270)	(77,164)
Other comprehensive loss		(304,270)	(77,164)
Total comprehensive income/ (loss) for the year		**5,614,480**	**(8,470,201)**

This statement should be read in conjunction with the accompanying notes to the consolidated financial statements.

LATITUDE 66 COBALT LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2022

	Notes	30 June 2022 $	30 June 2021 $
ASSETS			
Current assets			
Cash and cash equivalents	4.1	8,958,193	4,746,412
Other receivables	4.2	192,697	42,667
Prepayments	4.3	16,961	463,786
Total current assets		**9,167,851**	**5,252,865**
Non-current assets			
Property, plant and equipment	3.1	329,355	276,018
Exploration and evaluation assets	3.2	8,155,935	4,553,704
Right-of-use asset	3.3	150,287	210,402
Total non-current assets		**8,635,577**	**5,040,124**
TOTAL ASSETS		**17,803,428**	**10,292,989**
LIABILITIES			
Current liabilities			
Trade and other payables	4.4	4,421,249	4,626,633
Lease liability	4.5	61,058	59,011
Provisions	4.6	213,251	159,387
Loan payable	4.7	8,726,665	-
Total current liabilities		**13,422,223**	**4,845,031**
Non-current liability			
Lease liability	4.5	97,986	159,043
Total non-current liability		**97,986**	**159,043**
TOTAL LIABILITIES		**13,520,209**	**5,004,074**
NET ASSETS		**4,283,219**	**5,288,915**
EQUITY			
Share capital	5.1	11,250,055	11,250,163
Foreign currency translation reserves	5.2	(581,253)	(276,983)
Share-based payments reserves	5.2	-	6,620,068
Accumulated losses		(6,385,583)	(12,304,333)
TOTAL EQUITY		**4,283,219**	**5,288,915**

This statement should be read in conjunction with the accompanying notes to the consolidated financial statements.

LATITUDE 66 COBALT LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2022

	Share Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share-based Payments Reserve	Total Equity
	$	$	$	$	$
At 1 July 2020	**11,250,163**	**(3,911,296)**	**(199,819)**	**-**	**7,139,048**
Share-based expense during the year	-	-	-	6,620,068	6,620,068
Loss for the year	-	(8,393,037)	-	-	(8,393,037)
Exchange differences on translation of Foreign operations	-	-	(77,164)	-	(77,164)
At 30 June 2021	**11,250,163**	**(12,304,333)**	**(276,983)**	**6,620,068**	**5,288,915**
At 1 July 2021	**11,250,163**	**(12,304,333)**	**(276,983)**	**6,620,068**	**5,288,915**
Reversal of share-based expense	**-**	**-**	**-**	**(6,620,068)**	**(6,620,068)**
Profit for the year	-	5,918,750	-	-	5,918,750
Exchange differences on translation of foreign operations	-	-	(304,270)	-	(304,270)
Return of capital	(108)	-	-	-	(108)
At 30 June 2022	**11,250,055**	**(6,385,583)**	**(581,253)**	**-**	**4,283,219**

This statement should be read in conjunction with the accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2022

	Notes	30 June 2022 $	30 June 2021 $
Cash flows from operating activities			
Payments to suppliers, employees and others (inclusive of GST)		(2,236,869)	(1,720,278)
Interest received		476	4,897
Other receipts		311	34,972
Net cash used in operating activities	6	**(2,236,082)**	**(1,680,409)**
Cash flows from Investing activities			
Payment for exploration expenditure		(3,779,457)	(1,287,869)
Payment for property, plant and equipment		(99,006)	(49,372)
Net cash used in investing activities		**(3,878,463)**	**(1,337,241)**
Cash flows from financing activities			
Repayment of lease liabilities		(64,752)	(64,622)
Receipt of extension fees		-	3,894,223
Proceeds from unsecured limited recourse loans		10,391,078	-
Net cash generated from financing activities		**10,326,326**	**3,829,601**
Net increase in cash and cash equivalents		**4,211,781**	**811,951**
Cash and cash equivalents at beginning of the financial year		4,746,412	3,934,461
Cash and cash equivalents at end of the financial year	4.1	**8,958,193**	**4,746,412**

This statement should be read in conjunction with the accompanying notes to the consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Except for cash flow information, the consolidated financial report has been prepared on an accruals basis and is based on historical costs.

