ASX Announcement

16 September 2024

2024 ANNUAL REPORT

Lunnon Metals Limited (**ASX:LM8**) is pleased to enclose its 2024 Annual Report for the financial year ending 30 June 2024. The Annual Report incorporates the:

- Directors' Report;
- Remuneration Report; and
- Financial Report.

This release has been authorised by the Board of Directors.

Hayden Bartrop
CFO & Company Secretary
Phone: +61 8 6424 8848
Email: info@lunnonmetals.com.au

ANNUAL REPORT 2024

FOR THE YEAR ENDED 30 JUNE 2024

LUNNON METALS

ABN 82 600 008 848 | ASX:LM8

Corporate Directory

Board of Directors

Mr. Liam Twigger	Non-Executive Chair
Mr. Edmund Ainscough	Managing Director
Mr. Ian Junk	Non-Executive Director
Mr. Ashley McDonald	Non-Executive Director
Ms. Deborah Lord	Non-Executive Director

Company Secretary

Mr. Hayden Bartrop

Registered Office and Principal Place of Business

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	33 Richardson Street
	West Perth, WA 6005
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	West Perth, WA 6872
Telephone:	+61 8 6424 8848
Email:	info@lunnonmetals.com.au
Website:	https://lunnonmetals.com.au/

Share Registry

Automic Pty Ltd
Level 5
191 St Georges Terrace
Perth WA 6000

Auditors

Armada Audit and Assurance Pty Ltd
18 Sangiorgio Court
Osborne Park, WA 6017

Securities Exchange

ASX

Website:	www.asx.com.au
ASX Code:	LM8

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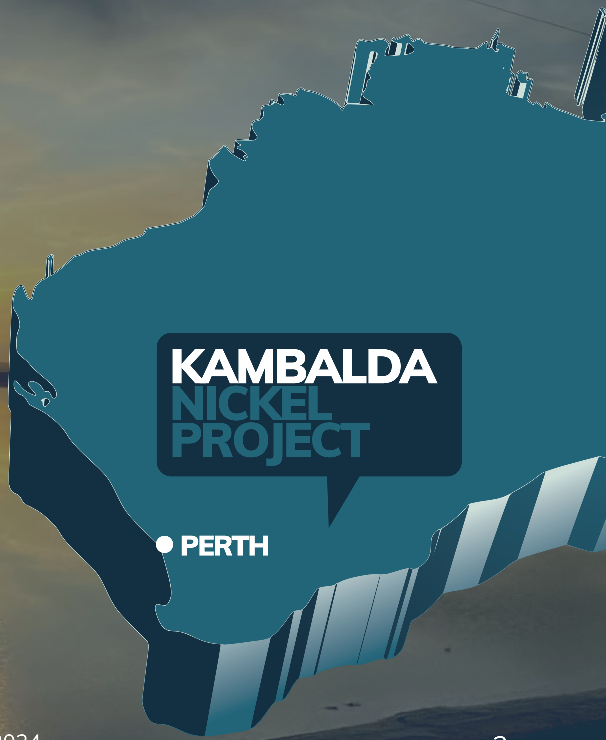
BRINGING THE BEST
OF KAMBALDA
TO THE CLEAN
ENERGY TRANSITION



Our Achievements in FY24

GROWTH

- Increase in Mineral Resources of 29.4% since FY2023 to 4.2Mt averaging 2.7% Ni for 113,600kt of contained nickel[1]
- First-time Mineral Resources at Fisher, Silver Lake and East Trough
- Increase in Baker Mineral Resource by 11% tonnes and 9% contained nickel metal
- Increase in Foster South Mineral Resource by 10% tonnes and contained nickel metal

29.4%
Increase in Mineral Resources

EXPLORATION AND STUDIES

- Drilled 12.2km of reverse circulation (RC) drilling and 14.0km of diamond drilling (DD)
- Completed 3D seismic survey and first ever drilling in Long South Gap target area
- Successful initial gold exploration at Lady Herial, Plentiful and Hustler
- Completion of all technical work for the combined Baker and Foster PFS

12.2km
Reverse Circulation Drilling

14.0km
Diamond Drilling

MANAGING THE CHANGE IN NICKEL PRICE AND SENTIMENT

- Curtailed nickel exploration
- Right sized the workforce
- As at 30 June 2024, cash and equivalents of $21.9M[2]

$21.9M[2]
Cash and Equivalents

STAKEHOLDERS AND PERMITTING

- **Permitting**: Approval of the Mining Proposal and Closure Plan for Baker
- **Social**: zero fatalities or lost time injuries
- **Community:** Progressed with Ngadju towards execution of a Heritage Protocol Agreement and Mining Rights Agreement and over 35% of the Company's total spend in the Goldfields region.

zero
Fatalities or Lost Time Injuries

[1] See the Mineral Resource and Ore Reserve tables on page 46 for a breakdown by resource classification and deposit
[2] Excludes Restricted Cash of $110,954

Letter from Chair

Dear Fellow Shareholder,

We are pleased to present the 2024 Annual report for Lunnon Metals Limited (Lunnon Metals or the Company), our fourth as a listed company on the ASX.

Financial year 2023-2024 has been, to use a phrase from my soccer days, a "game of two halves!" Starting the year with 87,800 tonnes of nickel metal in Mineral Resource, a recently completed Preliminary Feasibility Study for our new discovery and cornerstone asset, Baker, that demonstrated robust economics and healthy margins for a future development, and an aggressive and active exploration program in place, Lunnon Metals and its share price were riding high.

The first signs of "headwinds" for the nickel sector emerged leading into the most important conference in the Australian mineral resources sector, the August 2023 Diggers and Dealers in Kalgoorlie. A number of our peer group in the nickel sector were experiencing difficulties, notably Panoramic Resources Ltd at their Savannah Project in the Kimberley. Our Managing Director and his team had an excellent conference, hosted an analyst and investor visit to our Kambalda Nickel Project during the event and positioned the company to prudently raise approximately $18.5 million through a capital raise and Share Purchase Plan immediately thereafter. The importance of this injection of fresh equity into the Company was to be realised as the rest of the year unfolded.

2023 ended with IGO Limited's news that a further impairment of the Cosmos project was forecast (as part of the Western Areas Ltd acquisition) and then negative news regarding the previous Mincor Resources operations in the Kambalda region, now acquired and operated by Wyloo Pty Ltd. This gathering storm had started to impact on the Company's share price performance and the Christmas and New Year period had ominous overtones as the bad news continued with Wyloo announcing the cessation of operations in January (for a May 2024 finish), BHP Group Ltd's Nickel West division following suit to shutter the Kambalda Concentrator at the same time, IGO Limited announcing the further write down and closure of the Cosmos Project and then finally Nickel West announcing a significant write down in the division's assets and a review that ultimately led to the closure of the entire Nickel West operations after the end of the period with a February 2027 review date set by BHP.

A great deal of the media coverage focused on the rise of Indonesia as a powerhouse of nickel production, backed and supported by massive Chinese investment which enabled Indonesia and its mining sector to rise to pre-eminence in the ranks of global nickel producers. Indonesia now accounts for over 55% of global nickel production, is forecast to rise to 60% by the end of calendar year 2024, all this from a standing start just a few years back of less than 10% of global production in 2015.

None of this should have been a surprise. The rise of Indonesia had been forewarned and forecast by many market observers but what did catch Australian nickel producers by surprise, was not the quantum of nickel production, nor the associated softening in the nickel price, but the absence of any price differentiation between this style of carbon intensive nickel laterite production as conducted in Indonesia, and their own, environmentally sensitive, low CO_2 per tonne footprint sulphide sourced nickel. The inability of global end users of nickel to apply any sort of premium for nickel sulphide has clearly caused many companies to not only review their operations but also their commitment to the sector in Australia.

So, that is how events unfolded external to Lunnon Metals in 2023-2024. As you would expect, your Company reacted swiftly and embarked on a budget and staffing review to ensure that its cash balance remained healthy and sufficient to weather the “storm”.

This review quickly confirmed that little, if any, further surface exploration drilling was required at either Baker or Foster, due to the previous significant commitment, success and rapid progression of our nickel focused activities. In short, there was no compelling driver to keep drilling at Baker or Foster and although the highly prospective Long South Gap target area on the Silver Lake-Fisher project offered exciting opportunities for significant discovery, the Company needed further time to process, interpret and then target the data generated by the aggressive 3D seismic survey, completed there at the end of 2023.

Accordingly, your Board decided to curtail nickel exploration for the foreseeable future, commit to low-cost, near surface gold exploration near Foster and regrettably, execute a series of redundancies to reduce the workforce broadly by half at site, with associated reductions in administration and support in the West Perth office. Naturally the opportunity in the future for the Company to progress the exciting Long South Gap potential, and its other nickel exploration prospects, remains.

In the interim, however, the Company did maintain its news flow, and early results from the new gold exploration program are very promising. The objective of this program is focused, modest but most importantly requisite and achievable – the identification and delineation of near-surface gold opportunities able to be brought to account quickly. The gold price in Australian dollar terms is extremely attractive and our tenure at Kambalda benefits from being on already granted mining licences, close to plentiful existing infrastructure and utilities and just as significantly, proximal to an under capacity gold processing plant owned and operated within just a few kilometres of our drill rigs, at the Gold Fields Ltd Lefroy Gold Plant.

Quietly, and in parallel, low-cost de-risking activities continued for the nickel assets at Foster and Baker. The future Baker mine has received approval from the Western Australian Department of Energy, Mines, Industry Regulation and Safety, meaning it can commence at a time of the Company’s choosing, when conditions improve with respect to nickel market sentiment. The Preliminary Feasibility Study to couple Baker with nearby Foster is also close to completion, only delayed by external factors relating to BHP Group Ltd’s Nickel West division future, now recently clarified, allowing the Company to confidently move forward buoyed by the knowledge that Kambalda’s nickel sulphide deposits have been resilient due to their high-grade and, just like the town of Kambalda itself, stood the test of time over 58 years of near continuous operation.

So, 2023-2024 ends with the Company’s nickel Mineral Resource having continued to grow, now sitting at 4.2 million tonnes @ 2.7% Ni for 113,600 contained nickel tonnes, up by over 74,000 tonnes of nickel metal since our listing in 2021, nearly tripled in size. Other notable milestones include over 87 kilometres of drilling completed since listing, meaning on average, each drill metre has discovered 0.85 tonne of nickel metal, a remarkable achievement and testament to Kambalda’s amazing endowment!

To close I want to thank our Managing director Edmund Ainscough, CFO Hayden Bartrop and the Lunnon Metals team for their remarkable resilience in the toughest year of the Company’s 10 years as either a private or publicly listed entity. Edmund demonstrated that much needed resilience to lead your Company in this most challenging of years, always (mostly) with a smile on his face, ever optimistic and based on his long personal history at Kambalda-St Ives, always quietly confident that the good times will just be around the corner.

The support of our major shareholder, Gold Fields / St Ives is always appreciated and never taken for granted. Hopefully in the coming period, we can add a new gold operating relationship to our long history of successful collaboration and cooperation between the two companies.

I would also like to thank my fellow directors for their work during the year and close by highlighting that like Indonesia is now, Ian Junk has been a powerhouse in the Australian nickel space for the best part of 25 years or more. Ian recently retired as director of the Company in July 2024, after 11 years. He will be sorely missed, but no doubt watching his beloved Kambalda (and Lunnon Metals) keenly from the side lines.

Liam Twigger
Non-Executive Chairman
Lunnon Metals Limited

Our Purpose & Values

BRINGING THE BEST OF KAMBALDA **TO THE CLEAN ENERGY TRANSITION**

Our Purpose

Our purpose is to be successful together. Success to us means to grow the portfolio of nickel and gold metal under ownership in sufficient quantity to enable the Company to be a key player in the Kambalda district and help drive the resurgence of the nickel sector in Western Australia – benefiting our employees, shareholders, the community we work in and the environment around us.

Our Values

People are at the centre of everything we do	we realise that our people are our business and through creating a culture of diversity, positivity and developing dedicated employees with the desire to succeed, we will stand out and rise above our competitors; an organisation who everybody is proud to work for and other companies are proud to work with us.
We care	we have a vision of a safe and incident free workplace built on the success of a system governing our safety, wellbeing, training and management, created by us for us and our people. We strive to cause no unnecessary harm to the environment, seeking to do less harm and more good. We aim to make a difference in the communities where we work and live. We care about our integrity, always acting lawfully and ethically.
Act like an Owner	to be successful over the long term, it takes an entire work force who feels responsible, acts with empowerment and accountability, and is fully invested and aligned in our Purpose. If Lunnon Metals succeeds, we all exceed.
We Commit	we will commit in all that we do, work will be conducted with urgency and there will be no effort that is too great as we strive to achieve our Purpose.

Our Strategy

The Company aims to "Bring the best of Kambalda to the Clean Energy Transition". To us, that means to grow the portfolio of nickel and gold metal under ownership in sufficient quantity to enable the Company to be a key player in the Kambalda/St Ives district and help drive the resurgence of the nickel sector in Western Australia – benefiting our employees, shareholders, the community we work in and the environment around us through the clean energy transition.

The Company's strategy to deliver this is made up of three strategic imperatives:

1. **Define our Pathway** – being ready to make investment decisions by understanding our Mineral Resource assets, nickel or gold, and de-risking the foundation for future success
2. **Understand our Potential** – building upon our discovery success at Baker by defining the next generation of nickel and gold deposits from the exploration portfolio
3. **Secure our Future** – ensure sufficient capital to fund strategy and operations and thus maintain optionality for changes in nickel price and sentiment, while maximising exposure to the record gold price environment.

The Company plans to deliver on the three strategic imperatives over the short, medium and longer term as follows:

Table 1: Strategic Growth Plan

"BRINGING THE BEST OF KAMBALDA TO THE CLEAN ENERGY TRANSITION"			
Strategic Imperatives	**Define our Pathway**	**Understand our Potential**	**Secure our Future**
Near Term Targets (0 to 2 years)	Define a pathway to production for priority development assets De-risking priority development (near surface gold; Ore Reserves at Baker and Foster / Permits in place for Baker and Foster to enable Financial Investment Decision)	Understand the full potential within our exploration portfolio Discover new deposits – nickel and gold	Ensure sufficient capital to fund strategy and operations, including monetising near surface and low cost gold deposits Create a culture to attract/ retain the right people to support future growth
Medium Term Targets (2 to 5 years)	Nickel Production at Baker and Foster, exploit Gold from open pits	Increase Mineral Resources	Safely deliver production and growth
Long Term Targets (> 5 years)	Sustainable production pipeline (5 year Life of Mine)	Identify further opportunities to grow through organic and inorganic means	Enhance our ESG capability and capacity, so that we move towards our goal in a disciplined and safe manner Maximise long term returns to enhance our business

Operations Review

Operational Highlights FY24

Cash Preservation
significant drop in monthly spend
Workforce reduced

Exploration
drill holes / metres drilled
142 holes / 26.2km drilled

Mineral Resources
added 1.32Mt @ 2.0% Ni for 25,800t[3] of nickel metal

Workforce Diversity
maintained 33% overall female workforce incl 40% female executive positions

Discovery
$2.2 million commitment to greenfields, new mine discovery program at Long South Gap

Safety
LTIFR 0.0
TRIFR 0.0

[3] See the Mineral Resource and Ore Reserve tables on page 46 for a breakdown by resource classification and deposit

Kambalda Nickel Project

Location

The Kambalda Nickel Project (**KNP**) (shown in **Figure 1**) features approximately 47km^2 of tenements in the Kambalda Nickel District. KNP is located approximately 570km east of Perth and 50-70km south-southeast of Kalgoorlie, in the Eastern Goldfields of Western Australia. KNP comprises two project areas, Foster and Baker (**FBA**) (19 contiguous mining leases) and Silver Lake and Fisher (**SLF**) (20 contiguous mining leases).

The world-renowned Kambalda Nickel District has produced in excess of 1.4 million tonnes of nickel metal since its discovery in 1966 by WMC Resources Ltd (**WMC**).

The parallel Widgiemooltha belt has also produced over 0.2 million tonnes of nickel metal. In addition, over 15 million ounces of gold in total has been mined, making the Kambalda/St Ives district a globally significant gold camp in its own right.

The KNP is assessed via public roads, well-established mine road infrastructure and the main St Ives causeway over Lake Lefroy. The KNP is broadly surrounded by tenements held by St Ives Gold Mining Co. Pty Ltd (**St Ives**), a wholly owned subsidiary of Gold Fields Limited (**Gold Fields** JSE:GFI) and the Company's major shareholder.

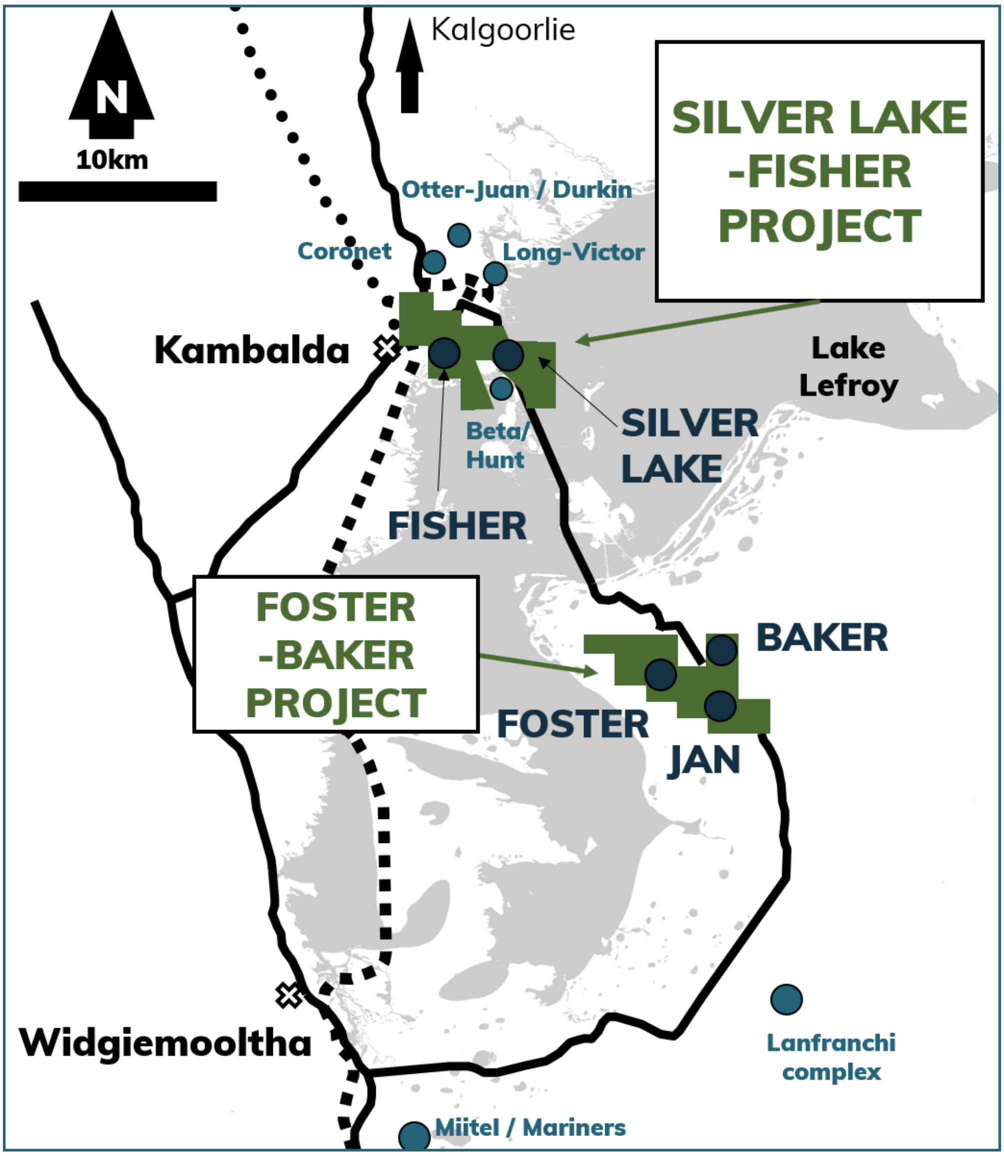


Figure 1: Regional Location of the Kambalda Nickel Project

Overview of Drilling Program

For the year ended 30 June 2024 (**Reporting Period**), a total of approximately 26,200m was drilled, comprising approximately 12,200m of Reverse Circulation (**RC**) in 105 drill holes and 14,000m of diamond drilling (**DD**) in 37 drill holes. In addition, almost 9,000m of historical core was accessed and reprocessed as part of the Company's Historical Core Program (HCP). A total of 100 holes previously drilled by either WMC Resources or Gold Fields Ltd were re-cut in support of the discovery effort at nickel and gold projects, both at the FBA and SLF.

For the first half of the Reporting Period, drilling included:

- in-fill drilling at Baker, focusing on the up-dip portions of the deposit for extensions and de-risking early planned operations;
- in-fill drilling at East Trough, focusing on the declaration of an initial Mineral Resource;
- in-fill drilling of the Silver Lake Hanging Wall, focusing on the declaration of an initial Mineral Resource on the 25H surface;
- drilling at Foster South for metallurgical test work and extensions to the deposit;
- exploration drilling of the gap between the main Foster mine and Foster South; and
- exploration drilling at the Long South Gap to test the 2D seismic survey target.

Early in calendar year 2024, the Company reviewed its nickel exploration program and budget following the significant decrease in the nickel price, and investor sentiment for nickel. The review confirmed that little, if any, further surface exploration drilling was required at either Baker or Foster due to the significant previous exploration activities. While the highly prospective Long South Gap target (part of the Silver Lake-Fisher Project area) offered exciting opportunities for significant discovery, the Company paused drilling until it had completed the analysis, interpretation and targeting of the 3D seismic survey completed in the December 2023 quarter.

Accordingly, the Board made the decision to curtail nickel exploration for the immediate future and commit to low cost, near surface gold exploration near Foster. The objective of the gold exploration was to identify and delineate modest and low cost near surface opportunities that could be monetised quickly through Gold Fields' Lefroy mill or other nearby gold processing facilities. The Company targeted three main prospects, being Lady Herial, Plentiful and Hustler. The early results from the new gold exploration program are very promising.

Commodity	Diamond Drilling		RC Drilling	
	Holes	Metres	Holes	Metres
Nickel	30	12,142	66	7,642
Gold	7	1,858	39	4,523

Foster Baker Area

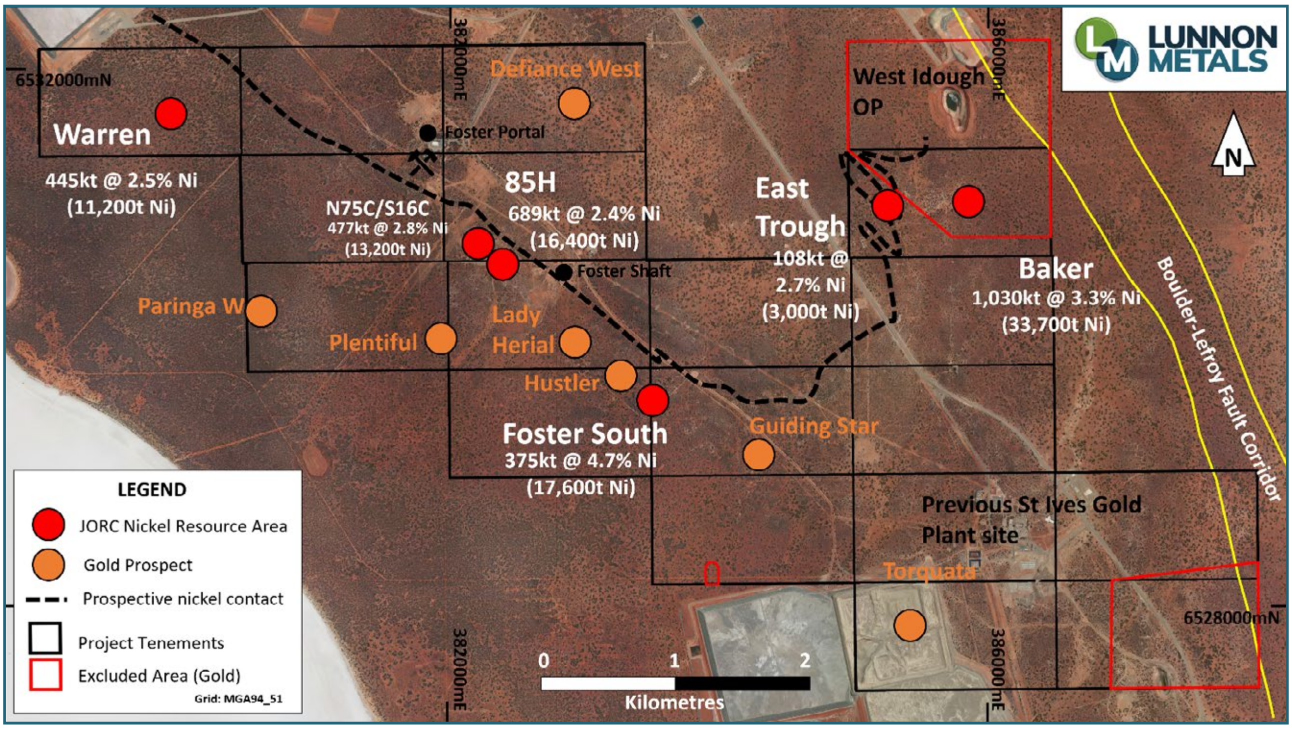


Figure 2: Plan of the Foster-Baker area showing location of Baker and the other deposits with the Company's Mineral Resource Estimate[6] for each area

Baker Deposit

Overview

The Baker Deposit was discovered by Lunnon Metals in January 2022. Baker is believed to be the first nickel discovery reported into Mineral Resource in the immediate Kambalda nickel camp since Moran (Independence Group, now IGO Ltd) in 2008. The area in which it is hosted, termed East Cooee, had been drilled historically by WMC. However, despite a broadly spaced grid of diamond drilling, WMC did not progress the identified nickel mineralisation at the base of the second flow unit of the hanging wall Kambalda Komatiite. Accordingly, there has been no historical production from the area.

An initial Mineral Resource Estimate (**MRE**) for the Baker Shoot was reported to the market on 14 June 2022 and an updated Baker MRE was announced on 7 December 2022. An initial Ore Reserve was declared on 22 May 2023, following the publication of a Preliminary Feasibility Study (**PFS**) for the Baker Project. The PFS confirmed that the Baker Project is a commercially robust high-grade nickel sulphide orebody (2.86% Ni Ore Reserve grade), with a modest pre-production capital cost ($18.6 million), located in a Tier 1 jurisdiction in the heart of Kambalda, Western Australia. The PFS also confirmed that Baker will produce a premium nickel concentrate, the results of which now enable detailed offtake discussions for the Project. The PFS leaves significant future upside potential, with a forecast depth of mining of less than 200m below surface and the deposit remaining open down plunge below that (**Figure 3**).

The Inferred Resource presents an opportunity for select infill drilling to grow the Indicated Resource in the future. Despite the Baker deposit being still open down plunge to the south east beyond the limits of the Inferred Resource, Baker's down plunge potential is more accurately and efficiently targeted in a future underground development scenario, should it proceed.

[6] See the Mineral Resource and Ore Reserve tables on page 46 for a breakdown by resource classification and deposit

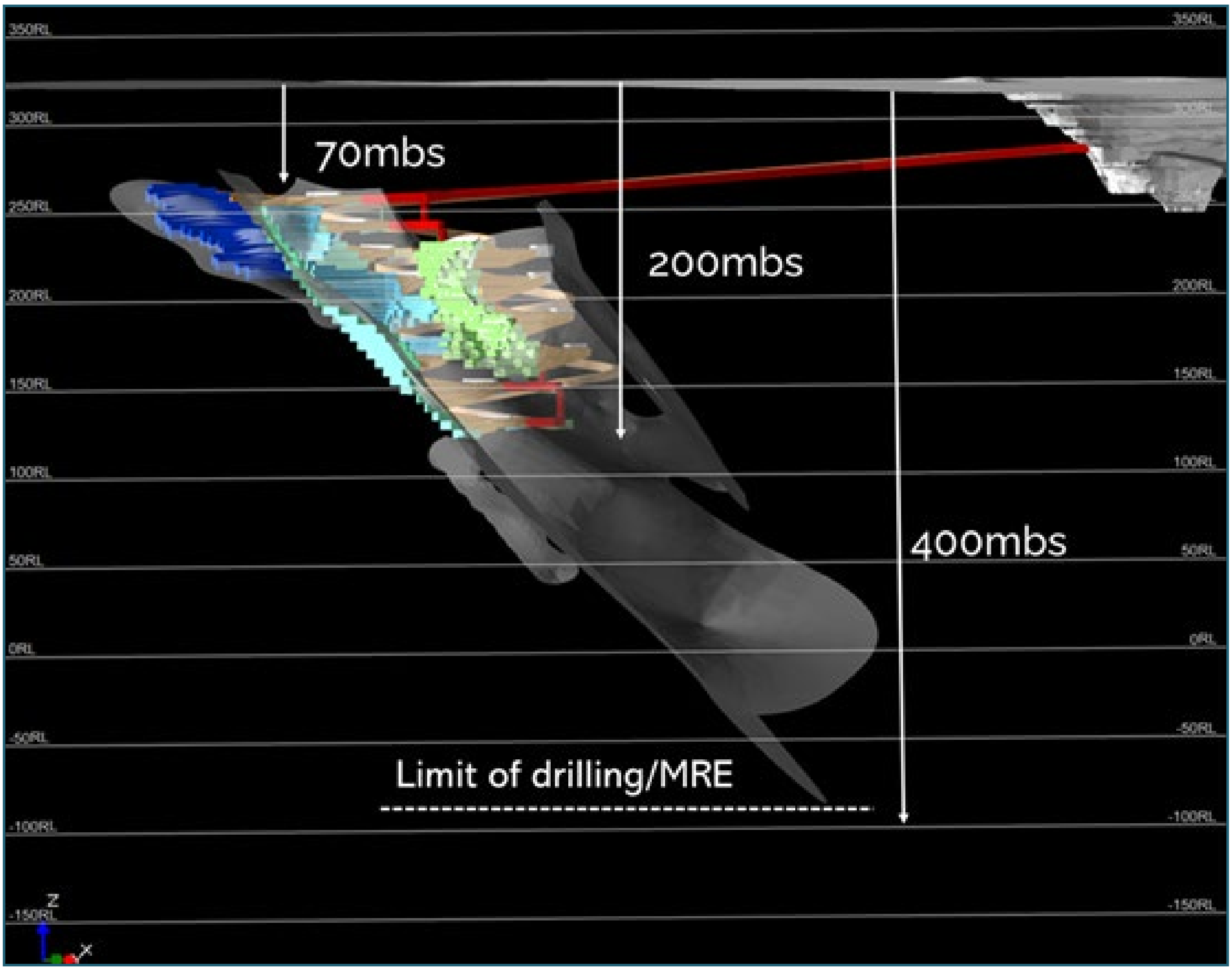


Figure 3: Isometric view of conceptual mine design for potential future Baker underground mine accessed from adjacent historical West Idough gold open pit (view looking north illustrating approximate depth below surface in metres - "mbs")

Infill and Extensional Drilling Program

Exploration activity during the Reporting Period at Baker area was focussed on:

- a DD and RC program designed to infill the drill spacing in the up-dip portions of the Indicated Resource component of the Baker MRE, delivering a reduction in the drill spacing from a broad 40m to 30m x 20m spacing, to a regular 20m x 20m spacing across the Indicated Resource, dropping to 10m x 20m in some areas of complexity;
- testing for possible extensions up-dip and to the north of the deposit; and
- more accurately defining the oxide-transition-fresh rock boundaries.

Drilling for FY2024 totalled 5,370m of RC and 706m of DD in 58 holes, meaning that over 26km has now been drilled at Baker to discover, delineate and de-risk this high-grade nickel sulphide deposit.

Updated Mineral Resource

An updated Baker MRE was announced on 11 June 2024, with the Baker MRE now **1,030,000 tonnes at 3.3% Ni for 33,700 contained nickel tonnes**, comprising:

- 110,000 tonnes @ 3.4% Ni for 3,700 nickel tonnes in a **first-time Measured Resource**;
- 622,000 tonnes @ 3.7% Ni for 22,900 nickel tonnes in Indicated Resource; and
- 298,000 tonnes @ 2.4% Ni for 7,100 nickel tonnes in Inferred Resource.

The update followed over 6.7km of additional drilling completed since the December 2022 Baker MRE, with the extra drilling including both RC and DD programs completed in three main campaigns commencing December 2022, October 2023, and February 2024. Approximately 55% of the current Baker Probable Ore Reserve was covered by the infill drilling program.

The updated Baker MRE de-risked the deposit, particularly the shallower near-surface portions that would be accessed and mined first in any future development, as well as delivering an increase of 11% in tonnes and 9% in contained nickel metal.

The increase in potentially mineable nickel metal from the June 2024 MRE update, along with local positional changes resulting from the re-interpretation, warranted an iteration of the Baker mine design, with a particular focus on accessing the additional Mineral Resource identified in the new MRE.

Mining Proposal

As part of the ongoing de-risking of the path to production at Baker, the Company submitted a Mining Proposal in the December 2023 quarter to the Western Australian Department of Energy, Mines, Industry Regulation and Safety (**DEMIRS**). The Mining Proposal was approved in May 2024[7], enabling the Company to mine the Baker deposit from underground (with decline access from the West Idough Open Pit) and transport the ore offsite to a third-party concentrator.

There are no further compulsory permitting requirements for the development of Baker, noting that the Company continues to seek a Mining Rights Agreement with the Ngadju Native Title Aboriginal Corporation[8].