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

New and revised accounting standards and interpretations
The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

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

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Latitude 66 Cobalt Limited ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Latitude 66 Cobalt Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

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

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

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

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

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

Going concern

This financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Consolidated Entity has a net cash outflow from operating activities of $2,236,082 for the year ended 30 June 2022. As at that date, the Consolidated Entity had net current liability of $4,254,372.

The directors believe that it is reasonably foreseeable that the Consolidated Entity will continue as a going concern as that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- Based on the approved cashflow budget and taking into consideration of cash and cash equivalents of $8,958,193 as at 30 June 2022, the Consolidated Entity has sufficient funds to meet its projected expenditure;
- Subsequent to year end (Note 11), the Consolidated Entity terminated the sale agreement with SunMirror and as a result of that, the amounts due to SunMirror amounting to $12,620,898 is no longer repayable; and
- The Consolidated Entity has the ability to scale down its operations in order to curtail expenditure, in the event funds available is insufficient to meet projected expenditure.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 13.

Current and non-current classification

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

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

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

Income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Property, plant and equipment

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

Recognition and measurement

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Such costs include the cost of replacing part of the relevant asset. When a major inspection is performed, the cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are expensed to profit or loss as incurred.

The carrying amounts of the Consolidated Entity's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised immediately in the statement of profit or loss.

Depreciation and de-recognition

Depreciation period and method of depreciation is as follows:

• Building	7% declining balance method of depreciation
• Machinery and equipment	25% declining balance method of depreciation
• Software	20% straight line method of depreciation

An item of property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal of an asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss.

Financial assets

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Impairment of financial assets

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

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

The loss allowance is recognised in profit or loss.

Cash and cash equivalents

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

Other receivables

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method.

Exploration and evaluation expenditure encompasses expenditures incurred by the Consolidated Entity in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition and are recorded as an asset if:

i. the rights to tenure of the area of interest are current; and
ii. at least one of the following conditions is also met:
    - the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
    - exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation expenditure incurred by the Consolidated Entity subsequent to the acquisition of the rights to explore is capitalised as incurred.

Capitalised exploration costs are reviewed at each reporting date to establish whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent 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 in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Impairment of non-financial assets

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

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

Trade and other payables

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

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee Benefits (continued)

Defined contribution plan expense

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

Share-based payments

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

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

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

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

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

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

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

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

Revenue

The Consolidated Entity recognises revenue as follows:

Revenue from contracts with customers

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue (continued)

Interest

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

Other income

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

All revenue is stated net of the amount of goods and service tax.

Goods and Services Tax ("GST") and other similar taxes

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the tax authorities. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amounts of GST recoverable from, or payable to, the tax authorities.

Right-of-use assets

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

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

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

Borrowings

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

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Lease liabilities

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Consolidated Entity has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate may be made of the amount of the obligation.

When the Consolidated Entity expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense related to any provision is recognised in profit or loss net of any reimbursement.

Fair value measurement

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

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

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

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

Issued capital

Ordinary Shares and Performance Shares are classified as equity. Issued and paid-up capital is recognised at the fair value of the consideration received by the Company. 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.

Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Company's controlled entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit and loss and other comprehensive income.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise, the exchange difference is recognised in the statement of profit and loss and other comprehensive income.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions and balances (continued)

Controlled entities

The financial results and position of foreign controlled entities whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign controlled entities are transferred directly to the foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit and loss and comprehensive income in the period in which the operation is disposed.

Key estimates and judgements

In applying the Consolidated Entity's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Consolidated Entity.

All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances known to management. Actual results may differ from those judgements, estimates and assumptions.

Significant judgements, estimates and assumption made by management in the preparation of these financials are found in the following notes:

Note 3.2 Capitalisation of exploration and evaluation assets

2.1 INTEREST REVENUE AND OTHER INCOME

	2022 $	2021 $
Interest revenue	476	4,897
Other income – government grants, subsidies and financial support	311	19,797
Waiver of loan payable	2,027,250	-
	2,028,037	**24,694**

The waiver of loan payable was provided by SunMirror in accordance with the First Loan Agreement as the sale agreement was not completed by 31 December 2021 and the amounts is not repayable.