Baker and Foster Pre-Feasibility Study

Work continued on the combined Baker and Foster PFS, which involves economic and technical studies to investigate the potential to mine the available Foster MRE and assess the benefits and potential improvements to the Baker PFS[9] of operating both Baker and Foster together.

The combined Baker and Foster PFS will use a nickel price closer to the current three-year lows, and also model the impact of higher nickel prices for comparative purposes. The updated PFS will enable the Company to have a better view of the KNP's nickel production potential and thereby better position the Company to continue evaluating its processing alternatives, which include potential ore tolling partners.

[7] Refer to ASX Announcement dated 13 May 2024.

[8] The Baker Mining Leases were granted before Ngadju's native title rights were claimed or determined, meaning the right to negotiate process for the grant of a Mining Lease does not apply. However, any new tenure would require the Company to negotiate with the Ngadju. At present, the Company does not have any plans for any additional tenure, with all proposed infrastructure located on granted Mining Leases or the Company having access agreements to construct infrastructure on granted Mining Lease or Miscellaneous Licences owned by third parties.

[9] Refer to ASX Announcement dated 22 May 2023.

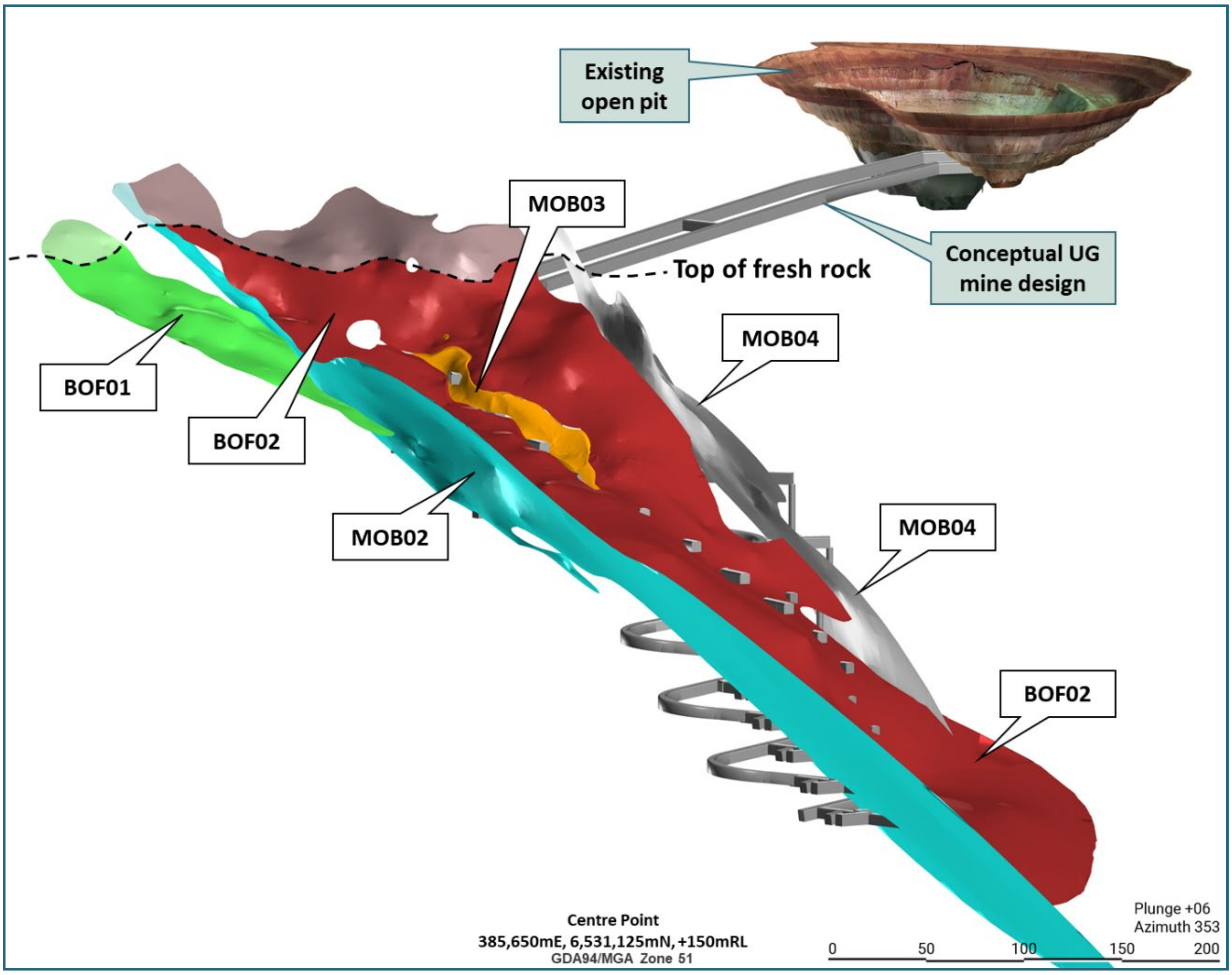


Figure 4: Isometric view (looking north) of the Baker deposit, the geological sub-domains, the top of fresh rock boundary and May 2023 mine design accessing the deposit from the nearby West Idough gold open pit.

East Trough

The East Trough prospect, located just 300m to 450m to the south-west of the Baker deposit, had its first significant nickel intercept of **2m @ 5.07% Ni in drill hole ECO21RC_005** announced on 28 September 2021. This initial exploration program was surpassed by the subsequent discovery of Baker in December 2021. The focus for exploration activities in and around the Baker discovery shifted following the Baker December 2022 MRE to defining additional sources of nickel mineralisation in proximity to the potential Baker underground operation.

Following initial drilling campaigns in FY2023 (refer to announcements 19 April 2023 and 4 July 2024), the Company announced an initial MRE for East Trough on 18 December 2023. The initial East Trough MRE was **108,000 tonnes at 2.7% nickel for 3,000 contained nickel tonnes**, all classified as Inferred Mineral Resource.

The grade of this initial MRE, its proximity to Baker (see **Figure 5**) and down-plunge potential makes East Trough a compelling opportunity that will likely enhance Baker's future economics.

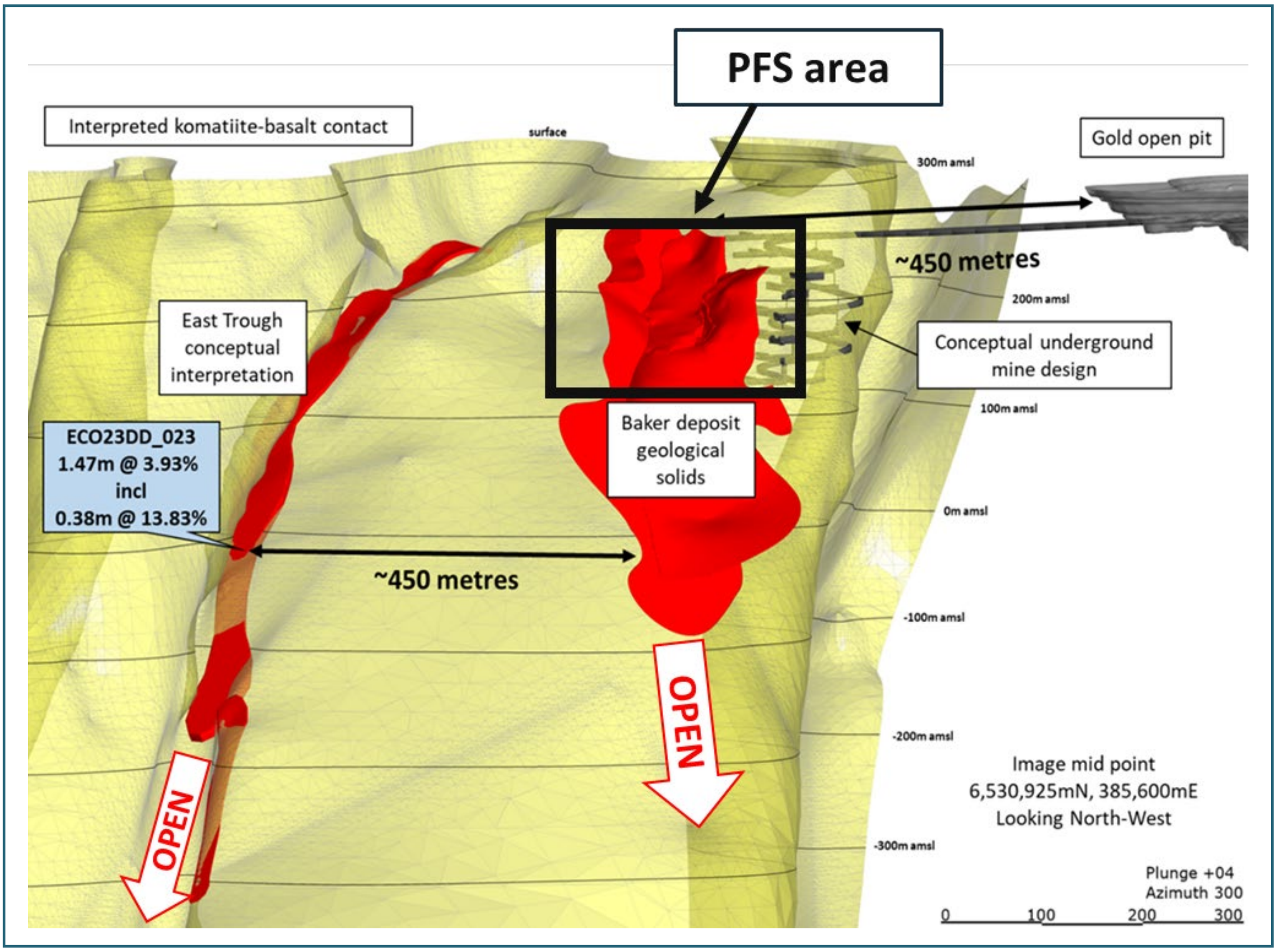


Figure 5: Isometric view of conceptual mine design for potential future Baker underground mine (view looking north) illustrating proximity of both the nearby West Idough open pit and the exciting potential on the East Trough prospect

Foster Nickel Mine

The Foster Nickel Mine operated between 1981 and 1994, delivering 2.37 million tonnes of ore grading 2.57% nickel for 61,129 tonnes of contained nickel metal[10]. The mine had over 9.5km of previous decline development, a decline portal and a shaft that reaches over 750m below surface. The portal was closed and rehabilitated in 1996 and the decline and mine has slowly refilled with groundwater inflow in the intervening period, to within approximately 20m of surface.

85H

The 85H surface is a major hangingwall ore surface associated with the base of the interpreted second main ultramafic flow at Foster. The 85H deposit is accessible off the historical Foster mine decline. It was partially developed on the historical 8, 9 and 10 Levels at Foster but essentially unmined.

Four surface DD holes were completed in FY2023 as part of the metallurgical program for the Baker and Foster PFS. The four surface DD holes were incorporated in an updated 85H MRE announced on 18 December 2023. The updated 85H MRE did not change materially, as the program was primarily aimed at collecting metallurgical samples. A minor decrease in nickel metal resulted from additional Specific Gravity (SG) data that refined the grade versus SG relationship for the modelled nickel sulphide mineralisation. The December 2023 85H MRE stands at **689,000 at 2.4% nickel for 16,400 contained nickel tonnes**, comprising:

- 395,000 tonnes at 3.2% nickel for 12,800 contained nickel tonnes in Indicated Mineral Resource; and
- 294,000 tonnes at 1.2% nickel for 3,600 contained nickel tonnes in Inferred Mineral Resource.

The updated MRE will be used in the Baker and Foster PFS.

Foster South

The Foster South trough is the most southerly deposit defined to date within the main Foster trough system. Foster South was never mined before Foster Nickel Mine closed, with the high grade massive sulphide deposit located just 300m metres beyond the end of the historical Foster decline.

On 13 May 2024, the Company reported an updated MRE for Foster South. The updated MRE followed the metallurgical DD program completed in late 2023, the assay results reported in ASX announcements dated 9 and 17 October 2023 and the metallurgical test work results on 8 December 2023.

The May 2024 Foster South MRE stands at **375,000 tonnes at 4.7% nickel for 17,600 contained nickel tonnes**, comprising:

- 264,000 tonnes at 4.7% nickel for 12,400 contained nickel tonnes in Indicated Mineral Resource; and
- 111,000 tonnes at 4.7% nickel for 5,200 contained nickel tonnes in Inferred Mineral Resource.

The updated MRE represents a 10% increase in tonnes and contained nickel metal and confirmed Foster South as a key high-grade component in any future Foster mine re-start. The updated MRE will be used in the Baker and Foster PFS.

Warren

Warren was accessed by an independent decline branching off the main Foster decline not far from the Foster portal. Limited underground development and stoping occurred before an uncontrolled water ingress required the area to be blocked off.

Since listing in June 2021, the Company has successfully targeted the prospective nickel contact between the very broad drill spacing left by WMC when the mine closed in 1994. An updated MRE for the Warren deposit was announced on 31 March 2023. The March 2023 Warren MRE stands at **445,000 tonnes at 2.5% nickel for 11,200 contained nickel tonnes**, comprising:

- 345,000 tonnes @ 2.6% Ni for 8,800 nickel tonnes in Indicated Resource; and
- 100,000 tonnes @ 2.4% Ni for 2,400 nickel tonnes in Inferred Resource.

No exploration work was completed at Warren during the Reporting Period. The Warren MRE will be used in the Baker and Foster PFS.

[10] Based on historical WMC ore production and delivery records.

N75C / S16C / N14C

The N75C is a flanking basal contact surface located up-dip from the main Foster nickel channel, and sits stratigraphically below the 85H hanging wall mineralised surface. The S16C/N14C mineralisation is part of a flanking position that extends up-dip from the main Foster nickel channel. The S16C/N14C surface is on the footwall side of a late intermediate dyke which splits this surface from the N75C mineralised surface.

The N75C, S16C and N14C surfaces were mined during the operational life of the Foster mine.

The current MRE for S16C and N14C surfaces stands at **64,000 tonnes at 5.7% nickel for 3,700 contained nickel tonnes**. The current MRE for 75C stands at **413,000 tonnes at 2.3% nickel for 9,500 contained nickel tonnes**[11].

No exploration work was completed at N75C, S16C or N14C during the Reporting Period. The N75C, S16C and N14C will not be included in the Baker and Foster PFS. Once access to Foster is reinstated, these positions will be targeted with the aim to improve the confidence level of the MRE and convert these into Ore Reserves.

40, 50 and 60 Surfaces

The 40, 50 and 60 surfaces are located to the south of the Foster shaft. In the Reporting Period, as part of the Company's HCP, the Company accessed, re-logged, re-cut and assayed historical underground DD holes completed by WMC when the mine was operational. The Company reported significant mineralisation, including:

Significant mineralisation recorded includes (>1.0% Ni cut-off or >0.5% Ni if labelled ^, depth is metres downhole):

- **FOS13-91:**
  3.83m @ 2.67% Ni, 0.09% Cu and 0.08% Co (from 51.17m)^
- **FOS13-94:**
  4.40m @ 2.66% Ni, 0.23% Cu and 0.08% Co (from 35.60m)^
- **FOS15-133:**
  14.10m @ 2.18% Ni, 0.19% Cu and 0.04% Co (from 6.90m)
- **FOS15-175:**
  3.15m @ 2.57% Ni, 0.32% Cu and 0.07% Co (from 13.90m)^
- **FOS15-176:**
  8.50m @ 2.33% Ni, 0.08% Cu and 0.09% Co (from 26.00m)^

Technical work is progressing seeking to estimate and report a first-time MRE for this area.

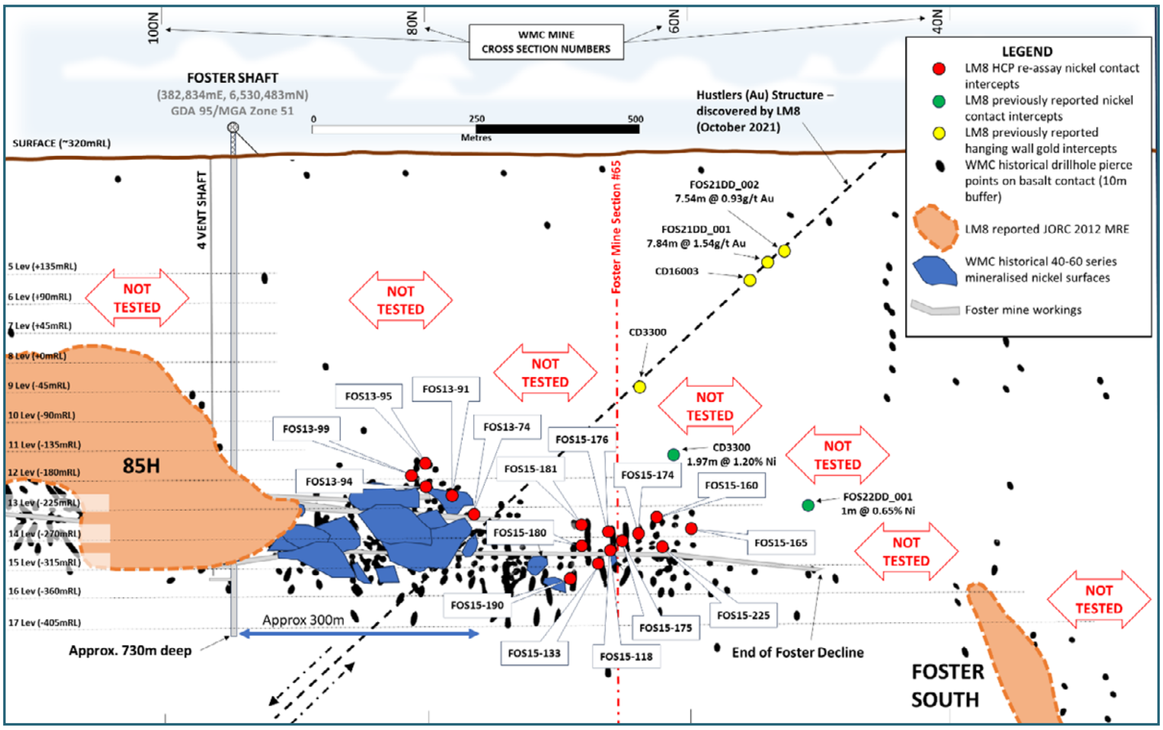


Figure 6: Long projection view of the southern end of the Foster nickel mine illustrating location of Lunnon Metals' 85H and Foster South nickel MRE areas adjacent to historical WMC mineralised areas (blue), Foster Shaft and decline and previous Company surface DD completed in 2021/2022 (view looking towards 045°, north-west to left of image).

[11] See the Mineral Resource and Ore Reserve tables on page 46 for a breakdown by resource classification and deposit

Foster Metallurgical Testwork

The Company continued its metallurgical testing of the 85H, Warren and Foster South deposits[12], which also doubled as a validation check on the MRE's for those deposits . The metallurgical testwork aligned with the available documentation of the historical performance of the Foster mine during its operational life (see table below and **Figure 7**).

The metallurgical testwork also highlighted that the Foster mine deposits deliver high nickel recoveries whilst producing a very clean, high grade concentrate that is low in contaminates and high in saleable nickel, copper and cobalt.

Foster – test work results	85H	Warren	Foster South
Head grade (% Ni)	3.70	3.51	4.11
Recovery (% Ni)	88.9	85.2	91.4
Concentrate grade (% Ni)	11.9	12.3	15.1
Concentrate grade (% Cu)	0.95	1.45	1.12
Concentrate grade (% Co)	0.26	0.29	0.34
Concentrate grade (g/t Pd)	1.60	4.82	2.28
Concentrate grade (g/t Pt)	0.35	1.70	0.62
Fe:MgO ratio (n:1 in concentrate)	11.1	26.0	18.3
As (ppm) (in concentrate)	81	261	107

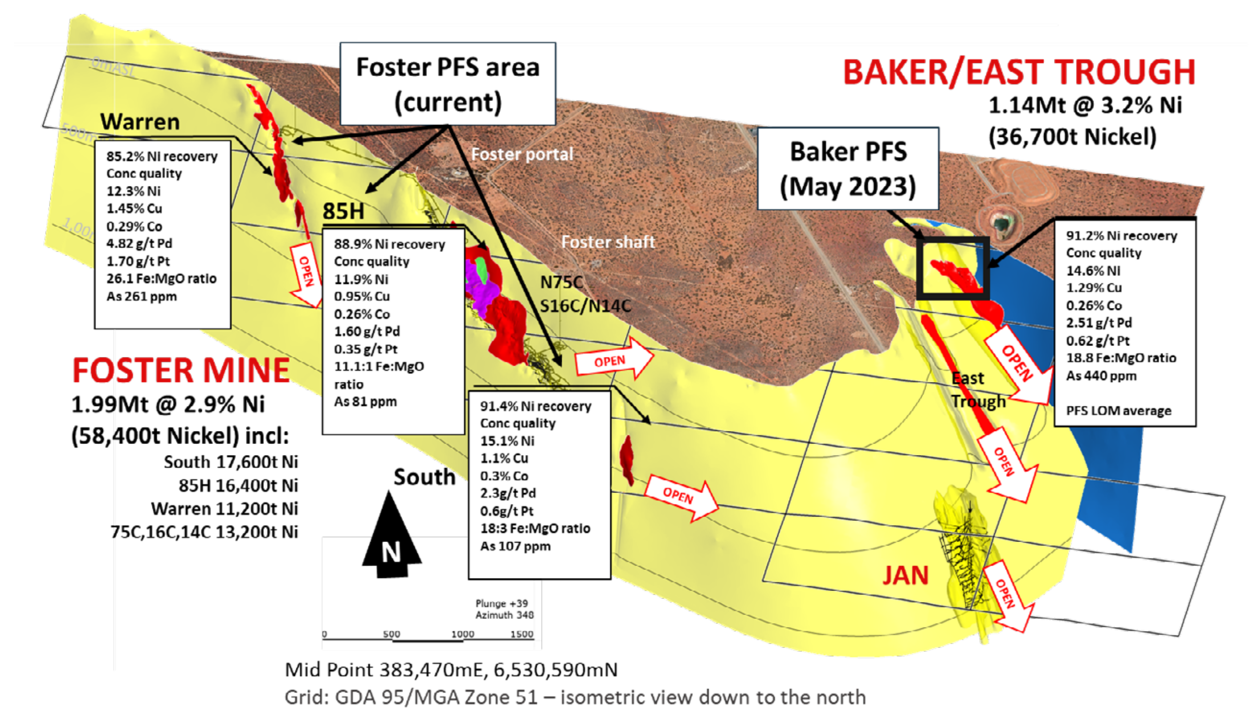


Figure 7: Isometric view of the Foster-Baker area illustrating summary Mineral Resource estimates[13] for each deposit and metallurgical testwork completed (view looking towards 045°, north-west to left of image).

[12] Refer to ASX Announcements dated 1 August 2023, 9 October 2023, 8 December 2023

[13] See the Mineral Resource and Ore Reserve tables on page 46 for a breakdown by resource classification and deposit

Foster Mine Permitting

A Mining Proposal for the Foster Mine was submitted in May 2024. The Mining Proposal is a limited purpose Mining Proposal, seeking to dewater the mine and rehabilitate the decline, the long lead activities required to re-access for future mining. Following the end of FY2024, the Mining Proposal was approved by DEMIRS. The Company intends to submit a full Mining Proposal for the Foster Mine following the completion of the Baker and Foster PFS. **Figure 8** below illustrates the mine design for the Warren, 85H and Foster South deposits (orange solids) adjacent to the historical Foster decline and workings (grey solids).

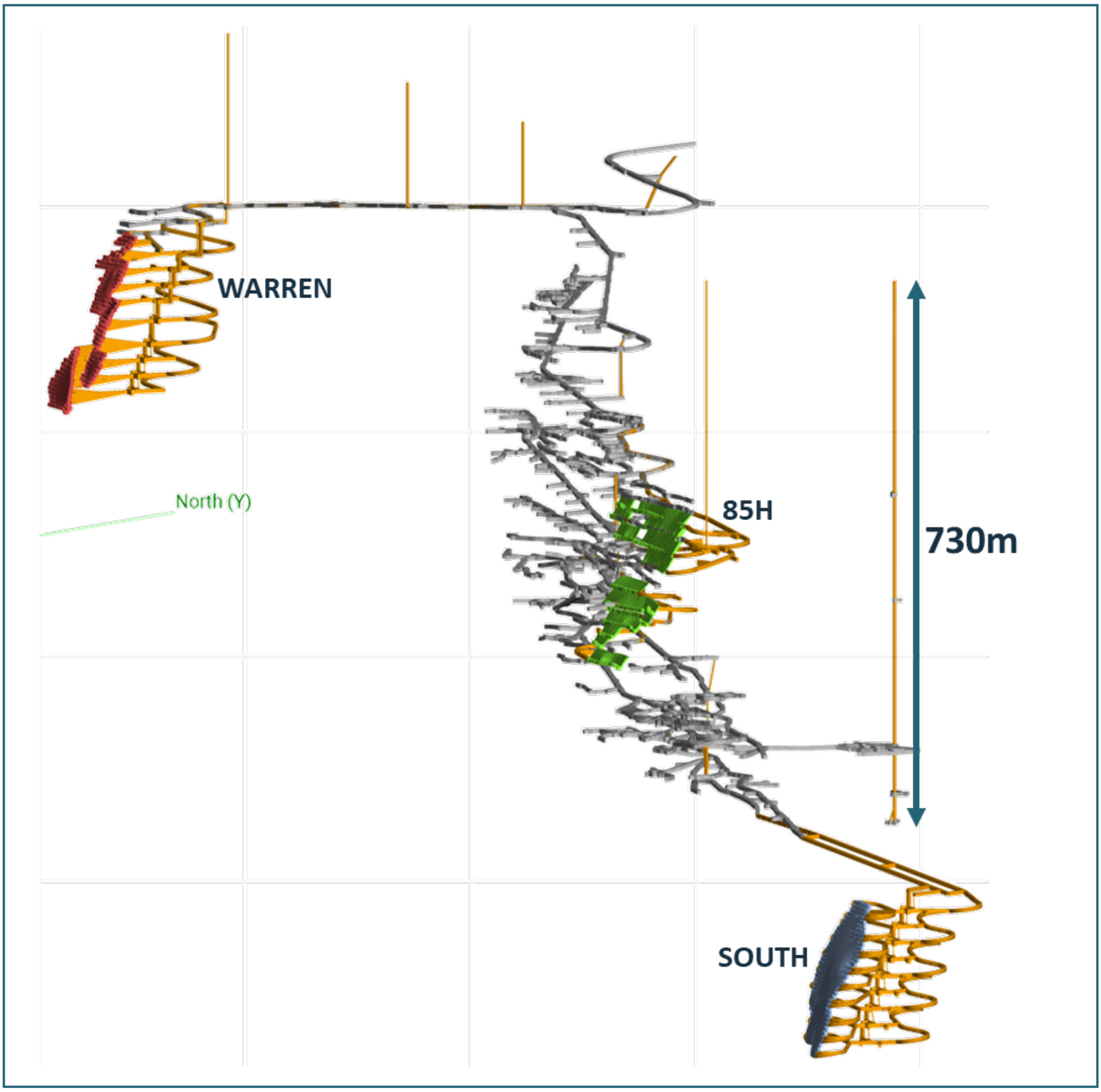


Figure 8: Isometric view of the Foster mine looking north-west illustrating the mine design (orange) relating to the three main deposit areas, Warren, 85H and Foster South adjacent to the historical decline and workings (grey).

GOLD DISCOVERY PROGRAM AT FBA

Background

The FBA area has benefited from extensive prior geophysical surveys, which has allowed the Company to complete a detailed analysis of the litho-structural framework that plays host to both the nickel and the gold mineralisation. At the time of its Initial Public Offering (**IPO**), Lunnon Metals believed that this was the first time in the project's history that both the nickel and gold data had been synthesised together with the objective of developing a single coherent model for both metals that honoured all the available data.

This holistic view of the database, coupled with extensive direct personal experience of the Company's personnel on the project area and at St Ives more broadly, enabled the Company to identify new surficial gold anomalism in its exploration work during the period prior to IPO and to compile a portfolio of empirical and conceptual gold targets (see **Figure 9** below).

The discovery of the Baker nickel deposit shortly after listing understandably took the focus away from this gold potential. The Company holds all mineral rights over the FBA project, except gold in specific "Excluded Areas"[14] (shown as red polygons on **Figure 9**).

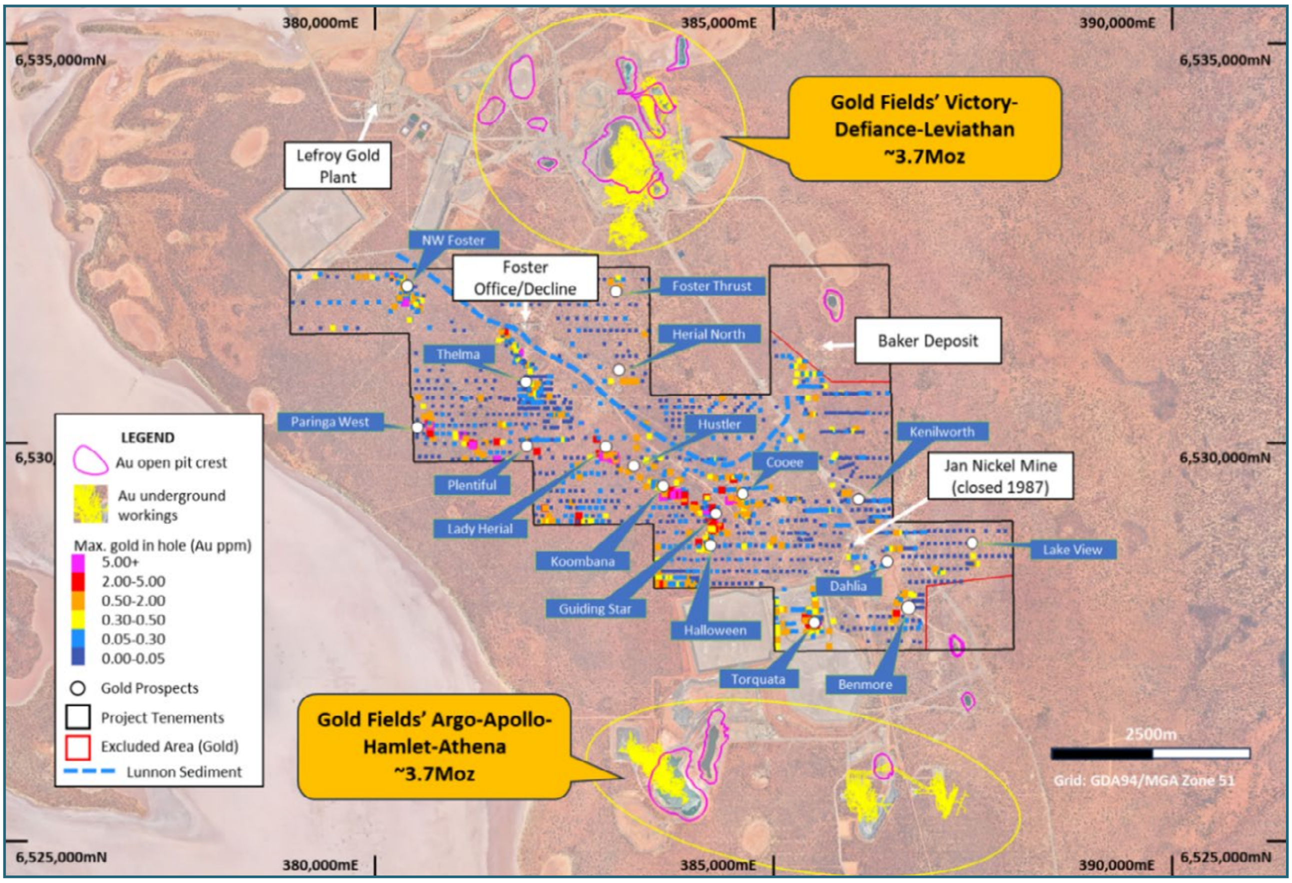


Figure 9: Plan view of Foster-Baker project area showing the Company's gold targets (blue callouts), maximum gold in hole anomalism in drilling over an air photo depicting key local infrastructure and past production on adjacent Gold Fields' leases (see footnote[15]).

[14] Refer to the Company's Solicitor Report attached to the Prospectus lodged on the ASX on 11 June 2021 for further details at Foster-Baker project. Gold Fields St Ives has a right of first refusal on any gold offtake. The Company does not hold the gold rights over the Silver Lake-Fisher project.

[15] "Ounces Mined by Mining Area": https://www.goldfields.com/pdf/investors/shareholder-information/transcripts/2014/australia-site-visits/st-ives-gold-mine.pdf (page 20).

Lady Herial

The Lady Herial gold prospect is hosted in the Defiance Dolerite, a known favourable host for gold in the immediate vicinity of FBA at the Victory-Defiance gold complex a few kilometres to the north. High-grade quartz veins were mined in the 1920s by prospectors (see **Figure 10**) with gold ore won from these workings treated at either the nearby historical State Battery or the privately owned Ives Reward battery, the sites of which are both located on what are now Lunnon Metals' leases.

Narrow but very high-grade gold mineralisation intersected in the current Lunnon Metals drilling is also hosted in quartz veins with low-modest grades also associated with biotite-sericite alteration zones around quartz veinlets, veins and shears in dolerite host rocks across broader intervals.

On 22 April 2024, the Company announced new, near surface, high-grade, quartz hosted gold mineralisation from DD and RC programs, including **0.60m @ 10.84g/t Au** and **1.80m @ 19.97g/t Au**. These results confirm historical production[16] grades and limited WMC Resources Ltd (**WMC**) and Gold Fields Ltd historical drilling such as **5.0m @ 46.2g/t Au**, **5.0m @ 11.46g/t Au** and 1**.0m @ 20.0g/t Au**.