2.2 CORPORATE AND ADMINISTATIVE AND GENERAL EXPENSES

	2022 $	2021 $
Administration, accounting, tax and audit	335,421	316,032
Communication/PR costs	102,817	44,396
Compliance expenses	450,238	-
Computer expenses	140,278	39,507
Exploration, research and development	238,947	282,883
Legal fees	236,451	147,591
Short-term rent	213,788	106,989
Travel and accommodation	227,598	127,283
Other	196,757	104,439
	2,142,295	**1,169,120**

2.3 INCOME TAX EXPENSE

	2022 $	2021 $
(a) the major components of income tax expense comprise		
Current income tax charge	-	-
Deferred tax	-	-
	-	-
(b) Prima facie tax on loss before income tax is reconciled to income tax is follows:		
Prima facie tax on profit / (loss) before income tax at 30% (2021: 26%)	1,775,625	(2,182,190)
Tax effect of amounts which are non-deductible / (taxable) in calculating taxable income:		
(Add) / less: (reversal of deferred tax assets) / deferred tax assets not brought to account	(1,775,625)	2,182,190
Income tax attributable to Consolidated Entity	-	-

The Consolidated Entity has unrecognised tax losses of $8,625,312 (2021: $7,033,139 Australian and Finnish tax losses) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by the companies in their respective countries of incorporation. There are no deferred tax assets recognised as the directors are of the view that future taxable profits is not probable.

3.1. PROPERTY, PLANT AND EQUIPMENT

	Computer Software Licenses $	Buildings $	Machinery & Equipment $	Total $
Cost	20,973	327,787	255,161	603,921
Accumulated depreciation	(16,079)	(206,716)	(51,771)	(274,566)
Total	**4,894**	**121,071**	**203,390**	**329,355**

Reconciliation of the carrying amounts of property, plant and equipment are set out below:

	Computer Software Licenses $	Buildings $	Machinery & Equipment $	Total $
Carrying amount				
At 30 June 2021	9,475	135,726	130,817	276,018
Additions	-	-	99,072	99,072
Exchange differences	(386)	(5,542)	(5,339)	(11,267)
At 30 June 2022	**9,089**	**130,184**	**224,550**	**363,823**
Depreciation				
Depreciation charge for the year	(4,292)	(9,324)	(21,650)	(35,266)
Exchange differences	97	211	490	798
At 30 June 2022	**(4,195)**	**(9,113)**	**(21,160)**	**(34,468)**
At 30 June 2022	**4,894**	**121,071**	**203,390**	**329,355**

3.2. EXPLORATION AND EVALUATION ASSETS

Reconciliation of movements in carrying amount:

	2022 $	2021 $
Carrying amount at beginning	4,553,704	3,008,850
Additions in the year	3,762,085	1,686,747
Foreign exchange movement	(159,854)	(141,893)
Carrying amount at end of year[1]	**8,155,935**	**4,553,704**

[1] The ultimate recoupment of costs carried for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. The carrying values above are based upon the Consolidated Entity's assumption that the exploration licenses will be renewed when required, subject to the Company meeting its agreed budgets and work programs.

3.3 RIGHT-OF -USE ASSET

	2022 $	2021 $
Balance at beginning of year	210,402	270,517
Less: Depreciation	(60,115)	(60,115)
Balance at end of year	**150,287**	**210,402**

4.1 CASH AND CASH EQUIVALENTS

	2022 $	2021 $
Cash at bank	8,958,193	4,746,412

4.2 OTHER RECEIVABLES

	2022 $	2021 $
Deposits	17,195	17,927
Taxes receivables	174,350	24,740
Other receivables	1,152	-
	192,697	**42,667**

Allowance for expected credit losses

The Consolidated Entity has assessed that there are no risks of default and as such, no additional impairment loss has been recognised against these financial assets as at 30 June 2022 (2021: Nil).

4.3 PREPAYMENTS

	2022 $	2021 $
Prepayments – current	**16,961**	**463,786**

4.4 TRADE AND OTHER PAYABLES

	2022	2021
	$	$
Trade creditors	395,293	270,773
Other payables	131,723	98,799
Extension fee[1]	3,894,233	3,894,223
Payable to Dragon Mining Limited[2]	-	362,838
	4,421,249	**4,626,633**

1 One-time extension fees received in relation to the proposed sale of the Finland entity. Should the proposed sale be completed, these amounts will be reduced against the eventual sale value of the transaction. Otherwise, the amounts are not repayable. For further details, refer to note 4.7.
2 Payable to Dragon Mining Limited in accordance with the amended terms of agreement for Kuusamo Project.

Fair value

Due to the short-term nature of these payables, the carrying amount is assumed to approximate their fair value.

4.5 LEASE LIABILITY

	2022	2021
	$	$
Lease liability – current	61,058	59,011
Lease liability – non-current	97,986	159,043
	159,044	**218,054**

Reconciliation:

	2022	2021
	$	$
Balance at beginning of year	218,054	275,144
Lease payments	(64,751)	(64,622)
Interest	5,741	7,532
Balance at end of year	**159,044**	**218,054**

4.6 PROVISIONS

Annual Leave and Long Service Leave	2022	2021
	$	$
Balance at beginning of year	159,387	109,233
Arising	152,976	136,731
Utilised	(99,112)	(86,577)
Balance at end of year	**213,251**	**159,387**
Current	213,251	159,387

4.7 LOANS PAYABLE

	2022 $	2021 $
Unsecured limited recourse loans	**8,726,665**	**-**

The unsecured limited recourse loans bear interest at the rate of 3% per annum payable on repayment of the loans in the event that the loans become repayable.

The Fourth Loan Agreement provides, pursuant to clauses 7.3(a) and 7.4, that:

(a) if the Sale Agreement is terminated by any party to the Sale Agreement, the loan amount (and any accrued interest) provided under the Fourth Loan Agreement will not be payable in the circumstances; and

(b) the amounts provided under the First Loan Agreement, the Second Loan Agreement and the Third Loan Agreement are not repayable in any circumstances.

In August 2022, the Company terminated the Sale Agreement and subsequently these amounts are not be payable.

5.1 SHARE CAPITAL

	2022 $	2021 $
Share capital		
108,000,000 fully paid ordinary shares (2021: 108,000,000)	11,250,055	11,250,163

	2022	2021 $
Share capital at start of year/period	11,250,163	11,250,163
Return of capital	(108)	-
Share capital at end of year	11,250,055	11,250,163

5.2 RESERVES

	2022 $	2021 $
Foreign currency translation reserve		
Balance at beginning of year	(276,983)	(199,819)
Exchange differences on translation of foreign operations	(304,270)	(77,164)
Balance at end of year	**(581,253)**	**(276,983)**

The reserve is transferred to statement of profit or loss and other comprehensive income when the net investment is disposed of.

	2022 $	2021 $
Share-based payments reserve		
Balance at beginning of year	6,620,068	-
Share-based payments during the year	-	6,620,068
Reversal of share-based payments	(6,620,068)	-
Balance at end of year	**-**	**6,620,068**

5.2 RESERVES (continued)

Performance rights were granted on the 27 June 2019 to the directors and management of the Company. During the year ended 30 June 2021, the probability of these rights to be vested was deemed to be 80% and were expected to vest on 30 November 2021. During the year ended 30 June 2022 the probability of these rights to be vested was reduced to nil and the share-based payments of $6,620,068 were reversed (2021: charge of $6,620,068).

5.3 SHARE-BASED PAYMENTS

Equity-settled share-based payments are provided to directors and employees. These share-based payments are measured at the fair value of the equity instrument at the grant date. Fair value is determined using the fair value of equity instruments granted at the measurement date, based on market prices if available, taking into account the terms and conditions upon which those equity instruments were granted.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit or loss and other comprehensive income over the remaining vesting period, with a corresponding adjustment to the share-based payments reserve.

Equity-settled share-based payments may also be provided as consideration for the acquisition of assets. Where ordinary shares are issued, the transaction is recorded at fair value based on the quoted price of the ordinary shares at the date of issue. The acquisition is then recorded as an asset or expensed in accordance with accounting standards.