Figure 10: Managing Director, Edmund Ainscough, at the Lady Herial 1920s shaft/workings.

Further assay results from Lady Herial were announced on 17 June 2024 with the additional drilling continuing to identify narrow-modest width, high-grade gold zones representative of a series of near surface, gently dipping quartz vein structures, associated with historical 1920s vintage workings.

Highlights included (> 1.0 g/t Au cut-off):

- 3.0m @ 14.80g/t Au (FOS24RC_018 from 15.0m)
- 1.0m @ 10.31g/t Au (FOS24RC_018 from 26.0m)
- 3.0m @ 5.99g/t Au (FOS24RC_015 from 14.0m)
- 5.0m @ 4.01g/t Au (FOS24RC_015 from 20.0m)

Re-assaying by PhotonAssayTM of a DD hole originally drilled by Lunnon Metals in 2021 (CD3300), also returned a significantly higher result in one interval and an overall higher result on the Lady Herial structure:

- 5.71m @ 1.45g/t Au (compared to 1.14g/t CD3300 from 117.09m) using >0.5g/t Au cut-off
- 1.42m @ 13.70g/t Au (compared to 1.41g/t CD3300 from 125.80m)

Based on preliminary interpretation and modelling, coupled with the results to date, Lady Herial is emerging as a near surface, high value gold prospect capable of being exploited in the short term. Further programs at Lady Herial are being considered with the aim of defining an initial Mineral Resource estimate in FY2025.

[16] 1920s era production from the historical Cooee-Ives Reward field (where Lady Herial is located) totalled 50kt ore @ 14.0g/t Au for 23.4koz: "List of Cancelled Gold Mining Leases (which have produced gold)": Western Australian Department of Mines & Petroleum, 1954.

Plentiful

The Plentiful gold prospect is associated with a strongly anomalous magnetic feature located approximately 1.0 km to the west of the Foster nickel mine (see **Figure 11**). Interpreted to represent a magnetite rich dolerite intrusion, analogous to the lithology that hosts gold to the immediate north at Victory-Defiance and to the south at Argo, limited previous bedrock drilling recorded widely spaced anomalous gold results including 4.0m @ 1.97g/t Au in RC hole CD15427. On 14 March 2024, the Company announced that RC and DD programs had confirmed the presence of gold and that the feature is indeed a magnetite rich, differentiated dolerite with well-developed granophyric zones, again, a key element to hosting gold in this part of the St Ives gold camp. Highlights included (> 1.0 g/t Au cut-off):

- **6.0m @ 3.02g/t Au** (PBS24RC_001 from 64m downhole)
- **2.0m @ 24.49g/t Au** (PBS24RC_003 from 82m downhole)
- **3.0m @ 4.78g/t Au** (PBS24RC_004 from 62m downhole)
- **2.20m @ 2.33g/t Au** and **0.4m @ 4.94g/t Au** (PBS24DD_002 from 86.4m and 91.1m)

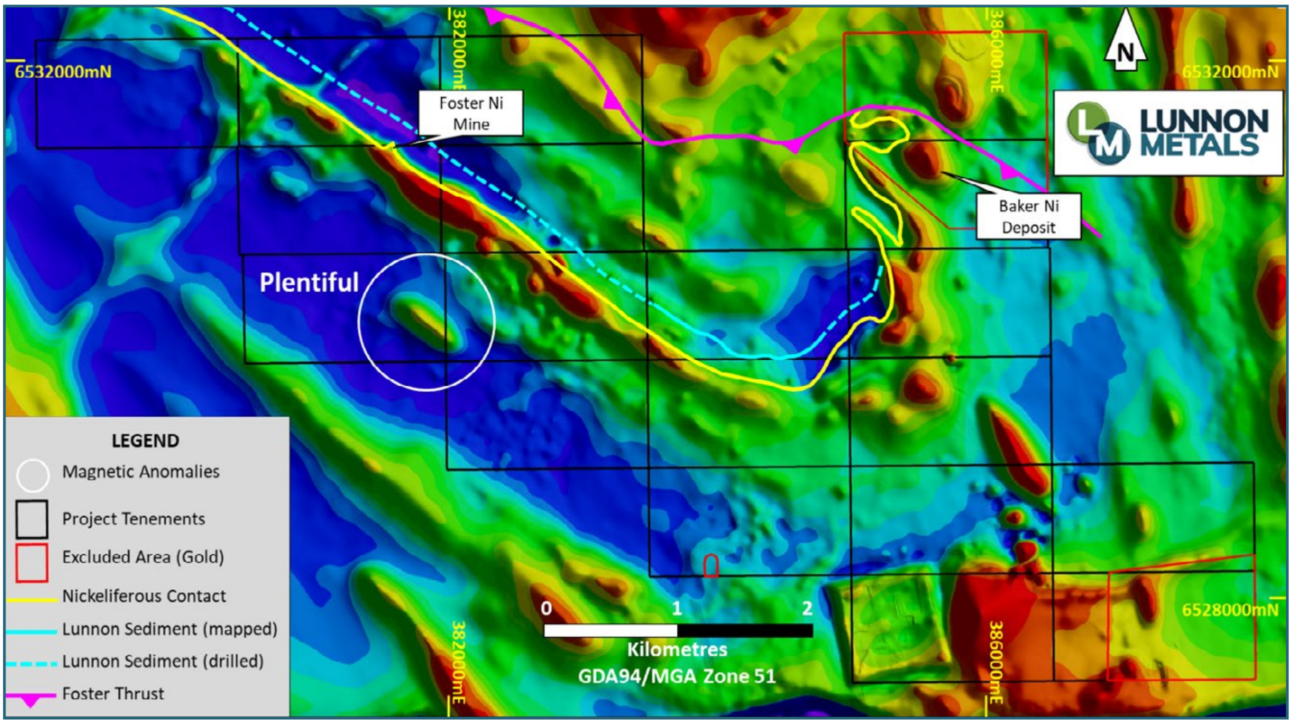


Figure 11: Air magnetic compilation (reduced to pole: north-east shade) highlighting the Plentiful conceptual target circled in white (previously published in June 2021 Prospectus) and the main nickel locations.

The results of follow up drilling were announced on 17 June 2024, representing an approximate 40m x 40m spaced RC drill pattern infilling the structure through up to surface across an approximate 160m of currently identified strike extent. All drill holes intersected Plentiful at the predicted depth. This highlighted the consistent strike and dip (30º to 270º) and the accuracy of the previous interpretation.

The more significant assay results also confirmed a consistent higher grade zone at the intersection of the structure and the favourable zone in the dolerite host rock but reduced its strike extent to approximately 50m. (**Figure 12** presents a plan view of the Plentiful structure and previous and current results).

The Plentiful structure now has a mineralised plunge extent of over 220m including a broad low grade, deeper intersection (11.80m @ 1.43g/t Au in PBS24DD_003 from 117.6m >0.5g/t, including 0.90m @ 5.72g/t Au at 117.6m), containing specks of visible gold and narrower high-grade intervals considered exciting with the potential to open up a new exploration search space at depth in an area previously untested.

However, in line with the Company's current strategy of pursuing prospects able to be brought to account quickly, whilst keeping a firm eye on bigger (i.e. potentially deeper) opportunities, Lady Herial follow up drilling will be prioritised over further work at Plentiful down dip in the short term.

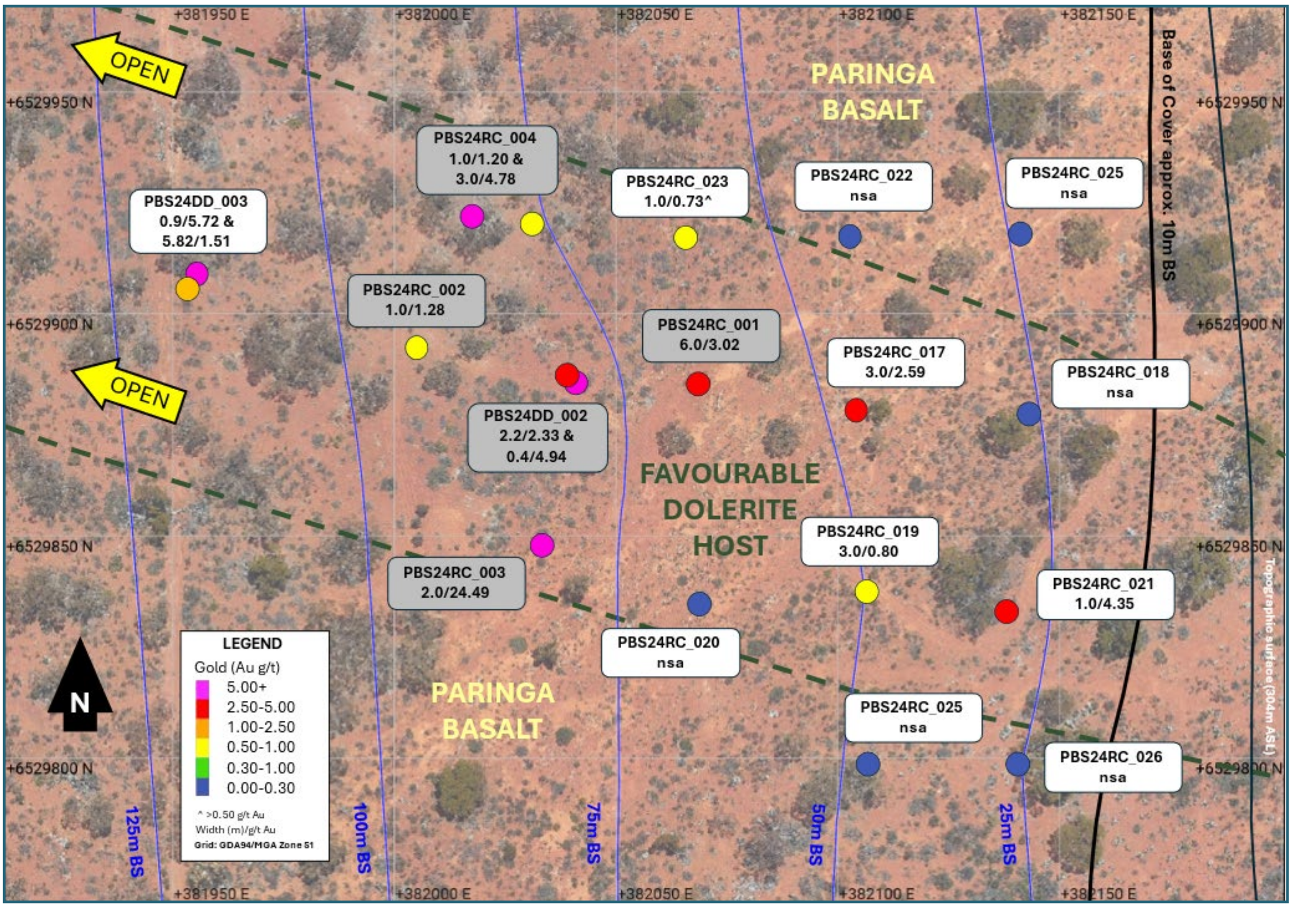


Figure 12: Plan view of the Plentiful prospect showing latest and previous drilling. (Assay results from 17 June 2024 shown in white, results from announcement dated 13 March 2024 shown in grey).

Hustler

Originally intersected by the Company in 2021 during nickel DD at the Foster mine, the Hustler structure was identified as being a potential cause for offset of some of the nickel shoots mined towards the end of production in the 1990s.

On 22 April 2024, the Company announced results of **4.31m @ 8.69g/t Au** including **1.05m @ 33.81g/t Au** and **3.60m @ 5.15g/t Au** including **2.30m @ 7.72g/t Au**. These results complement previously reported intersections on Hustler from 2021/22 which included 7.84m @ 1.5g/t Au and 7.54m @ 0.93g/t Au.

Other Gold Targets

Other DD campaigns by the Company completed during the Reporting Period also recorded significant gold hits on other structures, including Paringa West, such as 1.0m @ 2.05g/t Au, 1.0m @ 2.94g/t Au and 4.0m @ 2.01g/t Au[17].

[17] See ASX announcement dated 13 March 2024.

SILVER LAKE-FISHER (SLF) PROJECT

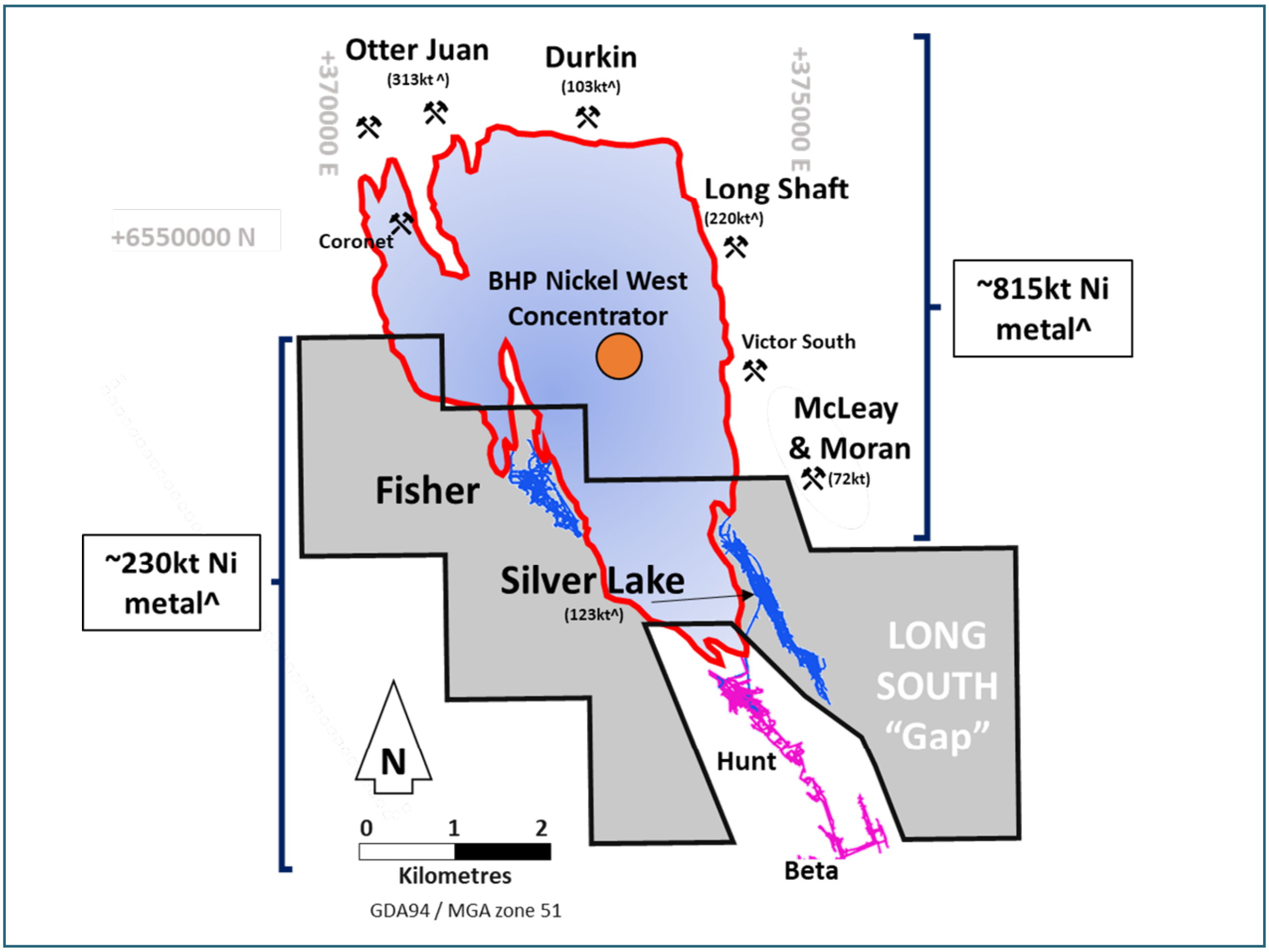


Figure 13: Plan view of the Silver Lake-Fisher area; ^ historical production from WMC records)

Silver Lake

The Silver Lake nickel mine was a shaft access mine, developed on the Lunnon Shoot, which was named after diamond driller Jack Lunnon who drilled the discovery hole, KD1, in 1966. The mine was operated by WMC continuously from 1966 until its closure in the 1986 financial year, producing 4.54 million tonnes of ore at 2.72% nickel for over 123,000 tonnes of contained nickel metal[18]. The Silver Lake mine and the nickel shoots it hosts are developed on the southeast flank of the Kambalda Dome, with the historical workings plunging approximately 2.5km to the south-southeast and extending over a vertical distance of at least 350m (from lake surface).

The 25H deposit is a major, laterally extensive, hanging wall ore surface associated with the base of the interpreted second main ultramafic flow at the Silver Lake mine. It is characterised as an extensive, very planar horizon of irregular low-high tenor variation within the mineralisation.

Partially developed on the historical 11 and 12 Levels at Silver Lake, but essentially unmined, the Company interprets this hangingwall mineralised deposit to extend down dip and plunge to the south south-east of the lowest level of the historical mine. The interaction of later gold-event related structures with the nickel mineralisation at the base of this second main ultramafic flow is interpreted to be a possible control of higher grade shoots within the 25H deposit.

[18] Based on historical WMC Resources Ltd records.

In the first half of the Reporting Period, the Company completed a DD program at 25H from a single waste-rock causeway and drill pad on the surface of Lake Lefroy. Initially, three 70m spaced drill lines were planned with approximately 30m spaced pierce points intended along those lines, where possible and warranted. The objective was to significantly improve on the approximate >100m x 100m average historical drill density with the aim of testing for the presence of potential high-grade shoots within the 25H prospect, as was recognised and subsequently achieved at the Company's Baker deposit.

The 25H first pass surface DD program concluded with six DD holes (four parents and two wedges) at an approximate hole spacing of between 30m and 60m over an initial focus area of approximately 150 x 100m. An additional four DD holes (three parents and one wedge) were drilled at broader spacing to assess areas of the 25H deposit outside of the initial 150 x 100m focus area. A further two wedge holes failed to reach target due to ground conditions.

On 4 December 2023, the Company reported a first-time MRE for the Silver Lake Hanging Wall (now termed the 25H deposit) totalling **824,000 tonnes at 1.7% nickel for 13,800 contained nickel tonnes**, comprising:

- 336,000 tonnes @ 1.6% Ni for 5,300 nickel tonnes in Indicated Mineral Resource; and
- 488,000 tonnes @ 1.7% Ni for 8,500 nickel tonnes in Inferred Mineral Resource.

The 25H MRE will form the basis of economic studies to investigate the potential to exploit the 25H deposit, as part of a future re-start and re-opening of the Silver Lake mine. That mine was accessed historically via the Silver Lake shaft, which has since been shut, decommissioned and back-filled. Accordingly, any future access to the mine will require a new, likely decline development to re-access the historical level workings. The most likely access point for such a portal and decline would be via the immediately adjacent Temeraire Gold open pit, as shown below in **Figure 14**.

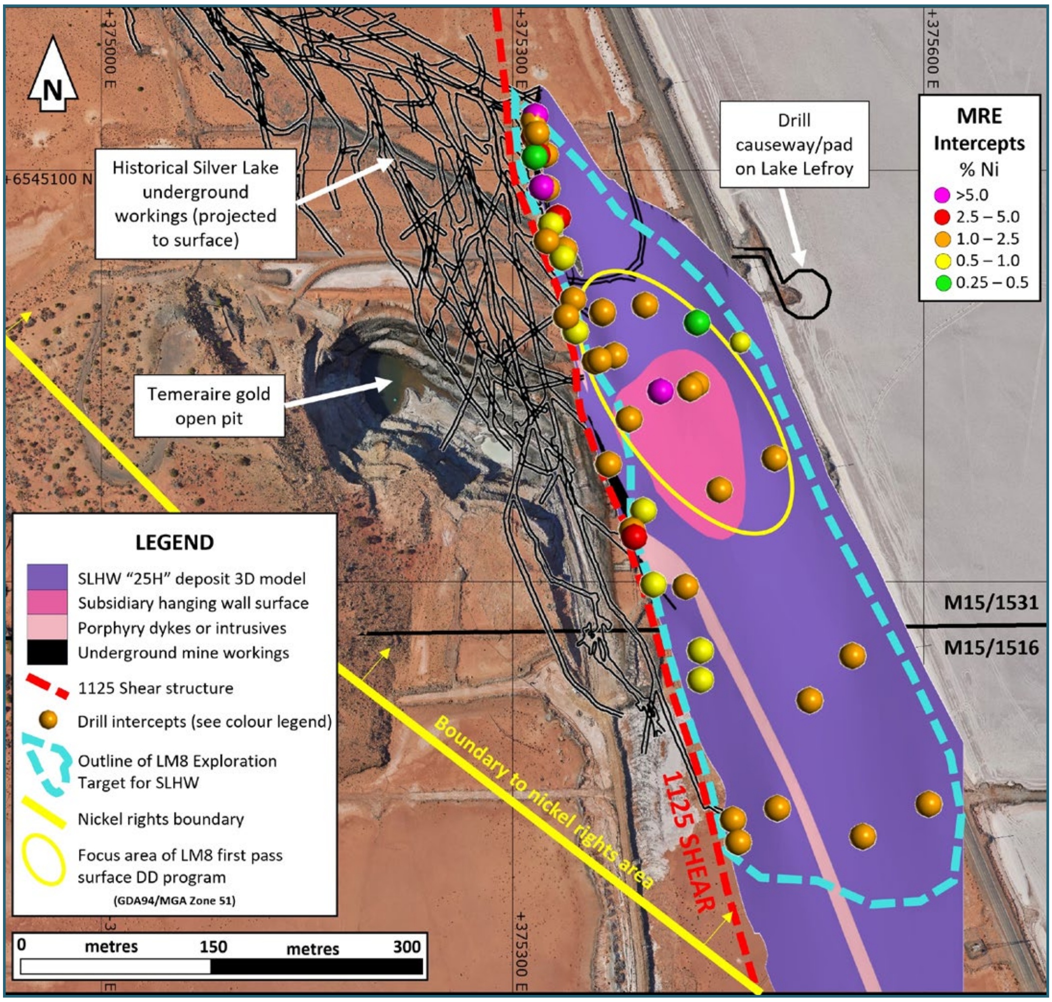


Figure 14: Plan view of the 25H prospect area showing historical Temeraire gold open pit located directly above the Silver Lake mine workings and adjacent to the 25H MRE.

Fisher

The Fisher deposit was discovered by WMC Resources Ltd in 1966 with DD hole KD4, just after the discovery hole at the Lunnon Shoot (Silver Lake Mine). A decline commenced in February 1971 and first production occurred in October 1971. Production totalled of 1.65Mt at 2.31% nickel for 38,070 tonnes of contained nickel metal[19]. The mine ceased production in 1988. Fisher closed with significant nickel mineralisation potential left unmined, which was poorly defined or not closed off.

The Fisher mine and the nickel shoots it hosts are developed on the southwest flank of the Kambalda Dome, with the historical workings plunging for approximately 1.1km to the south-southeast and extending over a vertical distance of at least 540m (from surface).

The Company's work program at Fisher has focused on applying its HCP to access, re-log, re-cut and then re-assay some of the 260km of historical WMC diamond core drilled in Silver Lake-Fisher project area during the 1960s, 1970s and 1980s. Areas of remnant nickel sulphide mineralisation remained at the time of mine closure and formed the basis of the initial ranking and high priority work by the Company to define a MRE.

On 15 January 2024, the Company reported a first-time MRE for the F Zone at Fisher totalling **252,000 tonnes at 1.9% nickel for 4,700 contained nickel tonnes**, comprising:

- 56,000 tonnes @ 2.7% Ni for 1,500 nickel tonnes in Indicated Mineral Resource; and
- 196,000 tonnes @ 1.6% Ni for 3,200 nickel tonnes in Inferred Mineral Resource.

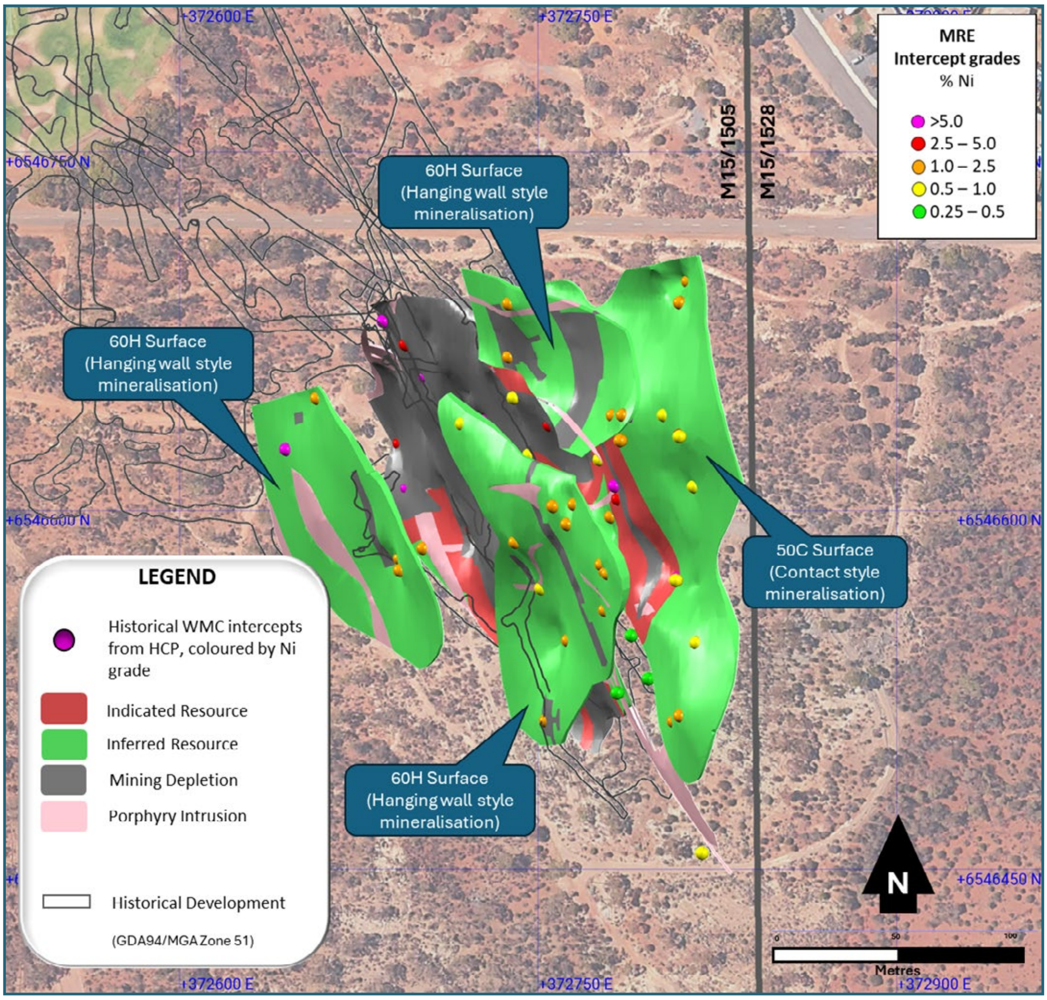


Figure 15: Plan view of the F Zone MRE solid wireframes projected to surface, HCP drill intercepts and projected underground workings.

[19] Based on historical WMC Resources Ltd records.

Key implications of this initial Fisher MRE include:

- Modest sized, but high-grade Indicated Resource component;
- F Zone was poorly drilled and partially mined and provides an excellent focus point for the Company's own surface exploration program;
- Significant further nickel mineralisation remains on multiple other surfaces / shoots where HCP diamond core is available to re-access and re-assay; and
- Complements the recent initial additions at the 25H surface at Silver Lake and the discovery effort at the nearby Long South Gap prospect.

Long South Gap

The Long South Gap area is immediately east of the historical Silver Lake mine and to the immediate south of the Long Operation, host to the Victor (McLeay) and Long (Moran) channels. Historical surface exploration by WMC identified up to three other nickeliferous trends that have the potential to strike onto and through the Long South Gap area.

2D Seismic Target

During the December 2023 quarter, the Company completed drill testing of the high-priority target generated during the original 2D seismic survey trial (see location of SLK23DD_005/W1 on **Figure 16**). This was the first ever DD program in this part of the prolific Kambalda Dome. Drilling wrapped up at 1,083m depth in a wedge hole from the original parent hole, which itself was stopped at 928m due to difficult drilling conditions.

The Company reported the following important outcomes of the DD program:

- Confirmed a thick succession of high MgO komatiite, a pre-requisite for the ideal hosting environment for nickel sulphides;
- Intersection of a significant structure/fault zone, that has potential implications for nickel prospectivity and was variably mineralised with gold. The Company noted it does not have rights to gold mineralisation at the SLF, these remain with Gold Fields;
- Intersection of an initial komatiite-mafic contact, with a notable anomalous zone of elevated geochemistry above this contact, indicative of a potential nickel channel environment; and
- Enabled the collection of "time-velocity" and density data over more than 1km length of DD core, which will assist in optimising the calibration of the 3D seismic data.

3D Seismic Survey

In the December 2023 quarter, geophysical contractor, UltraMag Geophysics Pty Ltd, under the supervision of Southern Geoscience Consultants Pty Ltd (**SGC**), completed the planned 3D seismic survey of the 5.8km^2 Long South Gap prospect area, on time and budget.

SGC in collaboration with Lunnon Metals geologists completed the task of interpreting the processed 3D 'cube' in the June 2024 quarter. Due to the size and quantum of data and the length of time it was taking to complete the process, the Company prioritised the western and northern area of the 3D seismic data (known as the '**Cube**') immediately adjacent to the Long Operation tenure (owned by Wyloo Pty Ltd (**Wyloo**)). The key geological features assessed were the basal Lunnon Basalt ultramafic contact (the traditional and main prospective nickel sulphide contact) and any faults that could potentially disrupt or displace that surface.

A previously unrecognised and potentially nickeliferous channel feature has been identified (see **Figure 17**) which is 1km long and has a width of between 100m and 150m. The channel feature starts at 670m below surface, plunges over a 1km at 40° towards 135° and was identified based on an inflection in the interpreted basal contact. This position is almost exactly halfway between the McLeay channel (located at Wyloo's Long Operation) and the Silver Lake channels (located on Lunnon Metals tenure). Down plunge, to the east of the Alpha Island fault (a significant post-mineralisation event fault), this potential channel feature is offset approximately 700m from the projection of Wyloo's McLeay channel. The implied offset along the Alpha Island fault accords with documented offsets along the same fault elsewhere at St Ives.

The Company does not currently intend to progress surface nickel exploration activities over the Long South Gap area due to the negative sentiment to the nickel market. Instead, low cost initiatives to extract as much information from the Cube will be investigated, including using machine learning techniques to refine existing targets and hopefully define new ones.