Performance rights issued

	2022 Number	2021 Number
Movement in rights on issue		
At 1 July	40,000,000	40,000,000
Unlisted rights issued during the year	-	-
Balance at end of year	**40,000,000**	**40,000,000**

40,000,000 performance rights were granted on the 27 June 2019 to the directors and management of the Company. The fair value of these performance rights was based on the estimated fair value of the shares being $0.25 per share. The performance rights were issued in two tranches expiring in 5 years and 8 years respectively.

The vesting conditions attached to the tranches are:

- Tranche 1: the Company produces a finalised environmental impact assessment (“EIA”) that has been accepted as a reasoned conclusion by the Centre of Economic Development, Transport and the Environment (“ELY”) for any of the tenements known as K Camp within 5 years
- Tranche 2: produces a finalised EIA that has been accepted as a reasoned conclusion by the ELY for any tenement currently held or acquired in the future by the Company anywhere else in Finland within 5 years
- Both tranches: automatically vest when:
  - a Court has approved of a merger by way of scheme of arrangement of the Company (but shall not include a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return) of the issued capital of the Company);
  - an unconditional takeover bid of the majority of shares;
  - any person acquires a Relevant Interest in 50.1% or more of the Shares by any other means
  - the announcement by the Company that a sale or transfer (in one transaction or a series of related transactions) of the whole or substantially the whole of the undertaking and business of the Company has been completed; or
  - a third-party purchaser acquires a substantial part of the business, or any of the material assets, or mining tenements of the Company (where a material asset of the Company includes a right in respect of assets representing an amount proximate to AUD $15 million or more, or an amount deemed to be material by the board).

During the year ended 30 June 2022 the share-based payments of $6,620,068 were reversed (2021: $6,620,068)

6. CASH FLOW INFORMATION

RECONCILIATION OF NET CASH AND CASH EQUIVALENTS USE IN OPERATING ACTIVITIES TO LOSS FOR THE YEAR

	2022 $	2021 $
Profit / (loss) for the year	5,918,750	(8,393,037)
Adjustments for:		
Depreciation and amortisation	112,753	260,219
Unrealised foreign exchange	(80,513)	23,013
Interest expense	11,931	-
Waiver of loan payables	(2,027,250)	-
(Reversal) / charge of share-based payments	(6,620,068)	6,620,068
Change in assets and liabilities:		
Other receivables	296,795	(401,337)
Trade and other payables	205,384	144,677
Employee benefit provisions	(53,864)	65,988
Net cash used in operating activities	**(2,236,082)**	**(1,680,409)**

7. COMMITMENTS

	2022 $	2021 $
Exploration expenditure commitments		
Within one year	15,880	16,337
After one year but not more than five years	79,402	81,685
More than five years	111,163	114,359
	206,445	**212,381**
Operating lease expenditure commitments		
Minimum lease repayments:		
Within one year	28,342	29,157
	28,342	**29,157**

8. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities relate to actual or potential claims of the Consolidated Entity that have arisen in the ordinary course of business, the outcome of which cannot be foreseen at present and for which no amounts are provided for in the statement of financial position. There are no contingent liabilities and contingent assets at 30 June 2022 (2021: None).

9. RELATED PARTY DISCLOSURES

(a) Key management personnel

Key management personnel of the Consolidated Entity comprise the Board of Directors and the Communications Manager.

(b) Compensation to key management personnel

For the year ended 30 June 2022, $180,788 (2021: $175,304) was recognised as an expense in respect of key management personnel remuneration.

Compensation levels for executive employees of the Consolidated Entity are competitively set to attract and retain appropriately qualified and experienced personnel. In addition to their salaries, the Consolidated Entity also provides paid employee pension fees in Finland for certain directors.

For the year ended 30 June 2022, $17,081 (2021: $16,968) was recognised as an expense in respect of key management personnel paid employees' pension fees.

During the year ended 30 June 2022 share-based payments of $6,620,068 were reversed (2021: charge of $6,620,068).

(c) Details of payments to key management personnel

Name	Short-term employee benefits	Post-employment benefits	Total
	$	$	$
2022			
Thomas Hoyer	118,137	8,473	126,610
Mark Connelly	54,794	5,479	60,273
Timothy Day	54,794	5,479	60,273
	227,725	19,431	247,156

All other Directors were, and remain as at current date, unpaid for their services.