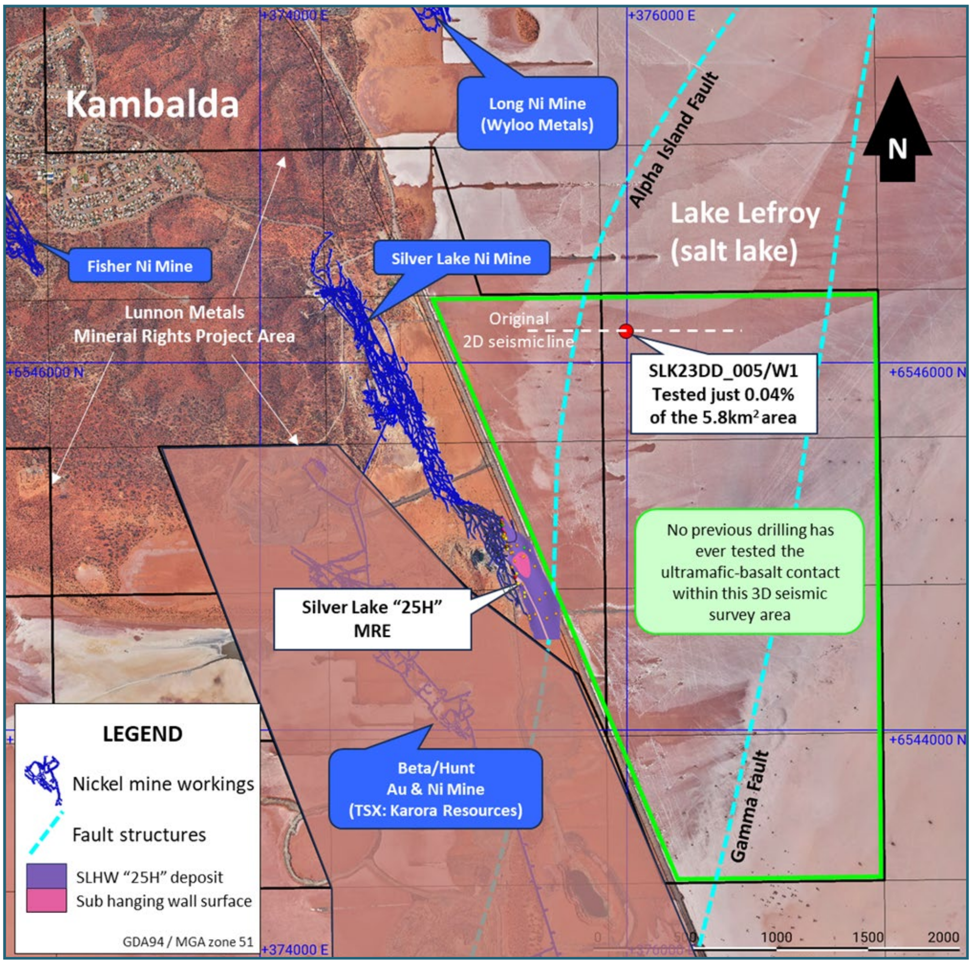


Figure 16: Plan view of the Silver Lake Fisher area at Kambalda showing location of DD program relative to the entire 5.8km² Long South Gap prospect (green polygon)

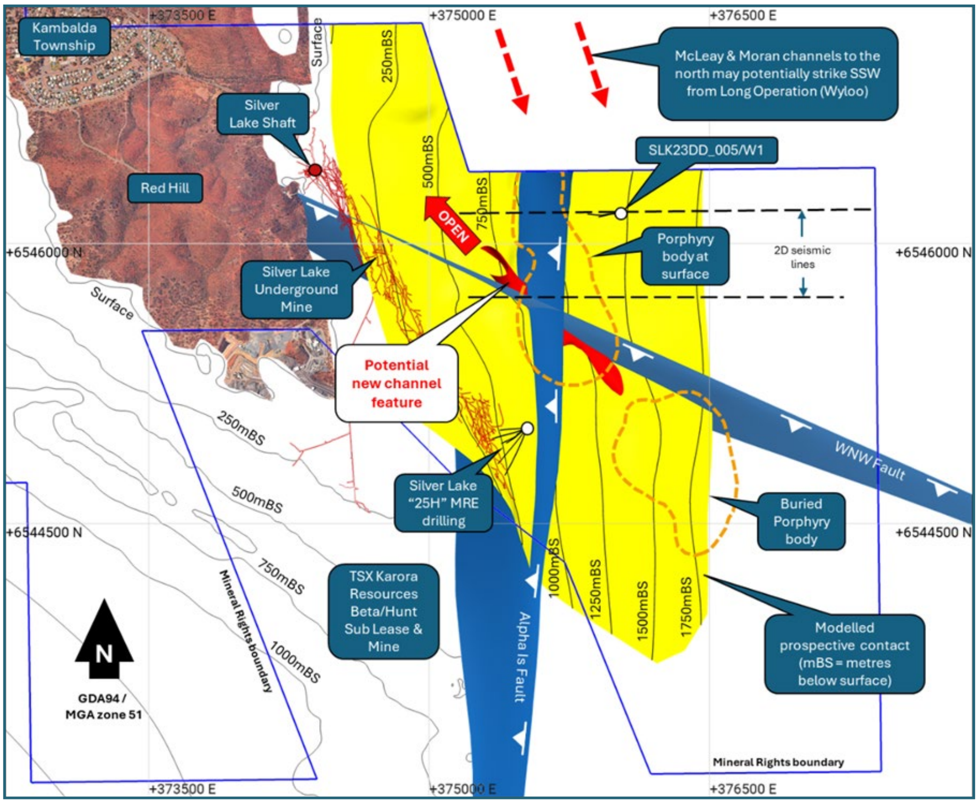


Figure 17: Plan view of the Silver Lake-Long South Gap area illustrating geological solid interpretation of the prospective nickel contact, original 2D seismic lines, the 3km long Silver Lake (Lunnon) mine and the location of a newly identified possible new channel interpreted from the 'Cube'.

BHP Nickel West announcement

On 11 July 2024, after the end of the reporting period, BHP Group Limited (**BHP**) made an announcement regarding its subsidiary BHP Nickel West Pty Ltd (**Nickel West**) and the decision to temporarily suspend its Nickel West operations from October 2024. The Company lodged a response to the news on 12 July 2024, highlighting that it is BHP's intention to review this decision by February 2027 and that in the interim BHP intends to continue investing in exploration to extend the resource life of its Western Australia nickel assets, suggesting a desire to retain exposure to nickel, a critical metal for the energy transition.

The Company also noted that BHP did not comment on the immediate future of the Kambalda Nickel Concentrator, which based on their announcement dated 15 February 2024, would have been placed on care and maintenance in June 2024, following the decision by Wyloo Pty Ltd to suspend its Cassini and Northern Operations from 31 May 2024.

BHP's announcement removed a lot of uncertainty regarding Nickel West. As previously advised, Lunnon Metals has been considering alternative processing options to Nickel West[20]. The Company considers its current options for processing potential future nickel ore from its Baker and Foster deposits to include:

1. Initiating discussions with Nickel West, with a view to either purchasing, leasing or otherwise making use of the Kambalda Nickel Concentrator and its associated infrastructure and utilities prior to February 2027;
2. Negotiating an ore off-take and concentrate purchase agreement with Nickel West ahead of a potential re-commencement of processing at the Kambalda Nickel Concentrator; and
3. Studying the potential to either, jointly or its own right:
   (a) build a new, right-sized concentrator; or
   (b) re-purpose or utilise an existing processing facility, to meet the needs of the various local stakeholders in Kambalda or further afield. Initial discussions have been ongoing in this regard.

In relation to option 3(a) above, the Company has been reviewing the potential to site a concentrator on the Company's tenements at Kambalda (at the location of the previous St Ives Gold plant site), where infrastructure, utilities and importantly tailing storage facilities are available. **Figure 18** illustrates the conceptual location for this concentrator at the Company's Foster-Baker project on the site of the previous WMC Resources Ltd St Ives gold plant, whilst **Figure 19** depicts the inset image during the operational life of that processing plant.

The Company will keep shareholders informed of any progress in these potential discussions and negotiations.

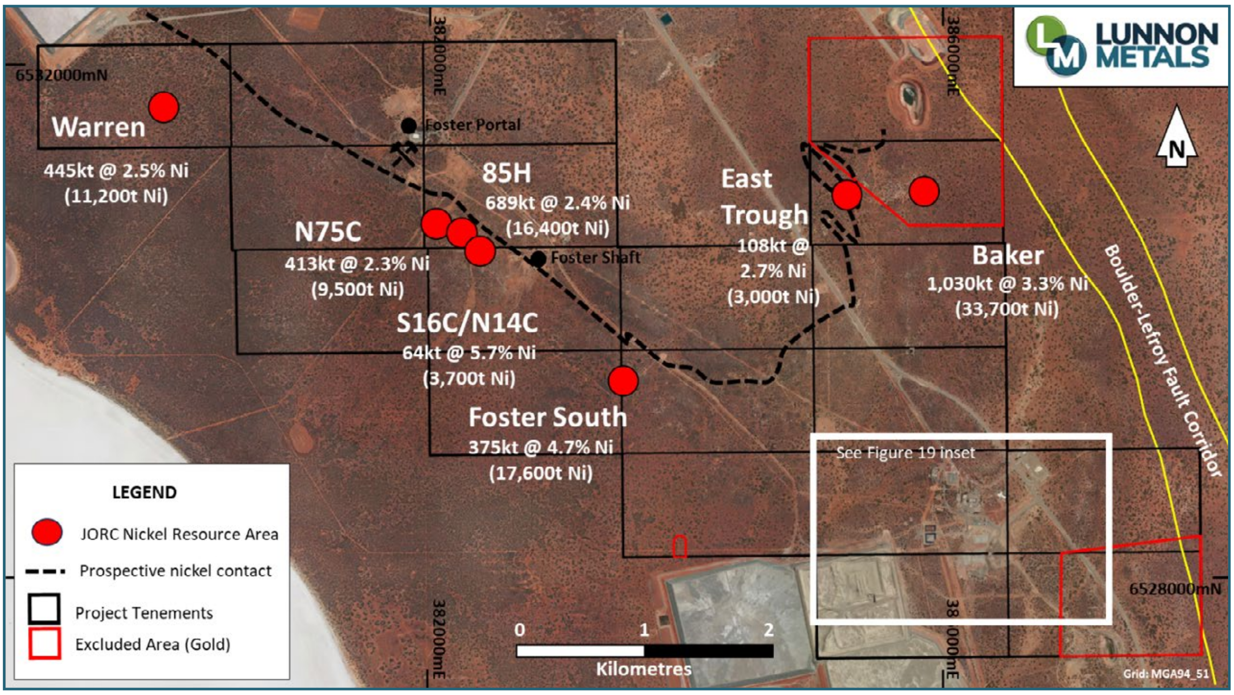


Figure 18: Plan view of the Foster-Baker project tenements at Kambalda showing location of Mineral Resource[21] positions and the inset, **Figure 19.**

[20] Nickel West has a right of pre-emption in relation to the treatment or sale of nickel or ore or other products containing nickel from the Company's current nickel assets, or to charge a 1% royalty. The Company assumes that in the circumstances where Nickel West remains in Care & Maintenance as announced 11 July 2024, that Nickel West would elect to receive the royalty.

[21] See the Mineral Resource and Ore Reserve tables on page 46 for a breakdown by resource classification and deposit

Figure 19: Zoomed-in plan view of the previous St Ives gold plant site during its operational life, associated tailing storage facility and supporting infrastructure.

FY2025 OUTLOOK

Discovery Program

As communicated during the Reporting Period, the prevailing negative nickel market sentiment triggered a review of the discovery program at both the FBA and SLF projects in the second half of FY2024. Since in practical terms, all necessary drilling for Baker and Foster was complete, the Company implemented a range of measures designed to preserve cash. In place of any further deep and potentially costly surface nickel drilling, a pivot to investigate the potential for high-grade near surface gold was executed targeting multiple high-priority gold prospects generated during the period before the Company's IPO.

Many of these gold prospects are associated with the numerous historical 1920s vintage surface gold workings present in the vicinity of Foster. Initial results of this pivot to gold are reported above and are highly encouraging.

Accordingly, no new surface nickel focussed drilling is forecast for the short-medium term. In regard to ongoing nickel exploration, the focus will be on extracting as much information from the Long South Gap 3D data 'Cube', with a view to being ready to re-start surface drilling when market conditions improve.

Much, if not all, the technical study activity is also complete at the FBA. Accordingly, the Company can continue to prudently deploy cash on select gold programs with clear, success-based milestones required to be met prior to attracting further funding.

The FY2025 Exploration Program and Budget covering all corporate, site and in-ground activity is aligned with the Company's current tactics to preserve cash whilst still progressing its emerging and exciting gold opportunities, particularly at Lady Herial where it holds 100% of the gold rights.

FY2025 will also witness the culmination of the de-risking of the Company's nickel deposits with the completion of the PFS study an important milestone to increase the intrinsic value of the Company's portfolio.

However, as always, the Company's approach will need to highly flexible and capable of adapting and responding to the changing market conditions, particularly the sentiment for nickel.

Studies and Other Activities

The Company will aim to continue negotiations with the Ngadju Native Title Aboriginal Corporation over the Foster-Baker Area in relation to a Mining Rights Agreement and Heritage Protocol Agreement. Discussions have been ongoing throughout FY2024 and are expected to conclude during the coming year.

In FY2025, the Company will continue work to finalise the PFS study at Baker and Foster and evaluate alternatives for processing of its future nickel production. As mentioned above, technical studies at Foster have largely reached completion.

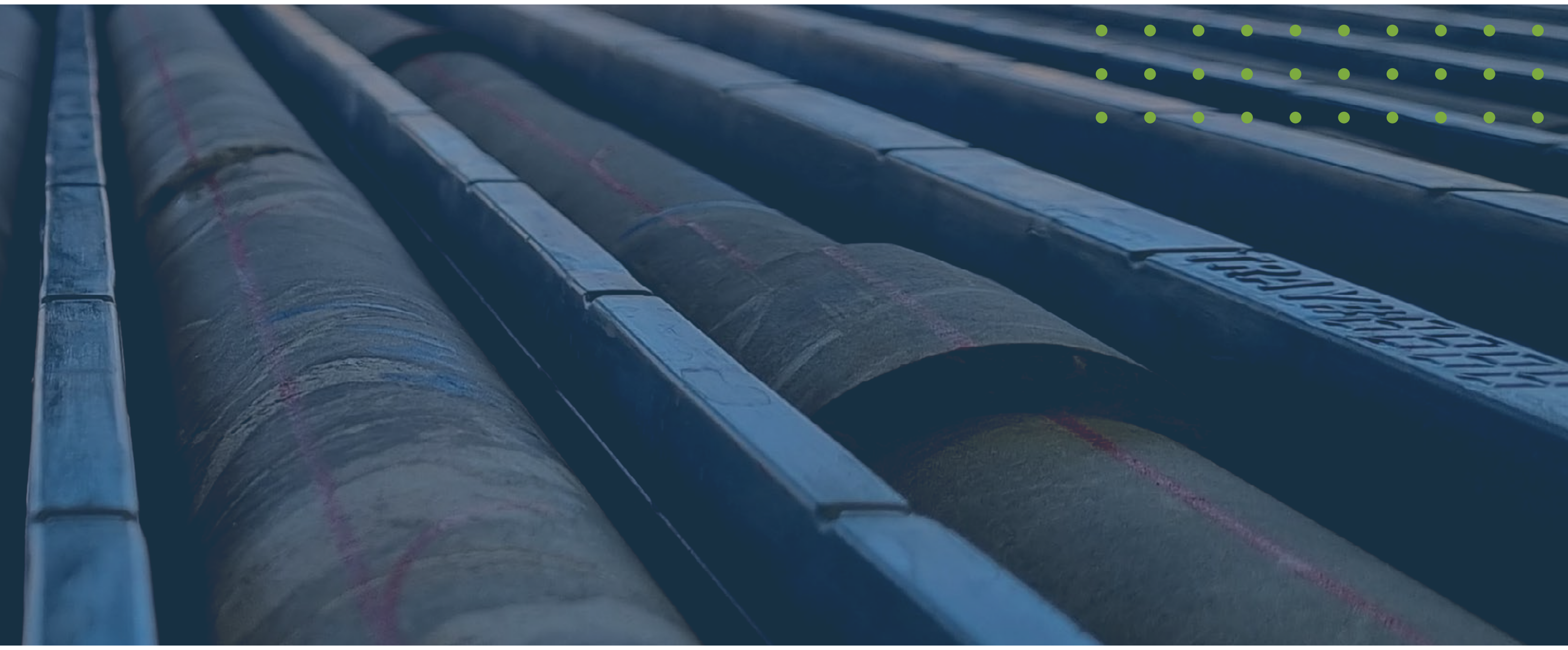
On the permitting and approvals front, during FY2024, the Company submitted a Mining Proposal to the Western Australian government's DEMIRS in relation to the Foster nickel mine. Following the end of the FY2024 Reporting Period this Mining Proposal was approved, enabling the Company in the future to dewater Foster and re-enter the mine, rehabilitate the workings and subsequently carry out underground exploration.

The Warren, 85H and Foster South nickel deposits, key elements of the ongoing PFS into combining Foster with the Baker nickel deposit, are all accessible from the existing Foster decline and workings.

Coupled with the approval of the Baker Mining Proposal by DEMIRS (see ASX announcement dated 13 May 2024), Lunnon Metals has now received all the regulatory approvals necessary to commence mining at Baker and advance Foster to its next stage of development.

In relation to its gold discovery program, success at any of the high-ranking prospects drilled in FY2024 and being actively explored in the coming year, will see the technical study and permitting focus shift from nickel to gold. Autumn flora and fauna surveys have already been conducted in the Foster area with surveys planned for the coming Spring season. Should drilling results support the estimation of a gold Mineral Resource at any of the Company's prospects, open pit optimisation studies will be completed followed by mine design and scheduling to enable the requisite Mining Proposal to be submitted.

As the successful permitting of the Baker and Foster nickel related Mining Proposals has shown during FY2024, the location of all the Company's gold and nickel assets on granted mining licences offers significant benefits in regard to permitting and approval lead times.



Sustainability Report

The Company is pleased to report on its environmental, social and governance (ESG) progress in the year ending 30 June 2024. The Board and executive management acknowledge that the success of its discovery program drove significant growth in the value of the Company, enabling positive outcomes aligned with its three strategic pillars, "Define our Pathway", "Understand our Potential" and "Secure our Future".

The Company acknowledges that its stakeholders, be they shareholders, the local or broader communities within which we operate, the regulators or our business partners, expect these ESG standards and processes to not just be in place but also play an active part in the way the Company conducts its business. The focus now is on maintenance and improvement.

Therefore, despite the continuing need to preserve cash and limit the spend on non-exploration activities, the Company remains committed to push forward on the development of a stand-alone Sustainability Report in future years. Highlighted below is a summary of the significant progress the Company has made in FY2024.

This strong and continued focus on ESG will be a fundamental part of the Lunnon Metals journey, regardless of its size, as the Company endeavours to transition from being a successful explorer to an aspiring nickel and gold producer.

FY24 ESG HIGHLIGHTS

TRIFR 0 **LTIFR 0** Safety performance*	**82%** Mine Safety Management System Compliance Audit	**0.15%** Area of total tenure subject to disturbance
60% Area rehabilitated vs area disturbed	**Zero** Environmental Incidents	**65%** Employee Retention rate
33.3% Female participation	**33.3%** Female participation – Board and Executive Management	**Zero** Gender pay gap for like-for-like positions
Zero Whistle-blower cases	**89%** Procurement spend within Western Australia	**35%** Procurement spend within Goldfields

*TRIFR (Total Reportable Injury Frequency Rate) And LTIFR (Lost Time Injury Frequency Rate)

Environment, Land Management And Rehabilitation

Land disturbance is an inevitable part of the mining process and as such, Lunnon Metals recognises the important role of land management and rehabilitation in responsible exploration and mining across the life of an operation. The Company's approach to environmental management is essential in maintaining our social licence to operate. We adopt a systematic approach to mitigate risk and identify management strategies to ensure we avoid unacceptable environmental impacts.

We are committed to excellence in environmental performance and this is implemented through our Environmental Management System. Some of the environmental aspects of our Environmental Management Plan includes land clearing, rehabilitation and hydrocarbon management. In FY2024, the Company **rehabilitated 60%** of the total land area disturbed by exploration activities during the Reporting Period.

Our aim is to rehabilitate and close disturbed land in a manner that is physically safe to humans and animals, is geotechnically stable and geochemically non-polluting/non-contaminating, and capable of sustaining an agreed post-mining land use without unacceptable liability to the state.

Biodiversity

Lunnon Metals recognises the nature of our projects has the potential to impact natural habitats and ecosystems in direct and indirect ways.

As required under the Environmental Protection Act, in FY2024, Lunnon Metals has undertaken ecological surveys of biodiversity values over **1,501 Ha of its properties**, including local flora and fauna, with the support of external consultants, to assist in the development of an environmental impact assessment.

No issues or matters of concern were identified in any of the surveys completed during FY2024.

Our People, Diversity & Inclusion

Our people strategy is to attract and retain outstanding talent through a high-performance and inclusive culture where everyone can thrive and be their best. Unfortunately during FY2024, the Company had to make the difficult decision to reduce its workforce, primarily at site but also select support roles in the West Perth office. Treating all staff with respect, whether continuing with the Company or departing, through resignation or redundancy, reflects a culture that the Company is proud of, and the process of reducing staff numbers was managed professionally and aligned with all necessary regulatory guidelines.

In the future, should the opportunity present itself to grow and increase Lunnon Metals' workforce again, whether by growth or due to a progression to development and mining of its high-grade nickel and gold portfolio, the Company will once more seek to attract the best people to our business.

To do so, we must continue to be a workplace those high-calibre people choose to join, and once recruited, choose to stay and grow together. A work culture that embraces diversity as a strength, recognises inclusion as a powerful driver of progress, and where people are confident to share their perspectives, opinions and ideas is the goal.

In FY2024 we:

- Regretfully had to reduce the workforce by seven roles, having grown it previously by four roles prior to the redundancies
- Lunnon Metals has proudly maintained a zero gender pay gap for like-for-like positions
- Female employees now comprise 33.0% of Lunnon Metals workforce (FY2023 36%) – still well above the mining industry average of 21.3%
- At the Board and Management level, Lunnon Metals female participation level has increased to 33.3%.

Our focus is always to support the communities that we operate in by seeking to employ a greater representation of people from those groups, whilst keeping diversity and inclusion principles foremost in mind.

Date Indicator	FY2023	12/2023[22]	FY2024
Total employees - male	16	20	12
Total employees - female	9	9	6
Total employees - Perth	12	14	11
Total employees – Goldfields region	13	15	7
Total employees - FIFO	9	12	5
Total employees – DIDO	2	1	1
Total employees Kambalda based	2	2	1
TOTAL EMPLOYEES	**25**	**29**	**18**

For further information on gender diversity, including our measurable objectives, please see our 2024 Corporate Governance Statement, available on our website at www.lunnonmetals.com.au/corporate-governance/.

[22] 12/2023 as at 31/12/2023, prior to the redundancies taking effect.

Employee Engagement & Retention

In FY2024, Lunnon Metals created four new roles, taking our workforce to a maximum of 29 before the decision to cut staff numbers aligned with the broader tactical decision to reduce the overall cash spend per month. By the end of FY2024, the Lunnon Metals' workforce had reduced to 18, seven roles less than a year prior.

The workforce based in the Goldfields region remained fly-in, fly-out dominated, a work arrangement that can bring additional challenges and that has the potential to affect a person's mental health. Lunnon Metals remains committed to providing an environment where our people are treated fairly, have access to career development opportunities and have a positive employee experience.

In that regard, the Company completed a Psychosocial Survey of its workforce at Kambalda, as part of its active response to the DEMIRS Code of Practice on Mentally Healthy Workplaces for FIFO Workers in the Resources and Construction Sectors.

The primary tool for assessing and then addressing psychosocial hazards and risk factors in our workplace continues to be through a rigorous application of Whole-of-Mine risk management approach. The requisite rigour is achieved by ensuring a representative cross-section of our now smaller workforce are regularly involved in these risk assessments, seeking to identify potential hazards and risk factors more broadly in the workplace, but always including those with a potential psychosocial impact. The Whole-of-Mine risk assessment is reviewed quarterly by our site leaders together with their teams and their executive manager from head office.

A mentally healthy workplace continues to be a shared responsibility between the Company and our employees. Lunnon Metals is committed to building on the on-site culture that encourages and supports positive integration between work and leisure by linking mental health to social wellbeing.

A key element of employee attraction and retention is the workplace culture that our employees encounter each day, at site and in the head office. Lunnon Metals continues to embrace our 'can do' attitude and celebrate what makes our business different. Although the present workforce is now much smaller than 12 months ago, we constantly seek to maintain an understanding of the prevailing market pay and conditions to ensure we remain competitive in the market and our employees are fairly rewarded in line with their skills, abilities, experience and behaviour. With reduced numbers, development and career progression opportunities for our people centre on broadening the responsibility that rests with each individual in these small teams, inviting our employees to 'step up', embrace the chance to directly influence the outcomes of the discovery program and technical studies on our portfolio.

In this manner, employees can drive their own development in a challenging environment where the outlay of every dollar is carefully considered and every decision they make has the potential to be impactful, Company-wide.

Our Response to Climate Change

As a potential future producer of nickel sulphides, a key component in a range of different battery chemistries, we believe that we have an enabling role to play in the transition to a low carbon world. Internally, our risk-based approach is to ensure that climate change considerations are part of our planning process. We continue to work towards establishing and implementing documented climate change objectives and targets.

Currently, in our exploration activities, we pursue an avoidance strategy to minimise harmful greenhouse gas emissions and in FY2024 we developed our framework for assessing and reporting on Scope 1 and Scope 2 emissions. The methodology we used to calculate emissions is specified by the Department of Climate Change, Energy, the Environment and Water (DEECEW) Australian National Greenhouse Account Factors 2023[23].

Lunnon Metals' primary emission sources relate to the burning of diesel during surface drilling, petrol for site work vehicles (together Scope 1) and the consumption of electricity at the Kambalda exploration site, West Perth offices and that used in the residential accommodation provided to employees in Kambalda (Scope 2).

Carbon Emissions	FY2024 (t CO_2-e)	FY2023 (t CO_2-e)
Scope 1	723[1]	Not available
Scope 2	26[2]	Not available
Total	**749**	

[1] 265kl of diesel fuel and 1.7kl of petrol.

[2] 37,978kWh of electricity.

Note: These numbers have not been externally verified or subject to any external assurance procedures.

[23] Australian National Greenhouse Accounts Factors February 2023. 2.3: Estimating emissions from transport fuels, Transport fuel emissions. Available online at: https://www.dcceew.gov.au/sites/default/files/documents/national-greenhouse-accounts-factors-2022.pdf

Our Approach to a Safe and Healthy Workplace

We believe that the most important measure of our success is creating a workplace where everyone goes home safe and healthy every day. Being a safe business remains paramount to Lunnon Metals and nothing is more important to us than each person returning home safely at the end of each shift.

In pursuit of this, during FY2024 we:

- Provided highly engaged, visible and proactive leadership at all levels
- Ensured unwavering discipline and commitment to perform through training and awareness
- Improved and simplified the health and safety framework and processes to ensure they are fit for purpose
- Actively invested in the health and wellbeing of our people through education and initiatives. We have a clear focus on the wellbeing of our people, which encompasses physical, psychological health
- Completed the first Compliance Audit of the Mine Safety Management System (**MSMS**)

Key Metrix	FY2024	FY2023
LTIFR	0	0
TRIFR	0	23.9
MSMS Compliance Audit	82%	n/a

Opportunities for improvement identified in the MSMS Audit related to management of change, frequency of updates to display of key safe workplace information and emergency preparedness.

Workplace Hygiene

We aim to reduce potential occupational exposures through health surveillance, and monitoring, education and training on the potential occupational exposure hazards in our workplaces. During FY2024, we expanded our health surveillance programs to facilitate early intervention for identified health issues and ensure effective workplace hazard controls.

We regularly monitor common health hazards our employees and contracting partners may be exposed to, which include:

- Noise from our operations
- Naturally occurring fibrous minerals encountered in exploration and mining operations
- Silica and general dust

Lunnon Metals undertakes baseline medical assessments of physical, hearing, and lung function to establish medical fitness for work prior to employment. Monitoring programs are in place and assess potential exposures to health hazards to help develop health exposure risk profiles, and associated controls, to prevent occupational illness. We address health hazards with controls documented in our Health and Hygiene Management Plan, which takes a risk-based approach to control health hazards specific to the work areas where our people are potentially exposed.

Lunnon Metals is committed to continuously enhancing our occupational health and hygiene risk assessment, monitoring efforts, and exposure controls to protect the health of our employees.

Our Stakeholders

Our range of stakeholders reflects the strong focus of our current activities in the immediate Kambalda district. Our approach is to identify our stakeholders, consider the impact of our activities on them, seek to understand their viewpoint and then ensure we include them in our consultation and reporting activities to maintain an active feedback cycle to them as we grow.

Our engagement approach aims to better understand their concerns and identify the topics that matter the most to them. We maintain open, inclusive and constructive dialogue, using both formal and informal processes, and review our engagement approach regularly to strengthen its effectiveness.

Local Community

Lunnon Metals seeks to create value, not only for employees, shareholders and investors, but for the communities in which we operate. Where possible, we engage local contractors and suppliers. In FY2024, 89% of our procurement spend is right here in Western Australia and a sizeable proportion of our total spend is directly within the Goldfields region, currently 35%.

We believe that a planned, transparent and constructive approach to community engagement and development is critical to maintaining our reputation and ensuring that the communities in which we operate benefit from our projects.

Building trust with local communities is critical for our success. Accordingly, we provide updates on current and future mining and exploration activities through regular discussions with the Coolgardie Shire CEO and updating community members in Norseman. Through this engagement, we strive to keep our stakeholders informed of plans to deliver sustainable long-term benefits to these local communities. The Company provides sponsorship to the Local Kambalda Eagles football team, recognising the important role that sport plays in local and regional communities.

Traditional Owners

Lunnon Metals recognises and respects the Traditional Owners of the land on which our project is located and their connection to culture and heritage. We prioritise mutually beneficial relationship and are committed to the management, protection and preservation of cultural heritage.

This year, we continued our positive engagement with the Ngadju community and the Ngadju Native Title Aboriginal Corporation (NNTAC). However, progress was impacted by the introduction and then reversal of the new Aboriginal Cultural Heritage (ACH) Act, as this legislation would have needed to have been reflected in the associated heritage agreement between the parties. By the end of FY2024, the Company and the NNTAC are still yet to execute their agreement but remain aligned in the shared goal of developing a mutually beneficial relationship should the Company advance its nickel and gold projects through development into production.

Governance

The Board of Directors support the establishment, and continual development, of good corporate governance for the Company to ensure interests are identified, understood and appropriately met. The Board believes that high standards of governance create a corporate culture that values integrity and ethical behaviour, which are fundamental to maintaining our social license to operate and essential for the long-term sustainability of our business.

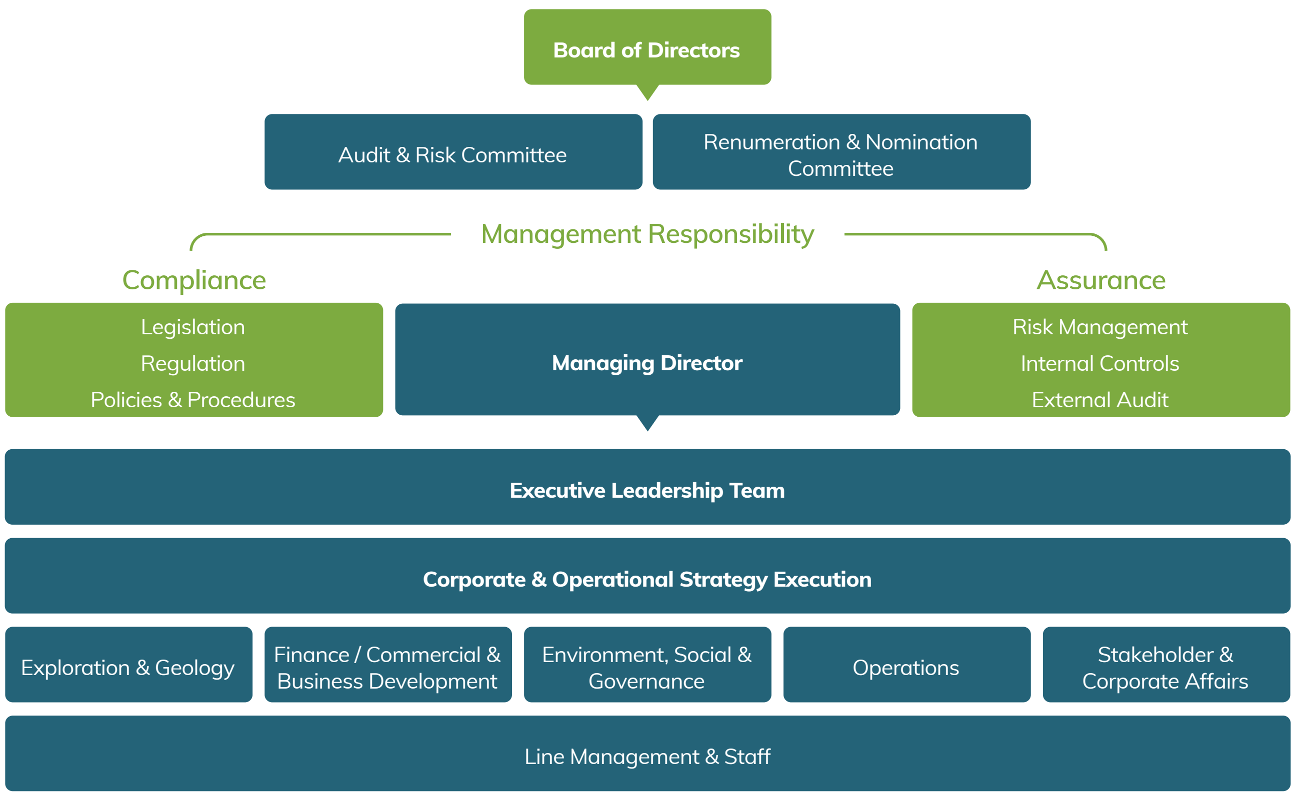
While the Board is responsible for establishing the corporate governance framework of Lunnon Metals, we believe good governance is the collective responsibility of all our management and staff. Lunnon Metals' governance framework supports our people to deliver our strategy and provides an integral role in effective and responsible decision making and business conduct. Integral to the framework is our Code of Conduct (**Code**), which is based on our values, in particular "We Care" – We care about our integrity, always acting lawfully and ethically. The Code guides our behaviour and reinforces the importance of carrying out our work responsibly. We use our values and Code to drive the best outcomes for our shareholders, employees, business partners, government, regulators and the broader community.

The Company regularly reviews its governance practices and corporate governance policies to reflect the growth and strategy of the Company, current legislation and best practice.

The policies and procedures within these systems of control and accountability are set out in the Corporate Policy section on the **Company's** website at www.lunnonmetals.com.au/corporate-governance/. The Board is committed to enacting the policies and procedures with openness and integrity, with the intent of providing a strong framework and practical means for ensuring good governance outcomes which meet the expectations of stakeholders.

Our Stakeholders

Government/ regulators	Shareholders	Employees	Community	Business partners/ suppliers



Governance Changes

The Board undertakes a skills assessment annually to ensure that the Board has the skills to meet the current and evolving needs of the Company. The FY2024 skills assessment was completed against the backdrop of the significantly reduced size and value of the Company. Post the Reporting Period, Mr. Ian Junk retired from his position as non-executive director after more than 10 years in the role. The board of Lunnon Metals has made the decision to not replace Mr. Junk's position in the short term, aligned with a range of recent initiatives to preserve cash during the prevailing negative market sentiment for nickel.

To ensure the necessary time and focus on governance matters, the Company has maintained the Remuneration and Nomination Committee for the FY2024 Reporting Period. The Company established an Audit and Risk Committee for the FY2024 Reporting Period, chaired by Mr. Ian Junk. The inaugural members of the Audit and Risk Committee were: Mr. Junk (Chair, non-independent non-executive director), Liam Twigger (member, independent non-executive director) and Deborah Lord (member, independent non-executive director). Following Mr Junk's retirement, the committee will now be chaired by Mr. Ashley McDonald.