During the year ended 30 June 2022 share-based payments of $6,620,068 were reversed (2021: $6,620,068).

Name	Held at 1 July 2021	Balance 30 June 2022	Share-based payments reversed during FY2022
Directors:			$
Jeffrey Foster	3,000,000	3,000,000	(496,505)
Russell Delroy	15,000,000	15,000,000	(2,482,525)
Joshua Welch	15,000,000	15,000,000	(2,482,525)
Thomas Hoyer	5,000,000	5,000,000	(827,508)
Steffen Hagemann	1,250,000	1,250,000	(206,878)
Mark Connelly	-	-	-
Timothy Day	-	-	-
Total	**39,250,000**	**39,250,000**	**(6,495,941)**

(d) Controlled entities

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

		Ownership interest	
Name	Principal place of business / Country of incorporation	2022	2021
Latitude 66 Cobalt Oy	Finland	100%	100%
Finroy Limited	Australia	-*	-

* On 25 August 2021, Latitude 66 Cobalt Limited acquired 100% of the ordinary shares of Finroy Limited for a total consideration of $108. On 22 October 2022, there was an in-specie distribution of all of the shares in Finroy Limited to the shareholders of Latitude 66 Cobalt Limited. At this date, Finroy Limited was deconsolidated from the Consolidated Entity.

10. AUDITOR'S REMUNERATION

	2022 $	2021 $
Amounts paid or due and payable to the auditor for:		
Audit Services – RSM Australia Partners	22,000	16,000
Tax review assistance	-	10,000
	22,000	**26,000**

11. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the end of the reporting period on 5 July 2022, the Independent Directors changed their recommendation to shareholders, such that shareholders reject, or withdraw their acceptances of the Offer. Following this, the aggregate relevant acceptances fell below 90%. Accordingly, a bid condition was not satisfied by the Offer closing date of 12 July 2022 and as a consequence of this the bid lapsed.

On 4 August 2022 Latitude 66 Cobalt Limited terminated the Sale Agreement with SunMirror and in accordance with the Fourth Loan agreement, the exclusivity fee and unsecured limited recourse loans will not be repayable.

The coronavirus pandemic ("COVID-19") is impacting global economic markets. Any governmental measures taken in response to COVID-19 may adversely impact the Consolidated Entity's operations and are likely to be beyond the control of the Consolidated Entity.

The Directors are monitoring the situation closely and as the situation is continuously evolving, the extent of the impact of COVID-19 to the Consolidated Entity is not possible to be reliably estimated at the date of this report.

The directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

12. DIVIDENDS

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

13. PARENT ENTITY INFORMATION

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

Statement of profit or loss and other comprehensive income

	2022 $	2021 $
Profit/(loss) after income tax	7,919,961	(6,986,822)
Total comprehensive income/(loss)	7,919,961	(6,986,822)

13. PARENT ENTITY INFORMATION (continued)

Statement of financial position

	2022	2021
	$	$
Total current assets	8,701,035	3,513,405
Total assets	24,198,995	14,644,201
Total current liabilities	12,697,339	4,442,330
Total liabilities	12,697,339	4,442,330
Equity		
Issued capital	11,250,055	11,250,163
Reserve	-	6,620,068
Retained profits	251,600	(7,668,361)
Total equity	11,501,665	10,201,870

Contingent liabilities and contingent assets
The parent entity had no contingent liabilities and contingent assets as at 30 June 2022 and 30 June 2021.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

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

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

DIRECTORS' DECLARATION

for the year ended 30 June 2022

In the Directors' opinion:

a) The financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:

   i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its performance for the year ended on that date.

b) The financial statements and notes comply with International Financial Reporting Standards as described in Note 1 to the financial statements.

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

The Directors have been given the declarations required by Section 295(5)(a) of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Jeffrey Foster
Chairperson
Perth
Dated: 24 October 2022

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
LATITUDE 66 COBALT LIMITED

Opinion

We have audited the financial report of Latitude 66 Cobalt Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

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

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

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 24 October 2022