The Company continues to focus on internal controls and assurance with Hayden Bartrop, Chief Financial Officer and Company Secretary, the executive lead in this area during FY2024.

ASX Corporate Governance Council's Principles and Recommendations

The Company supports the intent of the 4th Edition of the ASX Corporate Governance Council's Principles and Recommendations (**Recommendations**). The Board has implemented governance policies and practices that are considered appropriate for the Company given its current size and complexity. The Company's corporate governance practices and 2024 Corporate Governance Statement are available on our website at www.lunnonmetals.com.au/corporate-governance/.

The Board's process and practice is to review on an ongoing basis its governance practices planning to progressively comply with the Recommendations. This program is subject to the complexity of its business and the potential for significant and dynamic changes to its size and value, as has been experienced in the FY2024 year. A summary of the compliance gaps against the Recommendations is provided in the 2024 Corporate Governance Statement.

Serious Misconduct Reporting

There were no matters reported or referred under the Corporate Code of Conduct, Whistleblower Policy or the Anti-Bribery & Corruption Policy during FY2024.

Risk Management

Lunnon Metals views sound risk management systems as integral to the Company's sustainability. We are committed to continually improving how we identify, assess, mitigate and monitor risk. The Board and management work collaboratively to ensure that enterprise risk is aligned with the Company's strategy and the Board ensures that the Company's risk appetite is set appropriately to minimise risk and maximise opportunity.

The Company maintains a formal fit-for-purpose enterprise-wide risk management framework and internal control system that supports the achievement of its strategic objectives through the identification, analysis, evaluation, treatment and reporting of risk, and that describes the structure and activity requirements to give effect to the Company's Risk Management Policy. The risk management and internal control system is integrated into the Company's activities to ensure the timely recognition and management of risks.

The Board reviews, at least annually, the effectiveness of the enterprise-wide risk management framework and internal control system to ensure its ongoing effectiveness. In addition, the Board regularly reviews whether the Company is operating with due regard to the risk appetite and risk tolerance limits set by the Board and considers contemporary and emerging risks such as conduct risk (inappropriate, unethical or unlawful behaviour) and technology and innovation.

The Managing Director is ultimately responsible for ensuring risk management is appropriately adopted across the Company, and that management provides ongoing leadership to ensure that risk management is reflected in decision making, planning and day to day activities.

The highest ranked residual business risks are continually monitored and reviewed by the Board. The Board is engaged on emerging and common risks impacting the resources industry, including cultural heritage, cyber security, sustainability and climate change, and skills and talent supply.

Material Risks

The Company's highest ranked residual business risks are summarised below:

Risks	Mitigating Actions
Negative sentiment for nickel impacts funding	
Failure of nickel producers/explorers or view of supply or demand factors for nickel (e.g. continual oversupply of nickel from Indonesia, or reduced demand for nickel based batteries), results in significantly lower equity prices, requiring significant dilution for funding, inability to raise funds from equity markets, or ability to raise debt or raise debt on reasonable terms	Maintain a strong financial position sufficient to see out major event for at least 24 months. Pause nickel exploration. Board approval for commencement of exploration programs, with staged programs to ensure justification of further expenditure. Progress gold exploration to provide other source of revenue and diversification with gold typically being countercyclical to nickel price.
International conflicts impacts global trade and commerce	
The risk of international war, international trade disputes or international tariffs, significantly impacting equity markets and global trade which reduces or delays availability of materials, increases cost of materials, reduces availability (or increases cost of) of equity and debt funding.	Maintain a strong financial position sufficient to see out major event for at least 24 months. Delay construction or suspend construction or operations. Progress gold exploration to provide other source of revenue and diversification with gold typically being a safe haven commodity in times of international turmoil.
Takeover at a price that isn't reflective of the inherent value	
The risk that an unsolicited takeover bid is successful which doesn't reflect the inherent value over the medium to long term, and the operational control of the asset.	Marketing to investors and potential investors the inherent and strategic value of the Company's nickel endowment. Executing on strategic plans to deliver as much value on the short term, including completing studies on Foster, and understanding gold potential.

Risks	Mitigating Actions
Offtake negotiations	
Offtake negotiations do not achieve, or improve on, assumptions assumed in Baker's Preliminary Financial Study, resulting in additional costs or lower revenues.	Analysing all available options to ensure competitive tension with potential offtake partners, and before any financial investment decision, that the best outcomes of shareholders are considered over the medium to long term. Progress investigation of own concentrator, and funding and interest from offtake partners and downstream users (battery manufacturers, car manufacturers, boutique users of nickel alloys)
Inadequate return on exploration investment	
Poor strategic decision making, poor exploration targeting and analysis, or poor data collection and integrity, result in no return on exploration costs resulting in decrease in share price and lack of confidence in Board and management.	Stage gating of exploration programs with approval from the Board. Capability and experience of Board, management and staff in exploration for targeted commodities. Significant historical prospectivity and endowment of current Kambalda mining tenure. Focus on economic outcomes, incorporating commodity prices and commodity demand; risk and reward for targeted size, grade and depth of target, and other economic modifying factors of potential deposit (metallurgy, ESG, etc).
Mineral Resource or Ore Reserve not economic	
Estimates of Mineral Resources and Ore Reserves are imprecise and depend on interpretations, which may prove, inaccurate. In particular, estimates for grade or tonnage, payabilities, or the presence of deleterious materials if wrong may result in these estimates becoming uneconomic if subsequently mined.	Commitment to thorough technical analysis and honouring technical limitations. Employing and retaining experienced technical talent, and the use of external experts to provide independent advice. Thorough financial modelling, and review of financial models for calculation or logic errors, and the use of updated pricing from contractors. Balanced assessment of risk, acknowledging risks of bias, without eliminating risk at any cost. Adoption of conservative Ore Reserve commodity price and exchange rate assumptions for combined Baker and Foster PFS.
Loss of Social Licence to Operate	
Loss of stakeholder support, particularly due to proximity to Kambalda town, could result in the loss of social licence to operate, disrupting operations or delaying licence approvals.	Maintaining a stakeholder engagement and management plan, leadership focus on the value of relations, and designing operating activities to minimise impact where reasonably practicable.
Contractor Risks	
The risk of a contractor failing to appropriately manage risks within its control and expertise, or additional layers of complexity in managing and communicating activities (particularly where the contractor may have competing demands or profit motives), impacts on cost, productivity or health and safety.	Maintain strong contract selection procedures, structuring of contractual terms to incentivise and drive the appropriate behaviour, and a focus on partnering with contractors with similar values. Inclusivity of contractors in managing operations and communications.

Risks	Mitigating Actions
Prolonged Nickel Price Weakness	
Increase in supply of nickel (particularly Indonesia), delay in nickel demand increase (particularly batteries) and no pricing divergence for ESG, location or quality of nickel product, results in prolonged nickel price weakness.	Maintain a strong financial position sufficient to see out major downturn in nickel price for at least 24 months. Conservative Ore Reserve commodity price assumption and exchange rates. Pause nickel exploration. Progress gold exploration to provide other source of revenue and diversification with gold typically being countercyclical to nickel price.
Injury or death due to operations	
A permanent disabling injury to an employee, contactor or visitor due to a failure to appropriately identify or mitigate the hazard, comply with systems (including inability to maintain a safety focused culture), or insufficient resources (including training).	Appropriately resourcing a Health and Safety function, ensuring a safety focused culture willing to speak up on issues and ensure compliance with processes, and providing adequate resources and focus on continuous improvement, including up-to-date industry issues.
Loss of Key Management Personnel	
Loss of knowledge or expertise results in delays in production or productivity, and possible loss of other critical staff due to workload or changes in culture.	Focus on mitigating heavy dependence on any one individual, a leadership focus on culture and engagement, and ensuring active succession planning process, competitive remuneration and conditions.
Breach of heritage obligations	
Damage to cultural or archaeological heritage or failure to act with due care results in significant reputational damage, additional cost or constraints to production from failure to account for heritage obligations or remediation; or inability to obtain consent to future exploration, development or mining activities.	Negotiation with native title party for heritage protection agreement, and ongoing engagement, and reference to prior heritage surveys and existing or prior disturbance which has not identified any items of significant cultural or archaeological heritage.
Change in Federal Environment Laws	
Changes by Federal Government to Environmental Protection and Biodiversity Conservation Act 1999 as part of nature positive reforms delays project approvals (or additional approvals) or increases capital or operational costs associated with compliance.	Existing State Government approvals Existing environmental surveys haven't identified any threatened species for flora or fauna. Existing cultural heritage surveys haven't identified any significant items of cultural or archaeological importance. Project anticipated to have low carbon emissions.
Severe Climatic Events	
High intensity rainfall event resulting in inundation of the mine and loss of access and cost to dewater and rehabilitate, prolonged heatwave resulting in loss of productivity (equipment and personnel) or increased risk of fires, or increase in average maximum temperatures increasing risk of dehydration or heat stroke.	A focus on the design of operations (including flood protection bunds, pumping capacity, water freeboard, cooling and ventilation), design and selection of equipment, and management of working conditions and environments in greater than 1 in 100 year scenarios.

Mineral Resource and Ore Reserve Statements

Overview

Lunnon Metals' Mineral Resource and Ore Reserve statements are presented in the following pages of this report. The Company reviews and reports its Mineral Resources at least annually. The date of reporting is 30 June each year, to coincide with the Company's end of financial year.

The market announcements (ASX releases), including JORC Table 1 documentation, which detail the material assumptions and technical parameters for each estimate, and the JORC code Competent Person statements for Mineral Resources and Ore Reserves are available on the Company's website at https://lunnonmetals.com.au/mineral-resource. The market announcements (public reports) relevant to Lunnon Metals' Mineral Resource and Ore Reserve estimates presented in this report are:

- Baker Mineral Resource Now 1Mt at 3.3% Nickel (10 June 2024)
- Foster South Mineral Resource Update (13 May 2024)
- Fisher First-Time Mineral Resource (15 January 2024)
- East Trough First-Time Mineral Resource (18 December 2023)
- Silver Lake Hanging Will (25H) – Initial Mineral Resource (4 December 2023)
- Baker Preliminary Feasibility Study – A Rising Star (22 May 2023)
- Warren Mineral Resource Increases to 11,200t Contained Ni (31 March 2023)
- Historical Core Programme Adds to Foster Mineral Resource (11 January 2023)
- N75C Demonstrates Upside of Historical Core Programme (22 April 2022)

Lunnon Metals is not aware of any new information or data as at 30 June 2024 that materially affects the information included in the respective relevant market announcements and all material assumptions and technical parameters underpinning the estimates in the respective relevant market announcements continue to apply and have not materially changed. In regard to Baker's Ore Reserve, the Ore Reserve is predicated on processing future nickel ore through the Kambalda Concentrator, or other such third-party facility proximal to the KNP. In July 2024 BHP announced that the Nickel West operations (which includes the Kambalda Concentrator) will be temporarily suspended from October 2024 and transitioned to a care and maintenance program of work, with the temporary suspension to be reviewed by BHP by February 2027.

The Company notes that as at 30 June 2024, the spot nickel price[25] was US$17,498/t, the A$:US$ exchange rate[26] was 0.66, yielding approximately A$26,500/t nickel. The All-in-Sustaining-Cost (**AISC**) per tonne of ore reported in the May 2023 PFS[27] was A$340/t, which at the reported Ore Reserve grade, recovery and assumed indicative payability generates an AISC/t of A$17,380 per tonne of nickel metal. Accordingly, the Company has determined that the Ore Reserve is insensitive to the nickel price at the reporting date and can therefore be restated.

[25] https://www.worldbank.org/en/research/commodity-markets - World Bank Commodity Price Data (The Pink Sheet)

[26] https://www.rba.gov.au/statistics/historical-data.html

[27] See ASX announcement dated 22 May 2023

Mineral Resources

The detailed breakdown of the Company's Mineral Resources as at 30 June 2024 is as follows:

	Measured Ni			Indicated Ni			Inferred Ni			Total Ni		
	Tonnes	%	Ni Tonnes	Tonnes	%*	Ni Tonnes	Tonnes	%*	Ni Tonnes	Tonnes	%*	Ni Tonnes
FOSTER MINE												
Warren				345,000	2.6	8,800	100,000	2.4	2,400	445,000	2.5	11,200
Foster Central												
85H				395,000	3.2	12,800	294,000	1.2	3,600	689,000	2.4	16,400
N75C				271,000	2.6	6,900	142,000	1.9	2,600	413,000	2.3	9,500
S16C / N14C				-	-	-	64,000	5.7	3,700	64,000	5.7	3,700
South				264,000	4.7	12,400	111,000	4.7	5,200	375,000	4.7	17,600
Sub total				1,275,000	3.2	40,900	711,000	2.5	17,500	1,986,000	2.9	58,400
BAKER AREA												
Baker	110,000	3.4	3,700	622,000	3.7	22,900	298,000	2.4	7,100	1,030,000	3.3	33,700
East Trough				-	-	-	108,000	2.7	3,000	108,000	2.7	3,000
Sub total	110,000	3.4	3,700	622,000	3.7	22,900	406,000	2.5	10,100	1,138,000	3.2	36,700
SILVER LAKE												
25H				336,000	1.6	5,300	488,000	1.7	8,500	824,000	1.7	13,800
Sub total				336,000	1.6	5,300	488,000	1.7	8,500	824,000	1.7	13,800
FISHER												
F Zone				56,000	2.7	1,500	196,000	1.6	3,200	252,000	1.9	4,700
Sub total				56,000	2.7	1,500	196,000	1.6	3,200	252,000	1.9	4,700
TOTAL	110,000	3.4	3,700	2,289,000	3.1	70,600	1,801,000	2.2	39,300	4,200,000	2.7	113,600

Note: All figures have been rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding. Mineral Resources are inclusive of Ore Reserves.

Ore Reserves

The detailed breakdown of the Company's Ore Reserves as at 30 June 2024 is as follows:

Baker	tonnes	Ni%	Cu%	Co%	Pd g/t	Pt g/t	As ppm	Ni metal
Proved	-	-	-	-	-	-	-	-
Probable	612,000	2.86	0.24	0.052	0.49	0.20	110	17,500
TOTAL	612,000	2.86	0.24	0.052	0.49	0.20	110	17,500

Note: All figures have been rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.

The Ore Reserve is reported using the Baker December 2022 Mineral Resource. The Ore Reserve is evaluated using a cut-off grade of 1.5% Ni, except for an incremental cut-off grade of 1.0% Ni for low grade development necessary for access to mining zones. The inputs used for the NPV in the Ore Reserve study were a A$35,294/t nickel price (US$24,000/t at US$0.68 : A$1.00) and 8% discount rate. The Ore Reserve is predicated on processing future nickel ore through the Kambalda Concentrator, or other such third-party facility proximal to the KNP. The BHP Nickel West Kambalda Concentrator will be on care and maintenance, with the temporary suspension to be reviewed by BHP by February 2027.

Comparison Against Previous Year

There has been no change in the Ore Reserve statement.

A summary of the changes in the Mineral Resource from 30 June 2023 to 30 June 2024 is detailed below.

	30-Jun-23			30-Jun-24			Difference (FY24 - FY23)	
	Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes	Tonnes	Ni Tonnes
FOSTER MINE								
Warren	445,000	2.5	11,200	445,000	2.5	11,200	0	0
Foster Central								
85H	687,000	2.4	16,600	689,000	2.4	16,400	2,000	-200
N75C	412,700	2.3	9,500	413,000	2.3	9,500	300[28]	0
S16C / N14C	64,000	5.7	3,700	64,000	5.7	3,700	0	0
South	340,000	4.7	16,000	375,000	4.7	17,600	35,000	1,600
Sub total	1,948,700	2.9	57,000	1,986,000	2.9	58,400	37,300	1,400
BAKER AREA								
Baker	929,000	3.3	30,800	1,030,000	3.3	33,700	101,000	2,900
East Trough				108,000	2.7	3,000	108,000	3,000
Sub total	929,000	3.3	30,800	1,138,000	3.2	36,700	209,000	5,900
SILVER LAKE								
25H	0	0	0	824,000	1.7	13,800	824,000	13,800
Sub total	0	0	0	824,000	1.7	13,800	824,000	13,800
FISHER								
F Zone	0	0	0	252,000	1.9	4,700	252,000	4,700
Sub total	0	0	0	252,000	1.9	4,700	252,000	4,700
TOTAL	2,877,700	3.1	87,800	4,200,000	2.7	113,600	1,322,300	25,800

At Baker, the updated Baker geological model incorporates new data from 53 new RC holes (totalling 5,370 metres) and 12 new DD holes including twins and wedges (totalling over 1,330 metres). The focus of these recent drill campaigns was to more accurately define the weathering profiles above Baker, infill areas scheduled for potential production early in the mine-life, collect additional metallurgical data for select geological sub-domains and incrementally grow the MRE up-dip. There was slight refinement to the modelled domains locally and interpretation and estimation of the transitional zone. At the deposit scale there has been a 11% increase in tonnes, a slight (1%) decrease in grade and subsequent 9% increase in nickel metal, demonstrating the continued robustness of the interpretation and estimation process applied at Baker by Lunnon Metals.

At Foster South, a drilling program was designed to intersect the previous MRE to provide fresh rock for metallurgical test work as well as provide additional information regarding the boundaries of the MRE. Historical WMC DD data formed the basis of the previous MRE. The DD program was a combination of new DD holes from surface and DD holes wedged off existing historical WMC drill holes. A pinch-out of the nickel sulphides recorded in new DD hole FOS23DD_006W2 resulted in local re-interpretation of the position and plunge orientation of the deposit shoots. Overall, this revised interpretation, coupled with the new information from other DD holes in the Lunnon Metals' program, led to a 10% increase to the modelled tonnage and nickel metal.

[28] The N75C estimate did not change. The 2023 figure for tonnes was rounded to align with all other deposits in the statement.

At Fisher, an initial MRE was announced on 15 January 2024. Numerous HCP DD holes were accessed and re-cut, sampled and assayed as part of the historical database validation process, with seven of these DD holes used to directly inform the estimate. A further 41 WMC surface and underground DD holes, drilled in the 1970s and 1980s, were also used to directly inform the estimation. The Company has not completed any new drilling at Fisher.

At Silver Lake Hanging Wall (25H), an initial MRE was announced on 4 December 2024. Ten DD holes (seven parents and three wedges) were successfully drilled, sampled and assayed by the Company to inform the MRE exercise. A further two wedge holes failed to reach target due to ground conditions. Some 119.17 metres of historical WMC DD core from 18 holes were accessed and re-cut/re-sampled under the HCP at 25H (10 surface and eight underground holes). Historical data from a further three WMC surface and 14 underground DD holes, drilled in the 1970s and 1980s, were also used to directly inform the estimation.

At East Trough, an initial Mineral Resource was reported on 18 December 2023. In total some 28 holes (17 RC and 11 DD) have been drilled, sampled and assayed by the Company at the East Trough prospect to assist the interpretation of the geology and subsequent MRE exercise. A total of nine WMC surface DD holes, drilled in the 1970s and 1980s, were used to directly inform the MRE, of which seven were accessed and re-cut/re-sampled under the HCP.

At 85H, an updated MRE for 85H was announced on 18 December 2024. A metallurgical program of three surface DD holes was incorporated in the updated MRE. The MRE did not change materially, as the program was primarily aimed at collecting metallurgical sample. A minor drop in nickel metal resulted from additional specific gravity (**SG**) data that refined the grade versus SG relationship for the modelled nickel sulphide mineralisation. Insufficient WMC historical assay data exists for copper, cobalt and arsenic in the immediate vicinity of the MRE to report meaningful estimates for those elements.

Governance Arrangements and Internal Controls

Lunnon Metals reports its Mineral Resource and Ore Reserves estimates on an annual basis in accordance with the JORC Code (2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) and the ASX Listing Rules.

The Company has ensured that the Mineral Resources and Ore Reserves reported are subject to thorough governance arrangements and internal controls including sign off by senior technical staff on inputs used in the preparation of the estimates.

The Mineral Resource estimates have been prepared by a combination of internal technical specialists and, in the case of Baker, 85H and Warren, an external, independent mining consulting group Cube Consulting Pty Ltd. The Ore Reserve estimate has been prepared by an internal experienced executive level employee based on detailed mine-based technical analysis, design and scheduling completed by an external consultancy, MineGeoTech Pty Ltd and oversight, review and analysis of the relevant metallurgical testwork by external specialist metallurgical consultant, Mr. Barry Cloutt.

The Company's reporting governance for Mineral Resource and Ore Reserve estimates consists of several assurance measures, including:

- Peer review by senior technical staff before being presented to the Company's Board for approval and subsequent public reporting.
- The Competent Persons responsible for the various elements of the estimates are current members of professional organisations recognised by the JORC Code.
- The Company received prior written consent from the Competent Persons to the issue of the Mineral Resource and Ore Reserve statements in the form and context in which they appear in this Annual Report.
- The Company has received supporting documentation for the estimates to a level consistent with standard industry practice.

Competent Person Statements

The information in this report that relates to nickel and gold geology, nickel Mineral Resources, Exploration Target and Exploration Results, is based on, and fairly represents, information and supporting documentation prepared by Mr. Aaron Wehrle, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr. Wehrle is a full-time employee of Lunnon Metals Ltd, a shareholder and holder of employee options/performance rights; he has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.. Mr. Wehrle is the Company's principal Competent Person and consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

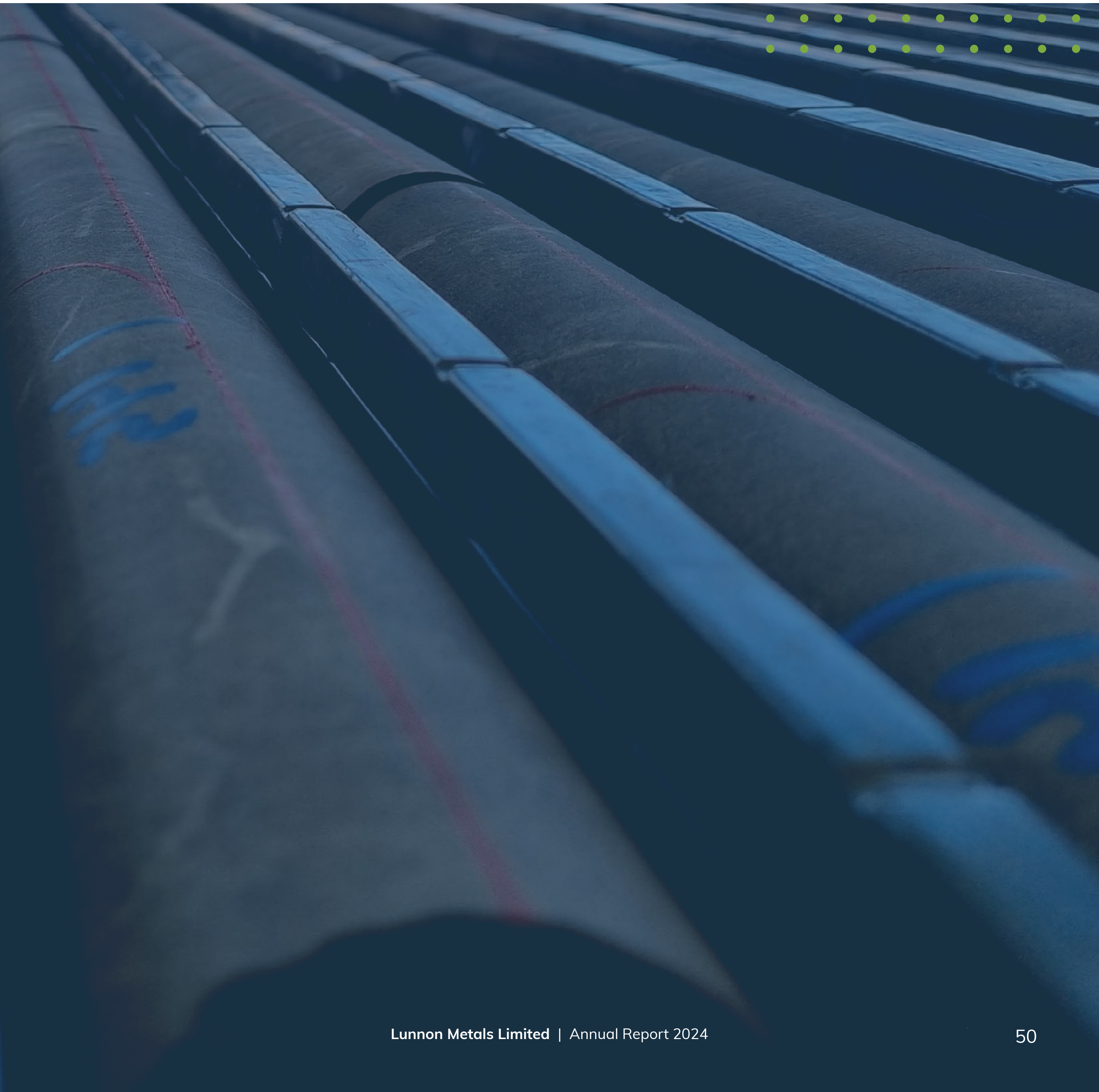
The information in this report that relates to the MRE geostatistics, methodology and estimation for Foster South, East Trough, Fisher and 25H (Silver Lake) is based on, and fairly represents, information and supporting documentation prepared by Mr. Stephen Law, who holds current Chartered Professional (Geology) status with the AusIMM. Mr Law is a full-time employee of Lunnon Metals Ltd and is the holder of employee options/performance rights. Mr Law has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Law consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Information in this report that relates to metallurgical test results is based on and fairly represents information and supporting documentation compiled by Mr Barry Cloutt, a Competent Person who is principal of Cloutt Consulting, a company engaged by Lunnon Metals Ltd. Mr Cloutt is a Member of the Australasian Institute of Mining and Metallurgy. Mr Cloutt is a Lunnon Metals Ltd shareholder. Mr Cloutt has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 JORC Code. Mr Cloutt consents to the inclusion in this announcement of all technical statements based on his information in the form and context in which they appear.

The information in this report that relates to the mining, metallurgical and environmental modifying factors or assumptions as they have been applied to the Company's MREs and subsequent financial analysis is based on, and fairly represents, information and supporting documentation prepared by Mr. Max Sheppard and Mr. Edmund Ainscough, who are Competent Persons and Members of the AusIMM and full time employees of Lunnon Metals Ltd. Mr. Ainscough is a shareholder and both are holders of employee options/ performance rights. Both employees have sufficient experience that is relevant to the style of mineralisation, the types of deposit under consideration, the activity that they are undertaking and the relevant factors in the particular location of the Baker deposit, the Foster mine and the KNP generally, to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Sheppard and Mr. Ainscough consent to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.

The information in this report that relates to nickel Ore Reserves at Baker is based on, and fairly represents, information and supporting documentation compiled by Mr. Sheppard, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Sheppard is a full-time employee of the Company and is the holder of employee options/performance rights. Mr. Sheppard has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Sheppard consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Directors' Report



DIRECTORS' REPORT

The Directors present their report on Lunnon Metals Limited (**Lunnon** or the **Company**) for the year ended 30 June 2024 and the associated auditor's report.

Directors

The names and details of the Directors of Lunnon during the year and until the date of this report are:

Liam Twigger	Non-Executive Chair
Edmund Ainscough	Managing Director
Ian Junk	Non-Executive Director (retired 1 July 2024)
Ashley McDonald	Non-Executive Director
Deborah Lord	Non-Executive Director

Liam Twigger

Non-Executive Chair

Liam is the Deputy Chair and Executive Director (and shareholder) of Argonaut Limited, a licensed and independent Western Australian based investment banking, funds management and stockbroking firm, which merged with PCF Capital Group (founded by Liam in 1999) in 2021. Liam was Chair of SolGold Plc, a London and TSX listed resources company focussed on the discovery, definition and development of copper and gold deposits in Ecuador until his retirement in December 2023. Liam was formerly a director of the Perth Mint, a position he held for 6 years.

Liam holds a Graduate Diploma in Business, a Bachelor of Economics and is a Certified Practicing Accountant.

The Board considers Liam is currently an independent Director.

Committee Memberships:	Nomination and Remuneration Committee (Member) Audit and Risk Committee (Member)
Other Current Directorships:	Nil
Former Directorships (in last 3 years):	Non-Executive Director of SolGold Plc (TSX and LSE: SOLG) from 17 June 2019 and Chair from 5 August 2020 until 21 December 2023.

Edmund Ainscough

Managing Director

Edmund led the acquisition of joint venture rights to the Foster/Jan Nickel Project (in 2014) and the acquisition of the Great Southern project (in 2016) from Silver Lake Resources, now owned by Medallion Metals Ltd, of which he was a Non-Executive Director until 22 March 2023.

A geologist by training, he has extensive operational experience (gold, copper and tin) in Australia, Africa, the UK and New Zealand. He was previously a senior member of the Gold Fields executive team in Australia where he held a key business development role reporting to the Executive Committee until 2008. He was the last Chief Geologist for WMC at the St Ives Gold Mine, overseeing a $25 million per annum drill budget and the addition of over 2.0 million ounces to reserves during his tenure. Prior to founding Lunnon Metals Ltd's forebear, ACH Nickel, he was at PCF Capital Group where he advised resource sector companies on corporate, merger and acquisition, and valuation assignments.

Edmund holds a Bachelor of Science (Geology)(Hons), is a Fellow of the Geological Society of London and a Member of the Australasian Institute of Mining and Metallurgy.

Committee Memberships:	Nil
Other Current Directorships:	Nil
Former Directorships (in last 3 years):	Non-Executive Director of Medallion Metals Ltd (ASX: MM8) from 10 November 2015 to 22 March 2023

DIRECTORS' REPORT (CONTINUED)

Ian Junk (retired 1 July 2024)
Non-Executive Director

Ian has a detailed understanding and long history with nickel mining in Kambalda. In the past, having worked as a Mine Manager at various Kambalda nickel mines for Western Mining Corporation (WMC), he then played an integral role in the revitalisation of many WMC Kambalda nickel mines when they were divested in the early 2000s. Ian, along with his brother Leigh, and their company Donegal Resources, initiated the joint venture with Mincor Resources at the Miitel, Mariners, Wannaway and Redross nickel mines, and subsequently executed another joint venture with Panoramic Resources at the Lanfranchi nickel mine. Donegal Resources also managed and operated the Carnilya Hill nickel mine when that was sold by WMC to View Resources.

Ian has played significant roles in the exploration, development and commissioning of various other mining operations around Australia, through his own mining entities and contracting companies.

Ian holds a Bachelor of Engineering (Mining) (Hons) from the WA School of Mines.

The Board determined Ian was not an independent Director.

Committee memberships:	Audit and Risk (Chair)
Other Current Directorships:	Nil
Former Directorships (in last 3 years):	Nil

Ashley McDonald
Non-Executive Director

Ashley is the nominee for Gold Fields Limited. He is currently Vice President Corporate Development for Gold Fields and has played a key role in a number of the company's key growth transactions including acquiring the Granny Smith, Lawlers and Darlot gold mines from Barrick in 2013, acquiring a 50% interest in the Gruyere gold mine in 2016 and evaluating the various funding options for Gold Fields key development asset Salares Norte (capex US$830M) in Chile in 2020.

An experienced and skilled M&A practitioner with strong financial and analytical skills, Ashley is also a legal practitioner with more than 20 years' experience in Corporate and Resources Law and was part of the legal team that assisted Gold Fields in its acquisition of St Ives and Agnew in 2001.

Ashley is an admitted legal practitioner holding a Bachelor of Laws (Hons) and Bachelor of Commerce (Accounting) from Murdoch University.

The Board considers Ashley is not currently an independent Director.

Committee memberships:	Nomination and Remuneration Committee (Member)
Other Current Directorships:	Nil
Former Directorships (in last 3 years):	Nil

Deborah Lord
Non-Executive Director

Deborah is currently a Non-Executive Director of E79 Gold Mines Limited and a Director of resources sector consultancy firm Valuation and Resource Management (VRM). She was formerly on the strategic advisory board of the UWA Centre for Exploration Targeting (CET); and College Member of the Minerals Research Institute of WA (MRIWA).

Deborah has more than 30 years' experience in the resources sector in Australia, North and South America. She has worked in greenfields to near-mine exploration and resource development projects across a range of commodities within leadership, management, governance and research advisory positions. She has worked globally for major companies including BHP, Placer Dome and WMC Resources and within international consultancy firm SRK.

As Chair of the VALMIN Committee and formerly BHP Head of Resource Governance, Deborah brings a strong technical risk management focus as well as having broad experience in project review, valuation and technical assessment of mineral assets.

Deborah holds a Bachelor of Science (Geology) (Hons) from the University of Melbourne.

The Board considers Deborah is currently an independent Director.

Committee memberships:	Nomination and Remuneration Committee (Chair) Audit and Risk Committee (Member)
Other Current Directorships:	E79 Gold Mines Limited (ASX:E79)
Former Directorships (in last 3 years):	Nil

Hayden Bartrop
Company Secretary

Hayden is a lawyer with more than 15 years' experience in the gold industry in legal, commercial and business development roles. Mr Bartrop's role as Chief Financial Officer is responsible for the accounting, finance, company secretarial and legal functions, and identifying business development and offtake opportunities for the future growth of the Company.

Hayden was previously Company Secretary and General Manager – Corporate Development and Legal at Gold Road Resources Limited, and Director of Legal and Business Development at Barrick Gold Corporation.

Hayden holds an MBA (High Distinction), Bachelor of Law and Bachelor of Commerce (Finance and Banking).

Hayden is the responsible person for communications with ASX in relation to Listing Rule matters under ASX listing rule 12.6.

DIRECTORS' REPORT (CONTINUED)

Directors' Interests

As at the date of this report, the Directors' interests in Shares, Options, and Performance Rights of the Company are as follows:

Directors	Interests in Ordinary Shares	Interests in Unlisted Options	Interests in Performance Rights
L Twigger	1,308,333	-	-
E Ainscough	3,842,235[1]	-	438,202[4]
I Junk	9,711,898	150,000[2]	-
A McDonald	350,258	-	-
D Lord	121,622	475,000[3]	-

1 *Excludes 120,506 shares to be issued in relation to 2023 STI scheme, which are subject to shareholder approval*
2 *Vested and exercisable at $1.18, expiring 11 February 2026*
3 *300,000 vested and exercisable at $1.18, expiring 11 February 2026, remainder subject to vesting conditions*
4 *Subject to vesting conditions. Excludes 2,413,635 performance rights which are intended to be issued in connection with FY2025 STI and FY2025-2027 LTI schemes, which are subject to shareholder approval*

Directors' Meetings

The number of meetings of the Company's Directors (including meetings of Committees of Directors) held during the year ended 30 June 2024 and the number of meetings attended by each Director were:

Director	Board of Directors'		Nomination and Remuneration Committee		Audit and Risk Committee	
	Held[1]	Attended	Held[1]	Attended[2]	Held[1]	Attended[2]
L Twigger	6	6	2	2	3	3
E Ainscough	6	6	-	-	-	-
I Junk	6	6	-	-	3	3
A McDonald	6	6	2	2	-	-
D Lord	6	6	2	2	3	3

Current Chair | Current Member

1 *Number of meetings held during the time the Director held office eligible to attend, or was a member of the Board Committee and was eligible to attend*
2 *All Non-Executive Directors have a standing invitation to the Board Committees*

Nature of Operations and Principal Activities

The principal activities of the Company were mineral resource exploration and development, with a focus on nickel and gold. The Company's principal activities were on its Kambalda Nickel Project (**KNP**), which consists of approximately 47km^2 of tenements, located immediately south of Kambalda, Western Australia. KNP comprises two project areas, Foster and Baker Project (in which the Company holds the tenure and associated mineral rights, including nickel and the majority of gold rights) and the Silver Lake and Fisher Project (in which the Company holds only the nickel rights and minerals directly associated with nickel).

Operating and Financial Overview

A review of the Company's exploration projects and activities during the year is discussed in the Operations Review section included in this Annual Report.

A review of the Company's material business risks during the reporting period, and relevant to executing the Company's strategy, is discussed in the Risk Management section included in this Annual Report.

Profit or Loss

The operating loss of the Company for the financial year after providing for income tax amounted to $24.1 million (2023: loss $17.7 million), which included an impairment expense of $12.6 million to exploration and evaluation assets (2023: nil) reflecting the material decline in the nickel price and the Company's decision to suspend exploration drilling for nickel. Exploration and evaluation expensed was $6.5 million (2023: $5.3 million), the increase attributable to a lower proportion of ongoing exploration and studies activities being capitalised.

DIRECTORS' REPORT (CONTINUED)

Financial Position

The net assets of the Company decreased by $5.5 million during the year to $46.4 million (2023: $51.9 million). As at 30 June 2024, the Company had:

(a) Cash and cash equivalents of $21.9 million (2023: $19.5 million), which increased as a result of net proceeds from the issue of shares of $17.5 million exceeding outflows for exploration, studies and corporate activities.

(b) Exploration and evaluation capitalised of $24.2 million (2023: $33.6 million), which decreased as a result of an impairment of $12.6 million of exploration and evaluation assets following the material decline in the nickel price and the Company's decision to suspend exploration drilling for nickel.

(c) Trade and other payables of $0.3 million (2023: $2.0 million) was lower due to limited exploration activity in June 2024, resulting in less unpaid invoices and accruals.

Cash Flows

Cash and cash equivalents increased during the year by $2.4 million to $21.9 million as at 30 June 2024 (2023: $19.5 million).

Net cash outflow from operating activities for the year was $11.3 million (2023: $7.4 million), with the increase attributable to a greater proportion of exploration and studies activities being expensed than capitalised.

Net cash outflow used in investing activities amounted to $3.8 million (2023: $6.6 million), the decrease attributable to a lower proportion of ongoing exploration and studies activities being capitalised. Capitalisation related primarily to Baker and Foster, including metallurgical drilling and testing, and extensional and in-fill drilling at Baker.

Net cash inflows from financing activities was $17.5 million (2023: $0.6 million), the increase resulting from the receipt of net proceeds from the issue of shares of $17.5 million.

Corporate and Significant Changes in Affairs

The Company announced:

- On 28 August 2023, the Company issued 18,888,888 new fully paid ordinary shares at an issue price of $0.90 per share, following completion of the first tranche of the Placement raising $17.0 million (before transaction costs);

- On 20 September 2023, the Company issued 533,322 new fully paid ordinary shares at an issue price of $0.90 per share following completion of the Share Purchase Plan raising $0.5 million (before transaction costs);

- On 4 October 2023, 21,505,376 full paid ordinary shares were released from escrow. The escrow arrangements were in connection with the acquisition by Lunnon Metals of the Fisher / Silver Lake nickel mineral rights from St Ives Gold Mining Company Pty Ltd (a wholly owned subsidiary of Gold Fields Limited) (**St Ives**);

- On 3 November 2023, at the Annual General Meeting, shareholders approved the second tranche of the Placement and the subsequent issue of 1,111,112 new fully paid ordinary shares at an issue price of $0.90 per share, to St Ives raising approximately $1.0 million (before transaction costs);

- On 4 December 2023, an initial nickel Mineral Resource estimate for Silver Lake Hanging Wall (25H) deposit, at the Silver Lake mine, which is part of the Company's KNP;

- On 18 December 2023, an initial nickel Mineral Resource estimated for East Trough, adjacent to the Baker deposit, which is part of the Company's KNP;

- On 15 January 2024, an initial nickel Mineral Resource estimated for Fisher, which is part of the of the Company's KNP;

- On 24 January 2024, that:
    - following the significant fall in the nickel price, and poor prevailing market sentiment for nickel, the Company would take a prudent approach with respect to its capital management and planned to reduce monthly exploration and corporate costs from approximately $1.5 million per month to $1.0 million per month; and
    - following the recent news regarding Wyloo Consolidated Investments Pty Ltd and BHP Nickel West Pty Ltd's (**BHP**) intended cessation of activities at the Kambalda district mines and the Kambalda Concentrator (respectively), the Company would continue to review alternatives for potential future processing of KNP nickel production.
- On 1 March 2024, its Half Yearly Financial Report which included an impairment expense of $8.4 million on 31 December 2023 to its exploration and evaluation assets reflecting changes in economic conditions, specifically the price of nickel;
- On 13 March 2024, following a natural hiatus for nickel drilling, the Company would take the opportunity to test select high ranking gold exploration targets (previously outlined in its June 2021 Prospectus) with a diamond drilling and reverse circulation program;
- On 24 April 2024, that:
    - the Company reduced its site and Perth based headcount during the quarter to reflect the forecast reduced exploration activity and to preserve cash;
    - the Company continued to monitor external factors impacting on the Western Australian nickel sector, primarily BHP's pending decision to place its Western Australian nickel division into a period of care and maintenance; and
    - in light of the current nickel market conditions, the Company did not intend to proceed with Baker's development until these conditions improved.
- On 13 May 2024, an increase in the Foster South Mineral Resource and the approval of the Mining Proposal for Baker; and
- On 11 June 2024, the Company announced an updated Baker Mineral Resource Estimate of 1.0Mt @ 3.3% nickel for 33,700t of nickel metal.

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

Share Options and Performance Rights Over Unissued Capital

The following changes in Options and Performance Rights occurred during the year:

	Share Options		Performance Rights	
	30 June 2024	**30 June 2023**	**30 June 2024**	**30 June 2023**
Granted	-	-	329,935	3,901,270
Exercised	(767,729)	(1,450,914)	(80,899)	-
Forfeited or cancelled	(7,132)	(48,352)	(218,745)	(86,209)

DIRECTORS' REPORT (CONTINUED)

Since 30 June 2024 to the date of this report:

- 325,000 options were forfeited by Mr Junk due to his retirement on 1 July 2024 and inability to meet the service vesting conditions.
- 1,210,497 Performance Rights forfeited for failure to meet vesting conditions as determined by the Board on 23 July 2024
- 1,700,000 options were exercised at $0.05 per option by Mr Ainscough on 2 August 2024
- On 2 August 2024, 671,243 Performance Rights were exercised by employees in relation to short term incentives for the performance period 1 January 2023 to 30 June 2024
- 150,000 options vested to Ms Lord on 11 August 2024 having satisfied the service vesting requirement
- On 16 August 2024, 117,955 Performance Rights were exercised by employees in relation to short term incentives for the performance period 1 January 2023 to 30 June 2024
- On 20 August 2024, 6,550,695 Performance Rights were issued in relation to FY2025 short term incentive and FY2025-2027 long term incentive schemes

At the date of this report, Options and Performance Rights to acquire ordinary shares are as follows:

Options

Outstanding[1]	Unvested[2]	Vested and unexercised	Exercise price $	Expiry
1,700,000	-	1,700,000	0.05	22-Mar-26
625,000	175,000	450,000	1.18	11-Feb-26
2,325,000	175,000	2,150,000		

Performance Rights

Outstanding[1]	Unvested[2]	Vested and unexercised	Incentive Plan	Expiry
42,459	42,459	-	Onboarding	31-Dec-25
36,406	-	36,406	STI – 2023	31-Dec-29
1,766,339	1,766,339	-	LTI - 2023	31-Dec-29
2,317,605[3]	2,317,605	-	STI – FY2025	31-Dec-29
4,233,090[3]	4,233,090	-	LTI – FY2025	31-Dec-29
8,395,899	8,359,493	36,406		

1 None of the Options or Performance Rights on issue entitles the holder to participate in any share issue of the Company or any other body corporate
2 Subject to vesting conditions
3 Excludes 2,413,635 FY2025 short term incentive and FY2025-2027 long term incentive performance rights to be issued to Mr Ainscough, which are subject to shareholder approval.

Events Subsequent to Reporting Date

Subsequent to reporting date:

- On 1 July 2024, the Company announced the retirement of Non-Executive Director Mr Ian Junk from the Board.
- On 11 July 2024, the Company provided an update on the Long South Gap exploration program for nickel. Despite the Company remaining confident in the potential for a significant discovery in this area, the Company noted the nickel market sentiment had deteriorated significantly since this program began in 2023 and the Company would pause new surface nickel exploration activities.
- On 12 July 2024, the Company responded to BHP's announcement to temporarily suspend its Nickel West operations from October 2024, including BHP's intention to review this decision by February 2027. The Company noted its interest in purchasing, leasing or otherwise making use of BHP's Kambalda Nickel Concentrator and that the Company has been considering alternative processing options to Nickel West, including the potential to either jointly, or in its own right, build a new, right sized concentrator.

DIRECTORS' REPORT (CONTINUED)

Events Subsequent to Reporting Date (continued)

- On 2 August 2024, the Company issued 1,700,000 shares following the exercise of 1,700,000 options ($0.05 exercise price) and 671,243 shares following the exercise of 671,243 performance rights (nil exercise price).
- On 16 August 2024, the Company issued 251,491 shares following the exercise of 117,955 performance rights (nil exercise price) and the exercise of 133,536 share rights
- On 20 August 2024, the Company issued 2,644 shares, and 6,550,695 performance rights to employees in relation to the FY2025 STI and FY2025-2027 LTI schemes.

No other matters or circumstances have arisen since 30 June 2024 that has affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely Developments and Expected Results of Operations
The Company will continue its gold exploration activity at the Foster and Baker project area where it holds the gold rights, targeting high grade and near surface mineralisation which may potentially lead to an initial gold mineral resource. The Company will also continue to finalise the development studies for mining and processing of the Baker and Foster nickel mineral resources, including continuing to pursue and evaluate potential ore tolling partners or the construction of a concentrator.

The Company will review its decision to pause new surface nickel exploration activities if nickel market sentiment improves.

Environmental Regulation and Performance
Exploration and development activities are subject to environmental regulations under both Commonwealth and State Legislation. The Company received approval for the Mining Proposal submitted to the Western Australian Department of Energy, Mines, Industry Regulation and Safety (**DEMIRS**), which permits the Company to mine the Baker deposit from underground (with decline access from the West Idough Open Pit) and transport the ore offsite to a third party concentrator. The approval does not permit the construction, or operation, of a nickel concentrator. Permitting activities with DEMIRS is ongoing in regard to the Company's plans relating to re-entry and rehabilitation, following dewatering of the Foster nickel mine workings.

So far as the Directors are aware, all exploration activities are being undertaken in compliance with all relevant environmental regulations.

Proceedings on behalf of the Company
No persons have applied for leave pursuant to s.237 of the *Corporation Act 2001* to bring, or intervene in, proceedings on behalf of the Company.

Indemnification of Directors and Auditors
Since the end of the previous financial year, the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report. The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

Audit and Non-Audit Services

During the year the following fees were paid or payable for services provided by the auditor of the Company, including any related practices:

	2024	2023
	$	$
Audit services	38,250	35,500
Non-audit services	-	-
Total remuneration of Armada Audit and Assurance Pty Ltd	38,250	35,500

The Company may engage Armada on assignments additional to their statutory audit duties where their expertise and experience with the Company are important.

Armada continues in office in accordance with section 327 of the *Corporations Act 2001*.

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 116.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)

1. Remuneration report overview

The Directors of Lunnon Metals Limited present the Remuneration Report (the **Report**) for the Company for the year ended 30 June 2024. This Report for the Company forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001*.

The Report details the remuneration arrangements for the Company's key management personnel (**KMP**) and include:

- the Company's Non-Executive Directors (**NEDs**); and
- the Company's Managing Director and Senior Executives (collectively the **Executives**).

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company.

The table below outlines the KMP of the Company for the period 1 July 2023 to 30 June 2024 (**FY2024**).

Table 1 – KMP of the Company

Name	Position	Term as KMP
Non-Executive Directors		
Liam Twigger	Independent Non-Executive Chairman	Full financial year
Ian Junk	Non-Executive Director	Full financial year
Ashley McDonald	Non-Executive Director	Full financial year
Deborah Lord	Independent Non-Executive Director	Full financial year
Executives		
Edmund Ainscough	Managing Director and Chief Executive Officer	Full financial year
Hayden Bartrop	Chief Financial Officer	Full financial year
Aaron Wehrle	Exploration and Geology Manager	Full financial year

On 1 July 2024, Ian Junk retired as a Non-executive Director of the Company. There were no other changes in KMP after the reporting date and before the financial report was authorised for issue.

DIRECTORS' REPORT (CONTINUED)

2. Summary of Reward Outcomes for FY2024

2.1 *STI Performance Outcomes*

The table below sets out the STI Performance Outcomes for the period 1 January 2023 to 30 June 2024.

Table 2 – Short Term Incentive Awards

Executive	Maximum STI Opportunity	Proportion Achieved	Company Proportion Achieved[1]	Individual Proportion Achieved[2]	Proportion Forfeited	Performance Rights Vested / Shares Issued #	Value of Performance Rights / Shares included in Rem ($)
Edmund Ainscough	65% of TFR	57.5%	57.5%[3]	N/A	42.5%[3]	251,966[3]	264,564[3]
Hayden Bartrop	55% of TFR	57.5%	57.5%	57.5%	42.5%	267,450[4]	256,752[4]
Aaron Wehrle	55% of TFR	57.5%	57.5%	57.5%	42.5%	159,020	152,659

1 STI Company weighting is 100% for E Ainscough, 90% for H Bartrop and 70% for A Wehrle
2 STI Individual weighting is 0% for E Ainscough, 10% for H Bartrop and 30% for A Wehrle
3 27.5% of the Company weighting achievement is subject to shareholder approval, equivalent to 120,506 shares and $126,531 dollars in remuneration. The value assumes shareholder approval is obtained.
4 Includes 80,899 onboarding Performance Rights which vested on 31 December 2023.

2.2 *LTI Performance and Outcomes*

There were no LTI outcomes for FY2024, as the LTI Scheme commenced on 1 January 2023 with the first performance period ending on 30 June 2026.

2.3 *Option Outcomes*

The table below sets out the Options that vested on 11 August 2023 following completion of the first tranche of their service period (being engaged as a Director for one year).

Table 3 – Option Outcomes

KMP	Options vested[1] No.
Ian Junk	150,00
Deborah Lord	150,00

1 Options are exercisable at $1.18, expiring 11 February 2026

There were no other option outcomes for KMPs in FY2024.

2.4 *Salary and Fee Changes FY2024*

As part of the annual remuneration review at the end of FY2023, the Board approved a total fixed remuneration increase of 4.0% for Mr Ainscough and Mr Wehrle and 2.2% for Mr Bartrop (both figures include the legislated superannuation increase of 0.5%), effective on and from 1 July 2023. The increases were modest and less than increases of the Consumer Price Index and Australian Weekly Earnings in the 2023 financial year.

Table 4 – Executive Remuneration Changes in FY2024

Name	TFR[1] as at 30 June 2024 $	Effective date of change	TFR[1] as at 30 June 2023 $
Edmund Ainscough	415,911	From 1-Jul-23	400,000
Hayden Bartrop	357,736	From 1-Jul-23	350,000
Aaron Wehrle	310,189	From 1-Jul-23	298,350

1 Total fixed remuneration (TFR) includes base salary and superannuation

NED fees remained unchanged during FY2024, except for the legislated increase in the superannuation guarantee rate from 10.5% (FY2023) to 11.0% (FY2024). From 1 July 2023, the Board determined that the Chairs of the Audit and Risk Committee and Nomination and Remuneration Committee would receive $10,000 per annum each for their role as chair, in addition to their existing NED fees.

No changes were made to the non-executive directors' remuneration pool of $300,000 per annum.

3. Statutory Remuneration

3.1. *Executive Statutory Remuneration*

Table 5 sets out Executive KMPs remuneration calculated in accordance with statutory accounting requirements.

Table 5 – Executive Statutory Remuneration

For the year ended 30 June 2024

	Short-term benefits			Share-based payments[1]					
Executive KMP	Salaries and fees $	Superannuation $	Other short-term benefits $	Performance Rights / Shares (STI) $	Performance Rights (LTI) $	Options $	Total Share-based Payments $	Total $	At risk %
Edmund Ainscough	388,411	27,500	-	112,315[3]	115,081	-	227,396	643,307	35%
Hayden Bartrop[2]	330,236	27,500	-	135,587	76,932	-	212,519	570,255	37%
Aaron Wehrle	282,689	27,500	-	64,807	65,579	-	130,386	440,575	30%
	1,001,336	82,500	-	312,709	257,592	-	570,301	1,654,137	

1 Share-based payments are calculated in accordance with Australian Accounting Standards and is the amortised fair value at the grant date
2 Includes $59,559 for Onboarding Rights received by Mr Bartrop on commencement with the Company, which vest based on 12 month and 24 month service conditions
3 Includes $126,531 dollars in the remuneration value associated with 120,506 shares which are subject to shareholder approval.

For the year ended 30 June 2023

	Short-term benefits			Share-based payments[1]					
Executive KMP	Salaries and fees $	Superannuation $	Other short-term benefits $	Performance Rights / Shares (STI) $	Performance Rights (LTI) $	Options $	Total Share-based Payments $	Total $	At risk %
Edmund Ainscough	347,492	36,487	2,091	152,249	56,911	59,321	268,481	654,551	41%
Hayden Bartrop[2]	158,371	16,629	-	103,061	86,651[3]	-	189,712	364,712	52%
Aaron Wehrle	270,000	28,350	-	87,852	32,431	59,321	179,604	477,954	38%
	775,863	81,466	2,091	343,162	175,993	118,642	637,797	1,497,217	

1 Share-based payments are calculated in accordance with Australian Accounting Standards and is the amortised fair value at the grant date
2 Mr Bartrop commenced 3 January 2023
3 Includes $48,605 for Onboarding Rights received by Mr Bartrop on commencement with the Company, which vest based on 12 month and 24 month service conditions

3.2. *NED Statutory Remuneration*

Table 6 sets out NED remuneration calculated in accordance with statutory accounting requirements.

Table 6 – NED Statutory Remuneration

Year ended 30 June 2024

Directors	Salaries and fees $	Superannuation $	Options $	Total $	At risk %
Liam Twigger	75,000	8,250	-	83,250	-
Ian Junk	55,000[1]	6,050	56,706	117,756	48%
Deborah Lord	55,000[1]	6,050	56,706	117,756	48%
Ashley McDonald[2]	-	-	-	-	-
	185,000	20,350	113,411	318,761	

Year ended 30 June 2023

Directors	Salaries and fees $	Superannuation $	Options $	Total $	At risk %
Liam Twigger	75,000	7,875	16,575	99,450	17%
Ian Junk	45,000	4,725	62,806	112,531	56%
Deborah Lord	45,000	4,725	62,806	112,531	56%
Ashley McDonald[2]	-	-	-	-	-
	165,000	17,325	142,187	324,512	

1 Includes $10,000 each in Chair Committee fees
2 Mr McDonald waived his right to receive NED fees as a nominee, and employee of a related party of, St Ives Gold Mining Company Pty Ltd (a wholly owned subsidiary of Gold Fields Limited).

4. Company Performance

4.1. *FY2024 Company Performance*

During FY2024, the Company drilled 142 holes for approximately 26.2km drilled. As part of the results of that drilling, the Company added 1.32Mt @ 2.0% Ni for 25,800 tonnes of contained nickel in Mineral Resource, an increase of 29.4% contained nickel in Mineral Resources. The increase in Mineral Resources was primarily due to the initial Mineral Resources at the East Trough, Silver Lake and Fisher deposits and updates to Foster South's and Baker's Mineral Resources.

The updated Baker Mineral Resource estimate now includes a Measured Resource component for the first-time and stands in total at 1.0Mt tonnes @ 3.3% Ni for 33,700 tonnes of contained nickel. The initial Ore Reserve at the Baker Project (dated 22 May 2023) remains at 0.61Mt @ 2.86% Ni for 17,500 tonnes of contained nickel and is currently subject to review as part of the ongoing Preliminary Feasibility Study into Baker and Foster.

On the social front, the Company had zero fatalities or lost time injuries and continued to progress discussions with the Ngadju for a Heritage Protocol Agreement and Mining Rights Agreement.

Against the backdrop of a falling nickel price and nickel mine closures in Western Australia, the Company's total shareholder return was negative 76% in FY2024, which was broadly in line with other West Australian nickel developers and explorers on the ASX.

4.2. *Five Year Company Performance*

A summary of Lunnon Metals performance for the current and previous four financial years is provided below.

Table 7 - Performance over the last 5 years

	2024	2023	2022	2021	2020
Loss for the year[1]	$24,106,445	$17,735,108	$6,647,497	$2,531,887	$1,448,577
Loss per share (cents)	11.41	9.57	4.52	5.59	8.55
Share price at year end	$0.23	$0.95	$0.790	$0.455	N/A*
Total Shareholder Return (% p.a.)	(76%)	20%	74%	52%	N/A*
JORC 2012 Mineral Resource (contained nickel)	113,600	87,800	64,300	39,000	N/A+
JORC 2012 Ore Reserve (contained nickel)	17,500	17,500	-	-	-

1 Net loss has been calculated in accordance with Australian Accounting Standards.
* Lunnon Metals listed on 16 June 2021 at 30c per share.
\+ Lunnon Metals did not publicly report a JORC 2012 Mineral Resource prior to listing on 16 June 2021.

5. Remuneration Governance and Decision Making

5.1. *Role of the Board*

The Board is responsible for setting the Company's remuneration framework and remuneration policy to ensure that it is aligned with the Company's strategic objectives, values, and risk appetite. This includes approving the remuneration arrangements of Non-executive Directors and Executives, including approval of all performance targets set for Short-term and Long-term incentives granted to the Executives.

Under a formal charter, the Board has established a Remuneration Committee to review and make recommendations to the Board on remuneration arrangements, including recommending the performance targets set for incentives, the amount of incentives that vest based on achievements against the performance targets, any changes to the non-executive fee pool and general remuneration strategy.

5.2. Remuneration Committee

The Remuneration Committee assists the Board with the Company's remuneration policies and framework and is primarily responsible for the consideration and recommendation of remuneration practices in relation to Executives, as well as recommending the level of NED fees.

The Remuneration Committee comprises three Non-Executive Directors, the majority of who are independent. The table below outlines the composition of the Remuneration Committee during the year ended 30 June 2024.

Table 8 – NED Statutory Remuneration

Deborah Lord	Independent Non-Executive Director	Chair
Liam Twigger	Independent Non-Executive Director	Member
Ashley McDonald	Non-Executive Director	Member

The responsibilities of the Remuneration Committee's role, objectives and responsibilities are outlined in its charter, which is available at https://lunnonmetals.com.au/corporate-governance/.

The Managing Director attends relevant Remuneration Committee meetings by invitation, where management input is required, however, has no vote in relation to matters before the Committee. The Managing Director provides recommendations to the Remuneration Committee on the remuneration arrangements of his direct reports and all other employees.

The Remuneration Committee has implemented processes to ensure conflicts of interest are managed appropriately.

5.3. Remuneration Consultants

To ensure the Remuneration Committee is fully informed when making remuneration decisions and recommendations to the Board, the Remuneration Committee may seek external advice, as it requires, on remuneration policies and practices. Remuneration consultants can be engaged by, and report directly to, the Remuneration Committee. In selecting remuneration consultants, the Remuneration Committee will consider potential conflicts of interest and independence from the Company's KMP.

In FY2024, no remuneration consultants were engaged by the Company.

5.4. Remuneration report approval at 2023 Annual General Meeting (AGM)

The Remuneration Report for the financial year ended 30 June 2023 received positive shareholder support at the 2023 AGM with a vote of 99.98% in favour. The Company received no specific feedback on its Remuneration Report at the 2023 AGM.

5.5. Employee Awards Plan

In September 2022, the Company replaced the Employee Incentive Option Scheme dated 1 October 2020 with the Employee Awards Plan (**Plan**). The Plan allows the Company to offer shares, options or performance rights to persons who are employees or directors of, or individuals who provide services to, the Company. A summary of the terms of the Plan were provided in the Notice of Meeting released on the ASX on 13 October 2022.

As at the date of this report, 10,955,847 securities had been issued under the Plan, with 8,358,317 unvested, 37,582 vested and unexercised, 1,006,277 vested and exercised and 1,553,671 forfeited or cancelled.

5.6. Director Security Issues under ASX Listing Rule 10.14

For FY2024, there were no shareholder approval requests to issue securities to Directors under ASX Listing Rule 10.14.

In FY2023, under ASX Listing Rule 10.14:

- 876,404 performance rights were issued under the Plan to Mr Ainscough's nominee following shareholder approval on 30 March 2023; and
- 475,000 options were issued to Ms Lord and 475,000 options were issued to Mr Junk under the Employee Incentive Option Scheme dated 1 October 2020 following shareholder approval on 27 September 2022.

5.7. *Securities Trading Policy*

All of the Company's KMP and employees are subject to the Company's Securities Trading Policy which sets out the governance approach for dealing in the Company's securities including when and how KMP and employees can deal in company securities. A copy is available at https://lunnonmetals.com.au/corporate-governance/.

6. Executive Remuneration

6.1. *Policy and approach*

The Company has adopted the following key principles in its remuneration framework for Executives:

- **Market Competitiveness**: Setting total aggregate remuneration at a level which provides the Company with the ability to attract and retain Executives of a quality calibre at a cost which is considered acceptable to shareholders based on accountability, location, skill-set and experience;
- **Shareholder Alignment**: Align Executives interests with those of key stakeholders by incorporating in the remuneration framework variable remuneration consisting of short and long-term incentives linked to the strategic goals and performance of the Company;
- **Transparency:** Remuneration systems are transparent, simple, clear and have measurable targets.
- **Strategic Focus and Adaptability:** Compatibility with the Company's strategic aims, which may need to adapt to changing market dynamics and commodity prices.

6.2. *Overview of Remuneration Framework*

The following table provides an overview of the elements of the remuneration framework for Executives:

Table 9 – Overview of Remuneration Framework

Element	Purpose	Section
Total Fixed Remuneration (TFR)		
Comprises of a base salary and superannuation	Provides a competitive cash salary, determined by the scope of the role and benchmarked to ensure it remains competitive to attract and retain required capability	0, 6.4
Variable Remuneration		
Short-Term Incentives (STI)		
Granted as Performance Rights vesting over a 12-month period upon meeting performance objectives (18 months[1] performance period for initial performance period)	Focuses efforts on measurable "line of sight" results that are a priority in the financial year, and paid in the form of equity to align interests with those of shareholders. STI outcome can range from 0% to 100% of target depending on performance relative to targets agreed.	0, 6.5
Long-Term Incentives (LTI)		
Granted as Performance Rights vesting over a 36-month[2] period upon meeting performance objectives (42 months[2] performance period for initial performance period)	Aligns Executives' interests with shareholders over the long term through positive returns measured by market and non-market based measures. LTI outcome can range from 0% to 100% of target depending on performance relative to targets agreed.	0, 6.6

1 An initial 18-month STI performance period (1 January 2023 to 30 June 2024) will apply to the first tranche to align with the Company's financial year (and thereafter will be a 12-month performance period).

2 An initial 42-month LTI performance period (1 January 2023 to 30 June 2026) will apply to the first tranche to align with the Company's financial year (and thereafter will be a 36-month performance period).

6.3. *Target Remuneration Mix*

The table below represents the Total Incentive Opportunity (**TIO**) for Executives in the current year, being the maximum amount only if the Executive meets all of their demanding performance hurdles. In setting the TIO, the Board engaged external independent consultants to benchmark a group of Lunnon Metals' peers to assist the Board with determining an appropriate level.

Table 10 – Total Incentive Opportunity

			At risk		
	Effective Date	**TFR as at 30 June 24**	**STI** as a percentage of annual TFR	**LTI** as a percentage of annual TFR	**Total at risk** as a percentage of annual TFR
Edmund Ainscough	1-Jul-23	$415,911	65%	65%	130%
Hayden Bartrop	1-Jul-23	$357,736	55%	55%	110%
Aaron Wehrle	1-Jul-23	$310,189	55%	55%	110%

6.4. *Total Fixed Remuneration*

TFR comprises of a base salary and superannuation. The level of TFR is set to provide a base level of remuneration which is both appropriate for the position and competitive in the market.

The Company aims to set TFR in accordance with market rates. However, the Board may use its discretion to pay above this to attract and retain key employees in achieving the Company's strategic goals.

TFR is reviewed on no less than an annual basis by the Remuneration Committee and approved by the Board having regard to the Company and individual performance, relevant comparable remuneration for similarly capitalised companies in the mining industry and independently compiled market data.

6.5. *Short-Term Incentive Plan*

Key questions and answers on how the STI scheme works

Question	Answer
Why does the Board consider a STI Plan is appropriate?	The purpose of the STI Plan is to make a proportion of the total remuneration package subject to meeting various short-term performance measures aligned with the Company's Strategic Plan, thereby strengthening the link to remuneration and performance.
How is it paid?	STI awards for Executives are paid in performance rights, which vest according to the extent of achievement of the applicable performance measures. Performance rights are granted for no consideration to Executives.
What is a performance right?	A performance right is an entitlement to one fully paid ordinary share on exercise of that performance right. No consideration is payable on exercise. A performance right is only exercisable if the vesting conditions (performance measures) have been met. Partial vesting may occur for partial achievement of vesting conditions. Performance rights which do not vest after performance testing lapse. Performance rights expire 7 years after grant (unless lapsed or cancelled earlier).
What is the performance period?	STI awards are assessed over a 12-month period aligned with the Company's financial year. For the inaugural STI award, the period will be 18 months (1 January 2023 to 30 June 2024) to align with the Company's financial year.
How much can the Executives earn?	The maximum STI opportunity as a percentage of TFR for the Managing Director is 65% and other Executives is 55%. As the inaugural STI is an 18 month (1.5 years) period, the maximum STI opportunity was multiplied by 1.5 to ensure an annual equivalent STI amount.

Question	Answer
What is the methodology for allocating performance rights	The number of performance rights issued to each Executive is determined by dividing the maximum STI opportunity by the 30 trading day volume weighted average price of the Company's shares prior to the commencement of the performance period. This amount was $0.890.
Are there Company and Individual Performance Measures?	STI Performance Measures include Company and Individual Key Performance Indicators (**KPIs**) that align with the Company's Strategic Growth Plan and the Company's values. Company KPIs apply to all Executives, however, the weighting will vary depending on the accountability and responsibility of the Executive. Individual KPIs are specifically set for that individual and are typically targets aligned with one or more of the Company KPIs. The weighting of STI Performance Measures for each Executive for FY2024 period were as follows:

KMP	Company Weighting (% of STI)	Individual Weighting (% of STI)
Edmund Ainscough	100%	0%
Hayden Bartrop	90%	10%
Aaron Wehrle	70%	30%

Question	Answer
How is performance assessed?	The Board, with the assistance of the Remuneration Committee, sets and assesses achievement of the Company KPIs at the end of the financial year. If performance against any measurement objective is assessed as not being met or below threshold, no outcome is awarded for that measure. The determination as to whether the performance measures have been met by the Company and the calculation of the amount payable under the STI Plan is at the absolute discretion of the Board. The Managing Director sets and assesses the individual KPIs for the other Executives at the end of the financial year, with the Committee reviewing the KPIs and the outcomes of the assessment and recommending to the Board to accept, reject or modify the individual KPIs or assessment of those KPIs.
Is there a gateway or link to ESG?	Yes. The STI contains an environmental social governance (**ESG**) performance hurdle gateway, namely: *"No ESG catastrophic consequence at a Company managed operation in the Performance Period or of which the Company becomes aware of in the Performance Period."* In the event of a catastrophic ESG related event in the Performance Period, the Board has discretion to reduce the whole or part of the level of vesting on consideration of the individual's accountability and responsibility in mitigating the impacts to the Company. For example, if the weighted average performance was 75% and the Board determined a 50% reduction for the individual based on the ESG Gateway Hurdle not being met, the vesting amount would be 37.5% (75% x 50%).

<table>
<tr><th>Question</th><th>Answer</th></tr>
<tr><td>What are the performance measures for FY2024 and the rationale for selecting them?</td><td>The Company Performance Measures for Executives, and the Board's rationale for selecting them, are:
<table>
<tr><th>Performance Hurdle</th><th>Weighting</th><th>Level of Vesting</th><th>Rational</th></tr>
<tr><td>First time Proven and Probable Ore Reserve for Baker deposit (and any extensions) of 15kt contained nickel metal</td><td>30%</td><td><10kt Ni = 0%
>10kt-15kt = Straight line pro rata 50% to 100%
>15kt = 100%</td><td>Imperative to progressing the Company to operations and generating future cash flow. Links to strategic imperative of "Define Our Pathway"</td></tr>
<tr><td>Finalise commercial terms for ore tolling and concentrate purchase agreement, and regulatory approval to commence development at the Baker deposit</td><td>35%</td><td>By 30 June 24 = 100%</td><td>Critical to progressing a financial investment decision to commence mining Baker and generating future cash flow. Links to strategic imperative of "Define Our Pathway"</td></tr>
<tr><td>Discovery of a new nickel deposit on any of the Company's properties (a discovery being defined as at least one significant RC/DDH intercept (>9.0%Ni metre) which must not be <200m from an existing >9.0% metre intercept or known Mineral Resource)</td><td>20%</td><td>One discovery: 50%
Two discoveries: 75%
3 or more discoveries: 100%</td><td>Maximises long-term capital growth by developing, and sustaining, a production pipeline of assets or growing future production. Links to the strategic imperative of "Understand our Potential"</td></tr>
<tr><td>Grant of regulatory approval of the Mining Proposal or plan for the Foster Nickel Mine including the dewatering programme</td><td>15%</td><td>By 30 June 24 = 100%</td><td>Critical to progressing a financial investment decision for Foster, to provide multiple operations and potential cost and operating synergies with Baker. Links to strategic imperative "Define Our Pathway"</td></tr>
<tr><td>Total</td><td>100%</td><td></td><td></td></tr>
</table>
The measurement date for the FY2024 STI is 30 June 2024.

Vesting of the performance rights under the Plan will also be conditional on the holder remaining an employee or director as at the date the vesting condition is satisfied (subject to the exercise of any discretion by the Board to waive a vesting condition or to allow an employee or director who retires in certain circumstances to retain their performance rights as provided for by the rules of the Plan).</td></tr>
<tr><td>Who is eligible to participate in the STI Plan?</td><td>The Managing Director and all other Executives are eligible to participate in the STI Plan. All permanent and fixed term employees of the Company are also eligible to participate, at the discretion of the Board.</td></tr>
<tr><td>What happens to STI awards when an Executive ceases employment?</td><td>Vesting of the performance rights under the Plan is conditional on the holder remaining an employee or director as at the date the vesting condition is satisfied (subject to the exercise of any discretion by the Board to waive a vesting condition or to allow an employee or director who retires in certain circumstances to retain their performance rights as provided for by the rules of the Plan).</td></tr>
</table>

Question	Answer
Are there malus or clawback provisions	Yes. If the Board determines at any time that an Executive has committed fraud, an offence of the Corporations Act, a material breach of duties to the Company or an act which brings the Company into disrepute, the Board may lapse some or all performance rights which have not been exercised. If the Board becomes aware of an event which, as a result, means vested performance rights should not have been, or determined to have been, satisfied, the Board may require the Executive to pay to the Company the after tax value of the affected performance rights which have been converted into Shares or adjust fixed remuneration, incentives or participation in the Plan in the current year or any future year to take account of the after tax value of the affected performance rights
Is there a deferral mechanism?	No.
What happens in the event of a change of control?	If a Change of Control Event occurs, subject to applicable law and the ASX Listing Rules, the Board will exercise its discretion that any unvested performance rights held will immediately vest.

FY2024 Short Term Incentive Outcomes

Table 11 outlines the performance conditions set and results achieved over the 18-month period ending 30 June 2024 to qualify for a STI award.

Table 11 – STI Performance Rights Outcome for FY2024

Performance Hurdle	Weighting	Result	Comments
Gateway Condition			
No ESG catastrophic consequence at a Company managed operation in the Performance Period or of which the Company becomes aware of in the Performance Period	N/A	Met	There were no catastrophic ESG events in the performance period
Company KPIs (Allocated to all key management personnel)			
First time Proven and Probable Ore Reserve for Baker deposit (and any extensions) of 15kt contained nickel metal (**Hurdle 1**)	30%	Achieved (100%)[1]	First time Proven and Probable Baker Ore Reserve was 17.5kt contained nickel metal
Finalise commercial terms for ore tolling and concentrate purchase agreement, and regulatory approval to commence development at the Baker deposit (**Hurdle 2**)	35%	Partially achieved (50%)[2]	Regulatory approval to commence development of Baker achieved with grant of Mining Proposal announced on 13 May 2024. This is a significant de-risking event for Baker's development and warrants 50% achievement. Ore Tolling and Concentrate Purchase Agreement not signed. Significant external change in WA nickel sector (including care and maintenance of Kambalda Concentrator) and decision of Board not to fetter offtake rights until the Company is closer to a decision to mine.

Performance Hurdle	Weighting	Result	Comments
Discovery of a new nickel deposit on any of the Company's properties (a discovery being defined as at least one significant RC/DDH intercept (>9.0%Ni metre) which must not be <200m from an existing >9.0% metre intercept or known Mineral Resource) (**Hurdle 3**)	20%	Partially achieved (50%)[2]	No new nickel discoveries were made, noting the reduced nickel exploration expenditure of the Company. The Board considers that the use of a nickel metal equivalent is warranted, noting the Company's renewed focus on gold due to the depressed nickel prices during the performance period. Based on commodity prices on the last trading day in the performance period (28 June 2024), the gold equivalent calculation is: US$16,955 (LME Closing Cash Bid Price per tonne on 28/06/2024) x 9% = US$1,525.95. $1,525.95/US$2,330.90 (London PM Gold Fix per ounce on 28/06/2024) x 31.10348 (grams per troy ounce) = **20.36 gram metres gold** is the equivalent to 9% metres nickel. Discovery of two new gold deposits: 1 Hustler: 4.31m@ 8.69g/t (FOS24RD_009, ASX Announcement 22 April 2024), which is 37.45 gram metres gold. 2 Plentiful: 2.0m @ 24.49g/t Au (PBS24RC_003, ASX announcement 13 March 2024), which is 48.98 gram metres gold). Two discoveries equates to a vesting of 75% under the Board's policy guidance. However, the Board has exercised its discretion to reduce this to 50%, noting that there were not any nickel discoveries.
Grant of regulatory approval of the Mining Proposal or plan for the Foster Nickel Mine including the dewatering programme (**Hurdle 4**)	15%	Not achieved (0%)	Mining Proposal lodged on 23 May 2024. Mining Proposal approved on 6 August 2024, being after the performance period.
Company Total	**100%**	**57.5%**	The Board noted the significant decrease in share price of the Company over the performance period but decided not to scale the result down, noting that the underlying value of the performance rights had also decreased by a comparative amount and that the primary driver of the decrease in share price were circumstances primarily outside the control of management (nickel price and structural changes in the WA nickel sector)
Individual Outcomes (weighting of STI varies for each individual)			
Edmund Ainscough	0%	Not applicable	Edmund has 100% performance linked to Company KPIs
Hayden Bartrop	10%	57.5%	Despite higher individual achievement against targets, the Board determined to set an award based on the Company Outcome.
Aaron Wehrle	30%	57.5%	Despite higher individual achievement against targets, the Board determined to set an award based on the Company Outcome

1 Refer to **Table 12** for number of Performance Rights vested at 30 June 2024 for Hurdle 1 and Individual Outcomes.
2 Refer to **Table 13** and ASX Listing Rules and Shareholder Approval comments below for Performance Rights vested for Hurdles 2 and 3.

Table 12 – Number of STI Rights Vested at 30 June 2024 for Hurdle 1 and Individual Outcomes

Name	Performance Hurde	Result (%)	Performance Rights vested (#)
Edmund Ainscough	Hurdle 1	100%	131,460
	Individual	N/A	-
	Total		**131,460**
Hayden Bartrop	Hurdle 1	100%	87,597
	Individual	57.5%	18,655
	Total		**106,252**
Aaron Wehrle	Hurdle 1	100%	58,077
	Individual	57.5%	47,706
	Total		**105,783**

ASX Listing Rules and Shareholder Approval
ASX has issued updated guidance that ASX considers a change to a performance hurdle or milestone that makes it easier to achieve is the same as increasing the period for exercising the option (or performance right), which is prohibited by ASX Listing Rule 6.23.3. ASX also provided guidance that any disclosure in a Notice of Meeting of a general power to amend the terms of an option/performance right or of a broad discretion to waive the terms of an option does not permit an entity to make changes to an option that prohibited by Listing Rule 6.23.3.

The possibility of partial vesting was disclosed in the Notice of Meeting dated 24 February 2023, including guidance on the Board's policy on the level of vesting (as stated above in "**What are the performance measures for FY2024?"**). However:

- the tables did not include guidance for partial vesting for the performance hurdle "*Finalise commercial terms for ore tolling and concentrate purchase agreement, and regulatory approval to commence development at the Baker deposit*" (**Hurdle 2**); and
- the tables did not include any guidance for other metal discoveries, for example gold, in relation to the performance hurdle "*Discovery of a new nickel deposit on any of the Company's properties (a discovery being defined as at least one significant RC/DDH intercept (>9.0%Ni metre) which must not be <200m from an existing >9.0% metre intercept or known Mineral Resource)*" (**Hurdle 3**).

Accordingly, the Company has adopted a conservative approach and cancelled the full weighting of performance rights for the KMPs in relation to those performance hurdles. For the KMP, the Board has exercised its discretion to issue shares with a nil issue price and no vesting performance conditions equivalent to the amount that the Board has assessed as being partially achieved (see **Table *13***). The Shares issued to the Managing Director are subject to shareholder approval, which will be sought at the next Annual General Meeting.

Table 13 – Performance Rights Forfeited and Shares Issued

Name	Performance Rights Issued (#)	Proportion Achieved Determined by Board (%)	Performance Rights which would have Vested (#)	Performance Rights Forfeited (#)	Shares Issued (#)
Edmund Ainscough					
Hurdle 2	153,371	50%	76,686	153,371	76,686[1]
Hurdle 3	87,640	50%	43,820	87,640	43,820[1]
Total	**241,011**		**120,506**	**241,011**	**120,506**
Hayden Bartrop					
Hurdle 2	102,198	50%	51,099	102,198	51,099
Hurdle 3	58,399	50%	29,200	58,399	29,200
Total	**160,597**		**80,299**	**160,597**	**80,299**
Aaron Wehrle					
Hurdle 2	67,757	50%	33,878	67,757	33,878
Hurdle 3	38,718	50%	19,359	38,718	19,359
Total	**106,475**		**53,237**	**106,475**	**53,237**

1 Shares to be issued are subject to shareholder approval

6.6. *Long-Term Incentive Plan*

Key Questions and answers on how the LTI Plan works

Question	Answer
Why does the Board consider a LTI Plan is appropriate?	The Board believes that a LTI Plan which is well designed and aligned to the strategic objectives of the Company can drive performance and optimise long-term shareholder value. A LTI Plan can create an immediate ownership mindset among Executive participants, linking a substantial portion of potential reward to the Company's share price and returns to shareholders. The award of LTI's is an important component of remuneration to attract and retain the most talented Executives in a highly competitive market.
How is it paid?	LTI awards for Executives are paid annually in performance rights (subject to shareholder approval), which vest according to the extent of achievement over the applicable performance measures. Performance rights are granted for no consideration to Executives.
What is a performance right?	A performance right is an entitlement to one fully paid ordinary share on exercise of that performance right. No consideration is payable on exercise. A performance right is only exercisable if the vesting conditions (performance measures) have been met. Partial vesting may occur for partial achievement of vesting conditions. Performance rights which do not vest after performance testing lapse. Performance rights expire 7 years after grant (unless lapsed or cancelled earlier).
What is the performance period?	LTI awards are assessed over a 36-month period aligned with the Company's financial year. For the inaugural LTI award, the period will be 42 months (1 January 2023 to 30 June 2026) to align with the Company's financial year.
How much can the Executives earn?	The maximum LTI opportunity as a percentage of TFR for the Managing Director is 65% and other Executives is 55%. As the inaugural LTI is a 42 month period, the next LTI award will be issued after 18 months (1.5 years) rather than the usual 12 month period, the maximum LTI opportunity was multiplied by 1.5 to ensure an annual equivalent LTI amount.
What is the methodology for allocating performance rights	The number of performance rights issued to each Executive is determined by dividing the maximum LTI opportunity by the 30 trading day volume weighted average price of the Company's shares prior to the commencement of the performance period.

DIRECTORS' REPORT (CONTINUED)

<table>
<tr><th>Question</th><th>Answer</th></tr>
<tr><td>Are there Company and Individual Performance Measures?</td><td>No. The LTI Plan consists of only Company Performance Measures, unlike the STI Plan which may include a mix of both Individual Performance Measures and Company Performance Measures.</td></tr>
<tr><td>How is performance assessed?</td><td>The Board, with the assistance of the Remuneration Committee, sets and assesses achievement of the Company KPIs at the end of the financial year.

If performance against any measurement objective is assessed as not being met or below threshold, no outcome is awarded for that measure. The determination as to whether the performance measures have been met by the Company and the calculation of the amount payable under the LTI Plan is at the absolute discretion of the Board.</td></tr>
<tr><td>Is there a gateway or link to ESG?</td><td>Unlike the STI Plan, there is no link to ESG. However, the Board may utilise malus and clawback provisions (see further below).</td></tr>
<tr><td>What are the performance measures and the rationale for selecting them?</td><td>The Company Performance Measures for Executives for 1 January 2023 to 30 June 2026, and the Board's rationale for selecting them, are:
<table>
<tr><th>Performance Hurdle</th><th>Weighting</th><th>Level of Vesting</th><th>Rationale</th></tr>
<tr><td>Absolute total shareholder return equivalent to 20% per annum or better</td><td>35%</td><td>• <10% per annum (39.7% over 3.5 years) TSR: 0%
• Between 10% - 20% per annum TSR: Straight-line pro-rata between 50% and 100%
• >20% per annum (90.1% over 3.5 years) TSR or better: 100%</td><td>Market based performance measure directly align participants' outcomes with shareholders, enforcing discipline and longer term focus when executing strategic objectives. Links to the strategic imperative "Secure our Future"</td></tr>
<tr><td>Relative total shareholder return at the 75th percentile or better (assessed against a peer group of ASX listed companies, the recommended peer group is further below)</td><td>35%</td><td>• Less than 50th percentile: 0%
• Between 50th percentile and 75th percentile: Straight-line pro-rata between 50% and 100%
• 75th percentile or better: 100%</td><td>Market based performance measure focused on long-term growth but removing macroeconomic drivers of the share price (e.g. commodity price, equity markets) to balance absolute total shareholder return to ensure participants do not benefit (or are penalised) for matters outside of their control. Links to the strategic imperative "Secure our Future"</td></tr>
<tr><td>Achieve annualised Company production rate of at least 10kt nickel metal[1]</td><td>15%</td><td>• Less than 5kt annualised: 0%
• Between 5kt and 10kt annualised: Straight-line pro-rata between 50% and 100%
• >= 10kt annualised: 100%</td><td>Critical to the execution of the Company's long-term strategy of becoming a producer. An annualised production rate has been selected as the Company may be ramping up production and not yet in steady state production. Links to strategic imperative "Define Our Pathway"</td></tr>
<tr><td>Total Mineral Resources >150kt of contained nickel metal, after depletion, above a 1.0% Ni cut-off[1]</td><td>15%</td><td>• <100kt Ni: 0%
• 100kt Ni – 150kt Ni: Straight-line pro-rata between 50% and 100%
• 150kt Ni or better: 100%</td><td>Replacement of mined Mineral Resources and growth of Mineral Resources is a crucial component of the Company's sustainable operating strategy and focus on long-term growth. Links to strategic imperative "Understand our Potential"</td></tr>
<tr><td>Total</td><td>100%</td><td></td><td></td></tr>
</table></td></tr>
</table>

DIRECTORS' REPORT (CONTINUED)

Question	Answer
What are the performance measures and the rationale for selecting them? (continued)	The Board intends to exercise its discretion in the assessment of this performance hurdle in relation to any metal equivalent (for example, gold). To determine the metal equivalent, the Board will use the metal prices at the end of the performance period. In relation to cut-off, the 1.0% Ni cut-off (or metal equivalent) is intended for underground operations. If there is Mineral Resource for an intended open pit operation, the Board will determine an economic cut-off for open pit operations which would at least be equal to an incremental cut-off for any Ore Reserve assumptions. The measurement date for the FY2023 LTI is 30 June 2026. Vesting of the performance rights under the Plan will also be conditional on the holder remaining an employee or director as at the date the vesting condition is satisfied (subject to the exercise of any discretion by the Board to waive a vesting condition or to allow an employee or director who retires in certain circumstances to retain their performance rights as provided for by the rules of the Plan).
What is the peer group for relative total shareholder return?	The peer group of companies for the relative TSR measure determined by the Board is set out in the table below:

#	Entity	ASX Code	Market Cap ($A) - 30 Dec 22	Comments
1	Ardea Resources Limited	ARL	$122 million	Nickel developer in Western Australia
2	Centaurus Metals Limited	CTM	$478 million	Nickel developer in Brazil
3	Duketon Mining Limited	DKM	$50 million	Nickel exploration in Western Australia
4	Galileo Mining Limited	GAL	$169 million	Nickel exploration in Western Australia
5	Alliance Nickel Limited	GME	$58 million	Nickel developer in Western Australia
6	Legend Mining Limited	LEG	$110 million	Nickel exploration in Western Australia
7	Lunnon Metals Limited	LM8	$175 million	Nickel exploration in Western Australia
8	Mincor Resources NL*	MCR	$796 million	Nickel producer in Western Australia
9	NiCo Resources Limited	NC1	$56 million	Nickel developer in Western Australia
10	Panoramic Resources Limited	PAN	$359 million	Nickel producer in Western Australia
11	Poseidon Nickel Limited	POS	$136 million	Nickel developer in Western Australia
12	Widgie Nickel Limited	WIN	$83 million	Nickel exploration in Western Australia

* Mincor Resources NL was removed following the close of the takeover by Wyloo Metals Pty Ltd on 5 July 2023

Question	Answer
Who is eligible to participate in the LTI Plan?	The Managing Director and all other Executives are eligible to participate in the LTI Plan. Other senior permanent and fixed term employees of the Company are also eligible to participate, at the discretion of the Board.
What happens to LTI awards when an Executive ceases employment?	Vesting of the performance rights under the Plan is conditional on the holder remaining an employee or director as at the date the vesting condition is satisfied (subject to the exercise of any discretion by the Board to waive a vesting condition or to allow an employee or director who retires in certain circumstances to retain their performance rights as provided for by the rules of the Plan).
Are there malus or clawback provisions?	Yes. If the Board determines at any time that an Executive has committed fraud, an offence of the Corporations Act, a material breach of duties to the Company or an act which brings the Company into disrepute, the Board may lapse some or all performance rights which have not been exercised. If the Board becomes aware of an event which, as a result, means vested performance rights should not have been, or determined to have been, satisfied, the Board may require the Executive to pay to the Company the after tax value of the affected performance rights which have been converted into Shares or adjust fixed remuneration, incentives or participation in the Plan in the current year or any future year to take account of the after tax value of the affected performance rights

Question	Answer
Is there a deferral mechanism?	No.
What happens in the event of a change of control?	If a Change of Control Event occurs, subject to applicable law and the ASX Listing Rules, the Board will exercise its discretion that any unvested performance rights held will immediately vest.

Summary of LTI Performance Rights Issued to Executives

Table 14 – LTI Performance Rights Issued to Executives

Scheme[1]	Quantity	Issue Date	Vesting Date	Expiry Date	Status
LTI – 2023	600,992	23-Feb-23	30-Jun-26	31-Dec-29	Unvested
LTI – 2023	438,202	30-Mar-23	30-Jun-26	31-Dec-29	Unvested

1 Vesting performance conditions are set out above in this section

Summary of LTI Performance Rights Outcomes
There were no LTI Performance Rights Outcomes in FY2024.

6.7. *Onboarding Performance Rights*

On 3 January 2023, Mr Bartrop commenced as CFO. To compensate him for the forfeiture of incentives by resigning from his former employer, Mr Bartrop was issued with 123,358 onboarding performance rights, detailed below.

Table 15 – Onboarding Performance Rights

Scheme	Quantity	Issue Date	Vesting Date	Expiry Date	Status
Onboarding	80,899[1]	23-Feb-23	31-Dec-23	31-Dec-24	Vested
Onboarding	42,459[1]	23-Feb-23	31-Dec-24	31-Dec-25	Unvested

1 Vesting service condition that Mr Bartrop remains employed on the vesting date

6.8. *Executive Contracts*

Remuneration arrangements for Executives are formalised by executive service agreements, which contain the following termination provisions:

Table 16 – Termination Provisions of Executives

Name	Resignation Notice	Termination notice for cause[1]	Termination notice without cause	Diminution of responsibility (severance pay)
Edmund Ainscough	3 months	1 month	6 months	6 months
Hayden Bartrop	3 months	1 month	3 months	6 months
Aaron Wehrle	3 months	1 month	6 months	6 months

1 No notice is required if the Executive becomes bankrupt, convicted of any criminal offence involving dishonesty or fraud, a court has made an order prohibiting the Executive from being a director or involved in the management of the Company.

All employment agreements with Executives are for an unlimited duration. For all or part of the Executive's notice period, the Company may direct the Executive not to attend for work, to attend but work at a different location, to perform no work or elect to pay in lieu of the notice period. All Executives are entitled to any accrued but untaken annual and long-service leave on cessation of employment.

The Company did not make any termination payments to Executives during FY2024. All contractual termination benefits comply with the provisions of the Corporations Act 2001.

6.9. *Executive Cash Value of Remuneration Realised in FY2024*

The actual remuneration earned during the year in accordance with the Corporations Act 2001 and accounting standards is outlined in section 5.1 of the Report.

Table 17 details the cash and other benefits actually received by the Executive KMP. This disclosure is voluntary and aims to provide shareholders with a better understanding of the cash and other benefits received by our Executive KMP. It includes fixed remuneration (inclusive of superannuation), non-monetary benefits received, and share-based payments which vested during the year. This table has not been prepared in accordance with Australian Accounting Standards.

Table 17 – Total Realised Pay Received

For the year ended 2024

Executive	Total fixed remuneration[1] $	Benefits and allowances $	Vested Performance Rights/ Shares (STI) $	Vested Performance Rights (LTI) $	Vested Options[2] $	Total Realised Pay Received $
Edmund Ainscough	415,911	-	264,564[3]	-	-	680,475
Hayden Bartrop	357,736	-	256,752[4]	-	-	614,488
Aaron Wehrle	310,189	-	152,659	-	-	462,848
	1,083,836	-	673,975	-	-	1,757,811

For the year ended 2023

Executive	Total fixed remuneration[1] $	Benefits and allowances $	Vested Performance Rights/ Shares (STI) $	Vested Performance Rights (LTI) $	Vested Options[2] $	Total Realised Pay Received $
Edmund Ainscough	383,979	2,091	-	-	79,531	465,601
Hayden Bartrop[5]	175,000	-	-	-	-	175,000
Aaron Wehrle	298,350	-	-	-	79,531	377,881
	857,329	2,091	-	-	159,062	1,018,482

1 Total fixed remuneration includes base salary and superannuation
2 Vested Options is the fair value of the Options at grant date, that vested
3 Includes $126,531 dollars in the remuneration value associated with 120,506 shares which are subject to shareholder approval
4 Includes $77,663 for Onboarding Rights received by Mr Bartrop on commencement with the Company, which vested based on a 12 month service condition
5 Mr Bartrop commenced 3 January 2023

6.10. *Executive Remuneration changes in FY2025*

As part of the annual remuneration review at the end of FY2024, the Board did not increase the base salary for Executives but approved an increase of superannuation from 11.0% to 11.5% in line with the legislated superannuation increase.

The Board reviewed the Executives' Total Incentive Opportunity, and determined to allocate a greater proportion of the Total Incentive Opportunity to long term objectives due to the Company focusing on preserving funds in the current nickel price environment (see **Table 18**). The Board also determined that for Short Term Incentives, Hayden Bartrop and Aaron Wehrle should have a 100% allocation to Company Performance Hurdles and no allocation to Individual Performance Hurdles.

Table 18 – Modified Total Incentive Opportunity

Executive	Total Incentive Opportunity (% of TFR)	Short Term Incentive		Long Term Incentive	
		FY24 (% of TFR)	FY25 (% of TFR)	FY24 (% of TFR)	FY25 (% of TFR)
Edmund Ainscough	130%	65%	30%	65%	100%
Hayden Bartrop	110%	55%	30%	55%	80%
Aaron Wehrle	110%	55%	30%	55%	80%

7. Non-executive Director Remuneration

7.1. *Policy and approach*

The Company's Constitution and the ASX Listing Rules specify that the maximum aggregate fees paid to non-executive directors for their roles as directors is determined by shareholders. The Constitution set the initial total aggregate fixed sum as $300,000 (excluding salaries of executive Directors). The Company has not sought shareholder approval to increase this fee pool since listing on 16 June 2021 and does not intend to at the 2024 Annual General Meeting.

The fee structure for non-executive directors is reviewed annually by the Remuneration Committee and approved by the Board. The fee structure is set to:

- attract and retain highly qualified directors with appropriate skills and experience;
- reflect the time commitment and responsibilities of the role; and
- be competitive with comparator companies.

Other than the payment of statutory superannuation benefits, non-executive directors are not entitled to receive any other retirement benefits. The Company may issue options or performance rights to non-executive directors to supplement Board fees, with the aim to conserve cash and align the interest of NEDs with the investors they represent.

7.2. *Summary of non-executor director fees*

The table below sets out the Non-executive Directors' Board fees during the year. Base fees per annum remained unchanged. From 1 July 2023, the Board determined that the Chairs of the Audit and Risk Committee and Nomination and Remuneration Committee would receive $10,000 per annum each for their role as chair, in addition to their existing NED fees.

Table 19 – Summary of NED fees

Fees per annum[1]	Chair $	Member $
Board	75,000	45,000
Committee	10,000	-

1 Superannuation guarantee is payable in addition to the above fees
2 Superannuation guarantee rates were 11.0% in FY2024

7.3. *NED fee changes in FY2025*

NED fees and committee fees will remain the same, except the legislated superannuation increase from 11.0% to 11.5%.

8. Equity Instruments

8.1. *Options issued as compensation*

During the financial year, there were no Options over ordinary shares issued as compensation under the Employee Share Incentive Plan (**ESIP**). The Company has no current intentions to issue further Options with the introduction of Performance Rights as compensation.

8.2. *Performance rights granted as compensation*

During the financial year, there were no performance rights issued as compensation. The inaugural STI and LTI Performance Rights had an 18 month and 42 month performance period respectively, with both commencing on 1 January 2023. Future tranches of Performance Rights will be issued annually, with 12 month and 36 month performance periods.

8.3. Equity holdings of key management personnel

The following table discloses a summary of shareholdings held directly, indirectly or beneficially by KMP and their closely related parties, including movements, as at 30 June 2024.

Table 20 – Equity holdings of KMP

	Balance at 1 July 23 or date becoming a KMP	Purchases	Received on the exercise of Options/ Performance Rights	Other net movements[1]	Balance at 30 June 24
	No.	No.	No.	No.	No.
Non-executive directors					
Liam Twigger	600,000	483,333	475,000	-	1,558,333
Ian Junk	9,678,565	33,333	-	-	9,711,898
Ashley McDonald	161,036	189,222	-	-	350,258
Deborah Lord	35,000	86,622	-	-	121,622
Executives					
Edmund Ainscough	1,629,742	381,033	-	-	2,010,775
Aaron Wehrle	515,773	-	-	-	515,773
Hayden Bartrop	147,081	179,944	80,899	-	470,924

1 Other net movements includes purchases and sales of shares

8.4. Option holdings of key management personnel

The following table discloses a summary of Options over Lunnon Metals shares held by KMP, including movements, as at 30 June 2024.

Table 21 – Option holdings of KMP

	Balance at 1 July 23 or date becoming a KMP No.	Granted as comp-ensation No.	Exercised, forfeited or cancelled No.	Balance at 30 June 24 No.	Vested during the year No.	Vested and exercisable at 30 Jun 2024 No.	Vesting date
Non-executive directors							
Liam Twigger	**475,000**	**-**	**475,000**	**-**	**-**	**-**	
	158,334	-	158,334	-	-	-	11-Jan-23
	158,333	-	158,333	-	-	-	23-Jul-21
	158,333	-	158,333	-	-	-	19-Jan-22
Ian Junk	**475,000**	**-**	**-**	**475,000**	**150,000**	**150,000**	
	150,000	-	-	150,000	150,000	150,000	11-Aug-23
	150,000	-	-	150,000	-	-	11-Aug-24
	175,000	-	-	175,000	-	-	11-Aug-25
Deborah Lord	**475,000**	**-**	**-**	**475,000**	**150,000**	**150,000**	
	150,000	-	-	150,000	150,000	150,000	11-Aug-23
	150,000	-	-	150,000	-	-	11-Aug-24
	175,000	-	-	175,000	-	-	11-Aug-25
Ashley McDonald	**-**	**-**	**-**	**-**	**-**	**-**	

	Balance at 1 July 23 or date becoming a KMP No.	Granted as comp-ensation No.	Exercised, forfeited or cancelled No.	Balance at 30 June 23 No.	Vested during the year No.	Vested and exercisable at 30 Jun 2023 No.	Vesting date
Executive							
Edmund Ainscough	**1,700,000**	**-**	**-**	**1,700,000**	**-**	**1,700,000**	
	566,667	**-**	**-**	566,667	-	566,667	11-Jan-23
	566,667	**-**	**-**	566,667	-	566,667	23-Jan-21
	566,666	**-**	**-**	566,666	-	566,666	19-Jan-22
Aaron Wehrle	**1,700,000**	**-**	**-**	**1,700,000**	**-**	**1,700,000**	
	566,667	**-**	**-**	566,667	-	566,667	11-Jan-23
	566,667	**-**	**-**	566,667	-	566,667	23-Jan-21
	566,666	**-**	**-**	566,666	-	566,666	19-Jan-22
Hayden Bartrop	**-**	**-**	**-**	**-**	**-**	**-**	

8.5. Performance Rights holdings of key management personnel

The following table discloses a summary of Performance Rights over Lunnon Metals shares held by Executive KMP, including movements, as at 30 June 2024.

Table 22 – Performance Rights holdings of KMP

Executive KMP	Balance at 1 July 23 or date becoming a KMP No.	Granted as compensation No.	Exercised, forfeited or cancelled No.	Balance at 30 June 24 No.	Vested during the year No.	Vested and exercisable at 30 Jun 2024 No.	Vesting date
Edmund Ainscough	**876,404**	**-**	**-**	**876,404**	**131,460**	**131,460**	
STI – 2023	438,202	-	-	438,202	131,460	131,460	30-Jun-24
LTI – 2023	438,202	-	-	438,202	-	-	30-Jun-26
Hayden Bartrop	**772,231**	**-**	**80,899**	**691,332**	**187,151**	**106,252**	
Onboarding	80,899	-	80,899	-	80,899	-	31-Dec-23
Onboarding	42,459	-	-	42,459	-	-	31-Dec-24
STI – 2023	324,438	-	-	324,438	106,252	106,252	30-Jun-24
LTI – 2023	324,435	-	-	324,435	-	-	30-Jun-26
Aaron Wehrle	**553,116**	**-**	**-**	**553,116**	**105,783**	**105,783**	
STI – 2023	276,559	-	-	276,559	105,783	105,783	30-Jun-24
LTI – 2023	276,557	-	-	276,557	-	-	30-Jun-26

9. Transactions with Related Parties

During the year the following transactions occurred with related parties:

(i) in August 2023, the Company mandated Euroz Hartleys Limited (**Euroz**) and Argonaut Securities Pty Ltd (**Argonaut**) to act as joint lead managers (**JLMs**) to raise up to $18 million via a share placement. The JLMs were paid fees for the placement via a cash payment, with 70% to Euroz and 30% to Argonaut. Liam Twigger is Deputy Chairperson and Executive Director of Argonaut, as well as being a shareholder of Argonaut.

(ii) in November 2023, shareholders approved the second tranche of the share placement and the subsequent issue of 1,111,112 new fully paid ordinary shares at an issue price of $0.90 per share, to St Ives (a wholly owned subsidiary of Gold Fields Limited) raising approximately $1.0 million (before transaction costs);

There were no other transactions, other than the remuneration set out in this Report, between KMP or their related parties during the year.

There are no amounts payable to or receivable from any KMP at 30 June 2024.

THIS IS THE END OF THE REMUNERATION REPORT

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of Directors made pursuant to section 298(2) of the *Corporations Act 2001 (Cth)*.

On behalf of the Directors

Edmund Ainscough
Managing Director

Dated on this day in Perth: 16 September 2024

ARMADA AUDITING

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strength in numbers

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

LUNNON METALS LIMITED

I declare that, to the best of my knowledge and belief, in relation to the audit of Lunnon Metals Limited for the financial year ended 30 June 2024 there have been:

i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

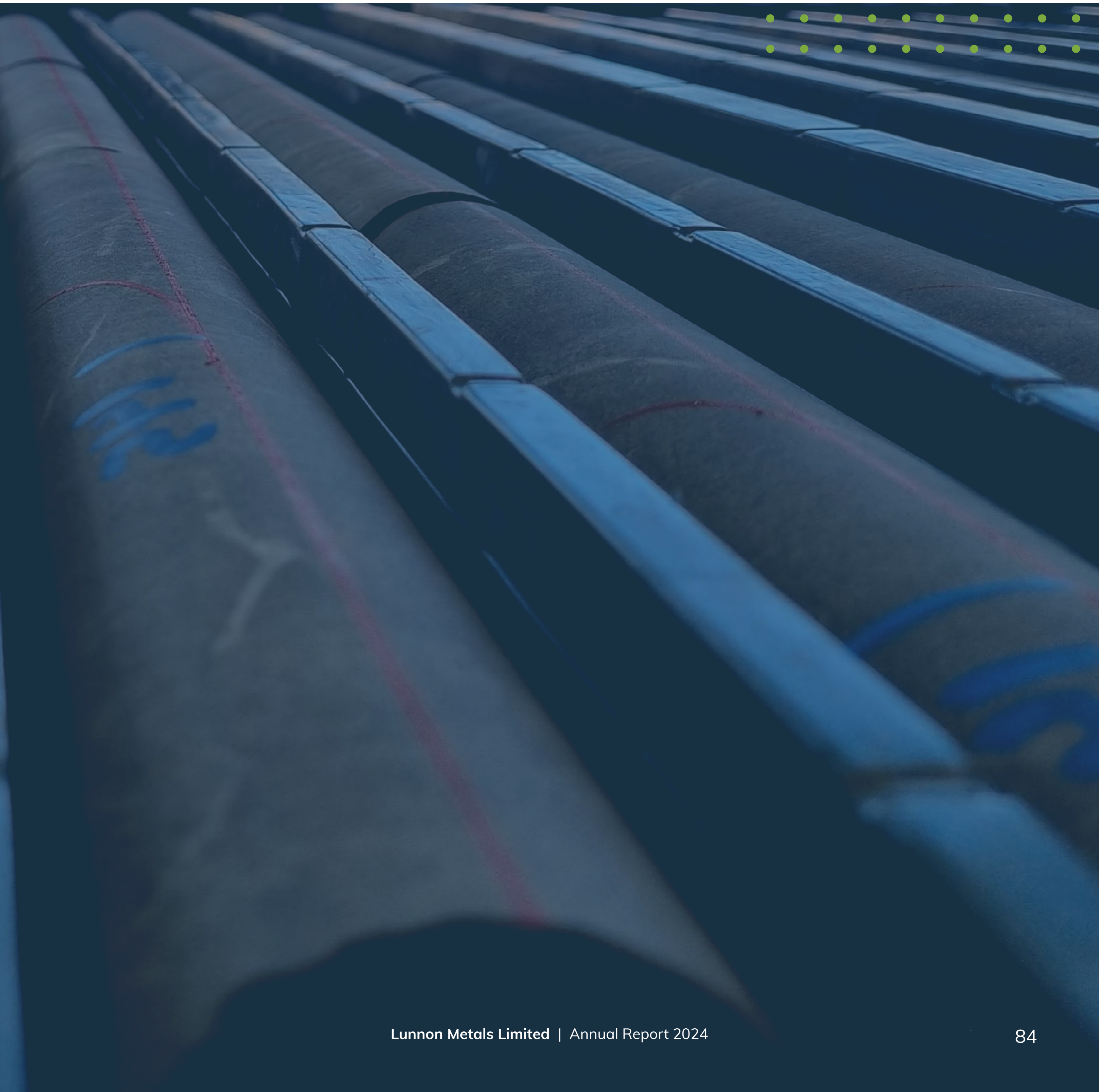
ii) No contraventions of any applicable code of professional conduct in relation to the audit.

Armada Audit & Assurance

ARMADA AUDIT & ASSURANCE PTY LTD

Nigel Dias
Director
Perth, 16 September 2024

Financial Statements



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2024

	Note	2024 $	2023 $
Other income			
Government grant		800	44,615
Other income		1,551	7,500
		2,351	52,115
Share-based payment expense	22	(1,060,946)	(8,507,616)
Employee expenses	6(a)	(3,954,901)	(3,353,981)
Exploration and evaluation expensed	6(b)	(6,480,458)	(5,276,918)
Audit, company secretarial and accounting		(175,485)	(223,770)
Computer, software and database		(181,131)	(183,776)
ASX, ASIC and share registry fees		(125,408)	(117,511)
Legal costs		(35,530)	(78,409)
Insurance		(29,271)	(69,569)
Depreciation and amortisation	11,12	(151,018)	(137,011)
Impairment expense	6(c)	(12,551,247)	-
Other expenses		(552,632)	(543,311)
Loss before finance and income tax		(25,295,676)	(18,439,757)
Finance income	5	1,199,901	708,573
Finance expense	6(d)	(10,670)	(3,924)
Loss before income tax		(24,106,445)	(17,735,108)
Income tax expense	20(a)	-	-
Loss for the year		(24,106,445)	(17,735,108)
Other comprehensive income		-	-
Total comprehensive loss for the year attributed to the owners of the Company		(24,106,445)	(17,735,108)
Basic and diluted loss per share (cents per share)	7	(11.41)	(9.57)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

	Note	2024 $	2023 $
Current assets			
Cash and cash equivalents	8	21,901,989	19,540,382
Term deposits		110,954	161,090
Receivables and other assets	9	423,787	426,849
Prepayments		130,724	137,590
		22,567,454	20,265,911
Non-current assets			
Exploration and evaluation	10	24,229,061	33,587,059
Property, plant and equipment	11	274,602	371,379
Right-of-use of asset	12	77,735	124,376
		24,581,398	34,082,814
Total assets		47,148,852	54,348,725
Current liabilities			
Trade and other payables	13	322,560	2,028,572
Provisions	14	356,715	321,823
Lease liability	15	53,731	53,731
		733,006	2,404,126
Non-current liabilities			
Provisions	14	28,774	13,142
Lease liability	15	28,442	71,583
		57,216	84,725
Total liabilities		790,222	2,488,851
Net assets		46,358,630	51,859,874
Equity			
Contributed equity	17	100,072,613	82,528,358
Reserves	18(a)	3,267,492	2,206,546
Accumulated losses		(56,981,475)	(32,875,030)
Total equity		46,358,630	51,859,874

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2024

	Note	Contributed equity	Share-based payment reserve	Accumulated losses	Total
		$	$	$	$
Balance at 30 June 2022		35,359,311	473,792	(8,492,425)	27,340,678
Loss for the year		-	-	(17,735,108)	(17,735,108)
Total comprehensive loss for the year		-	-	(17,735,108)	(17,735,108)
Transactions with owners in their capacity as owners:					
Issue of shares (net of transaction costs)	17	18,064,515	-	-	18,064,515
Exercise of Options	17	642,032	-	-	642,032
Share based payments		-	1,243,100	-	1,243,100
Balance at 30 June 2023		82,528,358	2,206,546	(32,875,030)	51,859,874
Loss for the year		-	-	(24,106,445)	(24,106,445)
Total comprehensive loss for the year		-	-	(24,106,445)	(24,106,445)
Transactions with owners in their capacity as owners:					
Issue of shares (net of transaction costs)	17	17,544,255	-	-	17,544,255
Exercise of Options	17	-	-	-	-
Share based payments		-	1,060,946	-	1,060,946
Balance at 30 June 2024		100,072,613	3,267,492	(56,981,475)	46,358,630

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
For the year ended 30 June 2024

	Note	2024 $	2023 $
Cash flow from operating activities			
Payments to suppliers and employees		(5,085,542)	(6,974,101)
Payments for exploration and evaluation expensed		(8,446,622)	(4,882,192)
Net GST		1,137,793	3,956,654
Government grant received		-	44,615
Interest received		1,119,397	492,275
Interest paid		(10,590)	(3,910)
Net cash outflow used in operating activities	8(a)	(11,285,564)	(7,366,659)
Cash flow from investing activities			
Payments for exploration and evaluation capitalised		(3,896,852)	(6,437,336)
Purchase of plant and equipment		(7,227)	(79,412)
Investments in term deposits		50,136	(55,000)
Net cash outflow used in investing activities		(3,853,943)	(6,571,748)
Cash flow from financing activities			
Lease payments	15	(43,141)	(36,729)
Proceeds from exercise of Options	17(b)	23,750	642,032
Proceeds from issue of shares	17(b)	18,479,990	-
Payments for share issue transaction costs	17(b)	(959,485)	-
Net cash inflow from financing activities		17,501,114	605,303
Net (decrease)/increase in cash and cash equivalents		2,361,607	(13,333,104)
Cash and cash equivalents at the beginning of the year		19,540,382	32,873,486
Cash and cash equivalents at the end of the year	8	21,901,989	19,540,382

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS INDEX

NOTES TO THE FINANCIAL STATEMENTS

Corporate Information and Basis of Preparation

Note 1 Corporate information

The Financial Report of Lunnon Metals Limited (the "Company") consists of the financial statements, notes to the financial statements and the directors' declaration.

Lunnon Metals Limited is a company incorporated and domiciled in Australia, limited by shares, and is a for profit entity whose shares are publicly traded on the ASX. The Company's registered office and principal place of business is:

Suite 10, Level 3
33 Richardson Street
West Perth WA 6005

The Company is principally engaged in exploration for nickel and gold in Kambalda, Western Australia.

Note 2 Basis of preparation

The Financial Report was authorised for issue in accordance with a Resolution of the Directors on 13 September 2024.

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

(a) Compliance with International Financial Reporting Standards

The financial statements of the Company also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(b) Historical cost convention

These financial statements have been prepared under the historical cost convention, and on an accruals basis (except for certain financial assets and liabilities for which the fair value basis of accounting has been applied).

(c) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates - the functional currency. The financial statements are presented in Australian dollars, which is Lunnon Metals functional and presentation currency.

(d) Critical accounting estimates

The preparation of financial statements requires the use of certain estimates, judgements and assumptions that affect the application of the Company's accounting policies. Actual results may differ from these estimates and application of different assumptions and estimates may have a significant impact on the Company's net assets and financial results.

Estimates and assumptions are reviewed on an ongoing basis and are based on the latest available information at each reporting date. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are found in the following notes:

(i) Note 20 Income tax and deferred tax

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgement regarding the future financial performance of the entity in which the deferred tax asset has been recognised.

(ii) Note 10 Exploration and evaluation

The application of the exploration and evaluation accounting policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the Statement of Profit or Loss and Other Comprehensive Income.

(iii) Note 22 Share-based payments

The fair values of Options and Performance Rights are determined using option pricing models that take into account the exercise price, the term of the option or right, the impact of dilution, the share price at valuation date, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Judgement has been exercised on the probability and timing of achieving the performance metrics related to the Options and Performance Rights.

Note 3 Summary of material accounting policies

(a) Revenue

(i) Interest income

Interest income 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.

(ii) Government grants

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

(b) Employee benefits

(i) Short-term employee benefits

Provision is made for the liability due to employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, sick leave and annual leave which will be settled after one year, have been measured at their nominal amount.

(ii) Long-term employee benefits

Contributions are made to employee superannuation funds and are charged as expenses when incurred. Contributions are made in accordance with the statutory requirements of each jurisdiction.

The liability for 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(iii) Share-based payments

The Company may provide benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an appropriate Options Pricing Model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Lunnon Metals Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- the extent to which the vesting period has expired; and
- the Company's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The amount charged or credited to the statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding Options and Performance Rights is reflected as additional share dilution in the computation of diluted earnings per share.

(c) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(d) Income taxes

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary difference can be utilised. The amount of benefits brought to account or which may be released in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(e) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

(f) Exploration and evaluation expenditure

(i) Assets acquired

Exploration and evaluation assets acquired are capitalised and typically comprise the fair value of mineral rights acquired at the acquisition date. As the assets are not yet ready for use, they are not depreciated.

(ii) Expenditure incurred

Exploration and evaluation expenditure incurred is expensed in respect of each identifiable area of interest until such a time where a JORC 2012 compliant resource is announced in relation to the identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

(iii) Transfer of capitalised exploration and evaluation to mine development

Once the technical feasibility and commercial viability of the assets are demonstrable, exploration and evaluation assets are first tested for impairment and then reclassified to mine properties as development assets.

The value of the Company's interest in exploration expenditure is dependent upon:

- the continuance of the Company's rights to tenure of the areas of interest;
- the result of future exploration; and
- the recoupment of cost through successful development and exploitation of the areas of interest, or alternatively, by their sale.

(iv) Impairment

Capitalised mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest and are assessed for indicators of impairment during each reporting period.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written down to recoverable amount in the year in which that assessment is made.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash-generating unit is not larger than the area of interest.

The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it expects to successfully recover the related exploration and evaluation asset through sale.

Factors that could impact future recoverability include the level of Mineral Resources and Ore Reserves, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, an impairment expense is recognised in the period in which the determination is made.

During the year, capitalised exploration and evaluation written off totalled 12,551,247 (2023: Nil).

(g) Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Plant and equipment – 5 years

(h) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease).

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease being the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

(j) Trade and other payables

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature. These amounts represent liabilities for goods and services provided to the Company prior to the end of the year which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

(k) Provisions

Provisions are recognised when the Company 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 can be made of the amount of the obligation.

(l) Lease liabilities

The Company, as a lessee, will assess whether a contract is, or contains, a lease under AASB 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the contract is assessed to be, or contains, a lease, the Company will recognise a right-of-use asset (refer Note 3(i)) and a lease liability at the lease commencement date.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(m) Issued capital

Issued and paid-up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(n) Financial instruments

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

(i) Financial assets

Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price (excludes estimates of variable consideration) as defined in AASB 15 *Revenue*, as the contracts of the Company do not contain significant financing components. Impairment losses are recognised based on lifetime expected credit losses in profit or loss.

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment due to their short-term nature. A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

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

All the following criteria need to be satisfied for de-recognition of a financial asset:

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

(ii) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

All other loans including convertible loan notes are initially recorded at fair value, which is ordinarily equal to the proceeds received net of transaction costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

A liability is derecognised when it is extinguished (i.e., when the obligation in the contract is discharged, cancelled, or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(iii) Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and service tax, except:

(i) where the amount of GST incurred is not recoverable from the Australian Tax Office, it is recognised as part of the cost of acquisition of an asset or as part of an item of the expense; and

(ii) trade receivables and trade payables are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

LUNNON METALS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Financial Performance

Note 4 Segment information

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

Management has determined that the Company has one reporting segment being mineral exploration in Western Australia.

Note 5 Other Income

	2024 $	2023 $
Finance income:		
Interest income	1,199,901	708,573

Note 6 Expenses

(a) Employee expenses

	2024 $	2023 $
Salaries and wages	3,526,051	3,030,644
Superannuation	352,163	307,303
Leave entitlements and other expenses	76,687	16,034
	3,954,901	3,353,981

(b) Exploration and evaluation expensed

	2024 $	2023 $
Drilling expenses	3,282,854	2,643,970
Exploration site support	1,390,003	1,199,934
Samples and assays	698,597	968,591
Consultants, design and testing	1,109,004	464,423
	6,480,458	5,276,918

(c) Impairment expense

	2024 $	2023 $
Impairment - exploration and evaluation assets[1]	12,551,247	-

1 Following the significant fall in the nickel price and assessment to suspend nickel drilling exploration until nickel prices and equity sentiment improve, an assessment was performed on the exploration and evaluation assets and an impairment recognised.

(d) Finance expenses

	2024 $	2023 $
Finance lease interest	10,670	3,924

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 7 Earnings per share

		2024 $	2023 $
(a)	Basic and diluted loss per share	Cents	Cents
	Loss attributable to ordinary equity holders of the Company	(11.41)	(9.57)
(b)	Loss used in calculation of basic and diluted loss per share	(24,106,445)	(17,735,108)
	Loss for the year		
(c)	Weighted average number of shares used as the denominator	**Number**	**Number**
	(i) used in calculating basic earnings per share	211,224,097	185,272,601
	(ii) adjustments for calculation of diluted earnings per share:		
	• Options[1]	-	-
	• Performance Rights[2]	-	-
	(iii) used in calculating diluted earnings per share	211,224,097	185,272,601

1 There were 4,350,000 Options outstanding at 30 June 2024 (2023: 5,124,861) which were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive

2 There were 2,635,578 Performance Rights outstanding at 30 June 2024 (2023: 3,815,061) which were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Operating Assets and Liabilities

Note 8 Cash and cash equivalents

	2024 $	2023 $
Cash at bank	551,749	115,296
Short term deposits (classified as cash or cash equivalents)	21,350,240	19,425,086
Cash and cash equivalents	21,901,989	19,540,382

(a) Cash flows from operating activities reconciliation

	2024 $	2023 $
Loss after income tax	(24,106,445)	(17,735,108)
Adjustments for non-cash items:		
Share-based payments	1,060,946	8,507,616
Depreciation and amortisation	151,018	137,012
Impairment	12,551,247	-
Changes in operating assets and liabilities:		
Decrease / (increase) in receivables and other assets	241,115	369,030
Increase in trade and other payables	(1,233,968)	1,313,129
Increase in provisions	50,523	41,662
Net cash outflow used in operating activities	(11,285,564)	(7,366,659)

Note 9 Receivables and other assets

	2024 $	2023 $
GST receivable	106,194	191,960
Other receivables	317,593	234,889
	423,787	426,849

Note 10 Exploration and evaluation

	2024 $	2023 $
Opening balance	33,587,059	18,374,219
Exploration Asset acquired	-	11,958,812
Exploration and evaluation capitalised	3,193,249	3,254,028
Impairment[1]	(12,551,247)	-
Closing balance	24,229,061	33,587,059

1 The Company conducted its impairment assessment of its exploration assets as required by AASB 6. Following the material decline in the nickel price, the Company made a strategic decision to reduce overall exploration expenditure in favour of more targeted exploration activities for its Nickel Assets. The Company has recorded an impairment expense for any tenement in the relevant areas of interest where it is unlikely future exploration work would continue on the project within the next 18 months .

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 11 Property, plant and equipment

	2024 $	2023 $
Plant and equipment at cost	565,846	558,619
Less accumulated depreciation	(291,244)	(187,240)
	274,602	371,379
Reconciliation:		
Opening balance	371,379	395,076
Additions	7,600	77,053
Depreciation	(104,377)	(100,750)
Closing balance	274,602	371,379

Note 12 Right-of-use assets

	2024 $	2023 $
Right-of-use asset at cost	139,923	139,923
Less accumulated amortisation	(62,188)	(15,547)
	77,735	124,376
Reconciliation:		
Opening balance	124,376	20,713
Additions	-	139,924
Amortisation	(46,641)	(36,261)
Closing balance	77,735	124,376

Note 13 Trade and other payables

	2024 $	2023 $
Trade payables	124,682	1,773,845
Accruals	36,250	122,684
Employee costs payable	148,412	112,513
Other payables	13,216	19,530
	322,560	2,028,572

Note 14 Provisions

(a) Provision for employee entitlements

	2024 $	2023 $
Provision for annual leave	224,764	207,709
Provision for long service leave	131,951	114,114
Current employee entitlements	356,715	321,823
Provision for long service leave	28,774	13,142
Non-current employee entitlements	28,774	13,142
	385,489	334,965

Capital and Financial Risk Management

Note 15 Lease liability

	2024 $	2023 $
Opening balance	125,315	22,121
Additions	-	139,922
Interest expense	10,590	3,301
Lease payments	(53,731)	(40,030)
Closing balance	82,174	125,314
Current	53,731	53,731
Non-Current	28,443	71,583
	82,174	125,314

The lease liability relates to contractual obligations for office premises.

Note 16 Financial risk management

Risk management is carried out at a corporate level under policies approved by the Board who maintain overall responsibility for the establishment and oversight of the risk management framework. Management is responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk.

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

- Market risk (which includes currency risk, interest rate risk and commodity risk)
- Credit risk
- Liquidity risk

The overall financial risk management strategy focuses on the unpredictability of the equity markets and seeks to minimise the potential adverse effects due to movements in financial liabilities or assets. The Company holds the following financial instruments at the end of the year:

	2024 $	2023 $
Financial assets		
Cash and cash equivalents	21,901,989	19,540,382
Term deposits	110,954	161,090
Receivables and other assets	423,787	426,849
	22,436,730	20,128,321

	2024 $	2023 $
Financial liabilities		
Trade and other payables	322,560	2,028,572
Lease liability	82,174	125,314
	404,734	2,153,886

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return. There were no changes in the Company's market risk management policies from previous years.

(i) Currency risk

At reporting date, the Company has minimal exposure to foreign currency risk. The Company's operations are all located within Australia and material transactions are denominated in Australian dollars, the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(ii) Interest rate risk

The Company's income and operating cash flows are exposed to changes in market interest rates in respect of interest-bearing assets. These assets are a combination of cash balances on hand which earn interest at variable interest rate and interest-bearing term deposits which mitigate the variable interest rate risk. At the reporting date the interest profile of the Company's interest-bearing financial instruments was as follows:

	Interest rate	2024 $	2023 $
Variable rate instruments:			
Cash at bank	-	551,749	2,440,382
Fixed rate instruments:			
Term deposits – Short term (classified as cash and cash equivalents)	4.96%	21,350,240	17,100,000
Term deposits	4.22%	110,954	161,090
		22,012,943	19,701,472

No disclosures on the sensitivity check as any reasonable movement in the variable interest rate would not have any material impact to the financial statements.

(iii) Commodity price risk

At reporting date, the Company holds no instruments linked to the nickel price, therefore it has no exposure to the risk of fluctuations in the prevailing market prices for nickel.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash at bank and deposits. The carrying amount of financial assets represents the maximum credit exposure. The Company has adopted the policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Cash is deposited only with institutions approved by the Board. The Company has determined that it currently has no significant exposure to credit risk as at reporting date. There were no changes in the Company's credit risk management policies from previous years.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by monitoring immediate and forecasted cash requirements and ensures adequate cash reserves are maintained to pay debts as and when due.

Management is cognisant of the future demands for liquid financial resources to finance the Company's current exploration and studies activities, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment.

There were no changes in the Company's liquidity risk management policies from previous years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The following tables detail the Company's contractual maturity for its financial liabilities:

30 June 2024	Carrying Amount	Contractual Cash Flows	Less than 1 Year	2-5 Years	>5 Years
Trade and other payables	322,560	322,560	322,560	-	-
Lease liability	82,174	89,552	53,731	35,821	-
Total	404,734	412,112	376,291	35,821	

30 June 2024	Carrying Amount	Contractual Cash Flows	Less than 1 Year	2-5 Years	>5 Years
Trade and other payables	2,028,572	2,028,572	2,028,572	-	-
Lease liability	125,314	143,283	53,731	89,552	-
Total	2,153,886	2,171,855	2,082,303	89,552	-

(d) Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to maintain sufficient working capital for exploration and future, development activities.

The Company defines capital as being the ordinary share capital of the Company, plus retained earnings and reserves.

The Company monitors the adequacy of capital by analysing cash flow forecasts. Appropriate capital levels are maintained to ensure that all approved expenditure programs are adequately funded.

Note 17 Contributed equity

(a) Share capital

	2024		2023	
	No.	$	No.	$
Ordinary shares	217,843,369	100,072,613	196,461,419	82,528,358

(b) Movements in ordinary shares

	Date	No.	$
Opening balance		196,461,419	82,528,358
Placement – Tranche 1	25 Aug 2023	18,888,888	16,999,999
Share Purchase Plan	21 Sep 2023	533,322	479,990
Placement – Tranche 2	10 Nov 2023	1,111,112	1,000,001
Options exercised	13 Nov 2023	61,500	-
Performance Rights exercised	8 Jan 2024	80,899	-
Options exercised	25 Jan 2024	224,097	-
Options exercised	29 Jan 2024	475,000	23,750
Options exercised	30 Apr 2024	7,132	-
Share transaction costs		-	(959,485)
Closing balance		217,843,369	100,072,613

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital. The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

Note 18 Reserves

(a) Share-based payment reserve

	2024	2023
	$	$
Opening balance	2,206,546	963,446
Net movements in Options	112,511	318,100
Net movements in Performance Rights	948,436	925,000
Tax effect on share-based payments	-	-
Closing balance	3,267,493	2,206,546

Nature and purpose of share-based payment reserve

The share-based payment reserve is used to recognise the cumulative expense recognised in respect of Options and Performance Rights granted. Refer to Note 22 for further information.

Note 19 Dividends

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

Other Information

Note 20 Income tax and deferred tax

(a) Income tax expense

	2024 $	2023 $
Current tax	-	-
Deferred tax	-	-
Income tax expense	-	-

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

	2024 $	2023 $
Loss before income tax expense	(24,106,445)	(17,735,108)
Tax at statutory tax rate of 30% (2023: 25%)	(7,231,933)	(4,433,778)
Effect of non-deductible expenses	320,795	2,128,112
Effect of changes in unrecognised temporary differences	2,341,517	(1,501,496)
Effect of unused tax losses not recognised as deferred tax asset	4,569,621	3,807,162
Income tax expense	-	-

(c) Unrecognised deferred tax balances

	2024 $	2023 $
Deferred tax assets comprise:		
Tax losses carried forward	20,690,883	8,907,527
Other deferred tax assets	614,196	443,710
	21,305,079	9,351,237
Deferred tax liabilities comprise:		
Exploration and evaluation	(3,963,579)	(2,578,829)
Other deferred tax liabilities	(192,600)	(107,063)
	(4,156,179)	(2,685,892)
Unrecognised deferred tax	17,148,900	6,665,345

At 30 June 2024, the Company had tax losses of $68,969,610 (2023: $35,630,109) which were not recognised as a deferred tax asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 21 Related party transactions

(a) Transactions with related parties

During the year the following transactions occurred with related parties:

(i) in August 2023, the Company mandated Euroz Hartleys Limited (**Euroz**) and Argonaut Securities Pty Ltd (**Argonaut**) to act as joint lead managers (**JLMs**) to raise up to $18 million via a share placement. The JLMs were paid fees for the placement via a cash payment, with 70% to Euroz and 30% to Argonaut. Liam Twigger is Deputy Chairperson and Executive Director of Argonaut, as well as being a shareholder of Argonaut; and

(ii) in November 2023, shareholders approved the second tranche of the share placement and the subsequent issue of 1,111,112 new fully paid ordinary shares at an issue price of $0.90 per share, to St Ives (a wholly owned subsidiary of Gold Fields Limited) raising approximately $1.0 million (before transaction costs).

(b) Outstanding balances with related parties

There are no outstanding balances with related parties during the year (2023: nil).

(c) Loans to related parties

There were no loans made to related parties during the year (2023: nil).

(d) Remuneration of key management personnel

The remuneration of key management personnel is set out below in aggregate for each of the categories. Further detailed information regarding individual key management personnel remuneration information is provided in the Remuneration Report.

	2024 $	2023 $
Short-term employee benefits	1,001,336	940,863
Post-employment benefits	82,500	98,791
Share-based payments	570,301	779,984
Other benefits	-	2,091
	1,654,137	1,821,729

Note 22 Share-based payments

(a) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised in the Statement of Profit or Loss and Other Comprehensive Income during the year were recognised as follows:

	2024 $	2023 $
Options	112,510	318,101
Performance Rights	693,710	925,000
Shares	254,726	-
Equity settled acquisition of nickel rights (refer Note 10)	-	7,264,515
	1,060,946	8,507,616

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(b) Types of share-based payment plans

The Company operates two share-based payment plans:

(i) Incentive Option Plan

Key Management Personnel are entitled to participate in the Company's Incentive Option Plan, which is designed to give each option holder an interest in preserving and maximising shareholder value. Such grants are determined by an informal assessment of an individual's performance, level of responsibilities and the importance of his/her position and contribution to the Company. The vesting of the Options is determined at the Board's discretion.

(ii) Employee Awards Plan

A Short-term Incentive (STI) and Long-term Incentive (LTI) scheme under which employees, and subject to shareholder approval, the Managing Director may receive Performance Rights. Each performance right represents the right to subscribe for, for no consideration, one fully paid ordinary Lunnon Metals share. The vesting of the performance Rights (partially or wholly) is determined at the Board's discretion, based on the achievement of specified vesting criteria.

The Company's Employee Awards Plan (approved by shareholders on 15 November 2022) will govern the terms of the Performance Rights.

(c) Options

The following table summarises the number of and movements in, Options during the year:

	2024 Number	2023 Number
Balance at the beginning of the year	5,124,861	6,624,127
Options granted	-	-
Options exercised (i)	(767,729)	(1,450,914)
Options forfeited or cancelled	(7,132)	(48,352)
Balance at the end of the year (ii)	4,350,000	5,124,861

(i) Options exercised during the year

Number of Options exercised	Grant date	Exercise date	Exercise price	Proceeds from exercise of options
61,500	16-Nov-24	13-Nov-23	-	-
216,965	25-Oct-21	25-Jan-24	-	-
7,132	28-Mar-22	25-Jan-24	-	-
475,000	23-Mar-21	30-Jan-24	$0.05	23,750
7,132	28-Mar-22	30-Apr-24	-	-
767,729				

(ii) Unissued ordinary shares of the Company under Options are:

Number of Options	Options plan	Grant date	Expiry date
3,400,000	Incentive Option Plan	23/03/2021	22/03/2026
950,000	Incentive Option Plan	27/09/2022	11/02/2026
4,350,000			

(d) Performance Rights

The following table summarises the number of and movements in, Performance Rights during the year:

	2024 Number	2023 Number
Balance at the beginning of the year	3,815,061	-
Performance Rights granted (i)	329,935	3,901,270
Performance Rights exercised	(80,899)	-
Performance Rights forfeited or cancelled	(218,745)	(86,209)
Balance at the end of the year (ii)	3,845,352	3,815,061

(i) Performance Rights granted during the year

Number of Performance Rights granted	Performance Rights plan	Fair value at grant date $	Grant date	Performance period end date
191,370	STI	$0.70	15-Dec-23	30-Jun-24
48,498	LTI – Absolute Total Shareholder Return	$0.365	15-Dec-23	30-Jun-26
48,498	LTI – Relative Total Shareholder Return	$0.645	15-Dec-23	30-Jun-26
41,569	LTI – Non-market Based	$0.700	15-Dec-23	30-Jun-26
329,935				

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(ii) Unissued ordinary shares of the Company under Performance Rights are:

Number of Performance Rights outstanding No.	Incentive plan	Grant date	Performance period end date	Expiry date	Remaining to be expensed over the vesting period $
42,459	Onboarding	23/02/2023	31/12/2024	31/12/2025	10,260
600,997[1]	STI	23/02/2023	30/06/2024	31/12/2029	-
600,992[2]	LTI	23/02/2023	30/06/2026	31/12/2029	284,243
732,614	STI	24/03/2023	30/06/2024	31/12/2029	-
673,380	LTI	24/03/2023	30/06/2026	31/12/2029	367,059
438,202[1]	STI	30/03/2023	30/06/2024	31/12/2029	-
438,202[2]	LTI	30/03/2023	30/06/2026	31/12/2029	229,532
179,941	STI	15/12/2024	30/06/2024	15/07/2024	-
138,565	LTI	15/12/2024	30/06/2026	31/12/2029	23,872
3,845,352					914,966

1 Represents STI Performance Rights issued to KMP. The number of STI Performance Rights that vest is based on a weighting of two components.
   a. The first component comprises a Company performance measure (70% - 100% weighting), with the following performance hurdles:
      i. First time Proven and Probable Ore Reserve for Baker deposit (and any extensions) of 15kt contained nickel metal;
      ii. Finalise commercial terms for ore tolling and concentrate purchase agreement, and regulatory approval to commence development at Baker deposit;
      iii. Discovery of a new nickel deposit of any of the company's properties; and
      iv. Grant of regulatory approval of the Mining Proposal or plan for the Foster deposit including the dewatering programme.
   b. The second component comprises an individual performance measure (0% - 30%), with performance hurdles set by the Board

2 Represents LTI Performance Rights issued to KMP. The number of LTI Performance Rights that vest is based on a weighting of three components.
   a. Market based performance condition - absolute total shareholder return (35%)
   b. Market based performance condition - relative total shareholder return (35%)
   c. Non-market based performance conditions – strategic corporate metrics (30%)
      i. The Company achieving an annualised production rate of 10kt contained nickel metal in ore, over a period of at least a quarter; and
      ii. A total Mineral Resources >150 kt of contained nickel metal, after depletion, above a 1.0% Ni cut-off.

(iii) Weighted average contractual life

The weighted average remaining contractual life for Performance Rights outstanding as at 30 June 2024 is 1.0 years (2023: 1.9 years).

(iv) Weighted average fair value

The weighted average fair value of the Performance Rights granted during the year was $0.64 (2023: $0.97). Need to check with Nigel if this is meant to be with reference to Expiry Date or Vesting Date.

(v) Fair value of Performance Rights granted

The fair value of Performance Rights allocated as part of the STIs are valued by multiplying the underlying market value at grant date of the ordinary shares over which they are granted. The fair value of Performance Rights allocated as part of the LTIs are valued using a Monte Carlo simulation for rights with market based vesting conditions and Black-Scholes pricing model for rights with non-market based vesting conditions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The following table lists the inputs to the models used for Performance Rights granted as STI's and LTIs during the year ended 30 June 2024:

Granted 15 December 2023	STI[1]	LTI[2] Tranche A	LTI[2] Tranche B	LTI[1] Tranche C
Grant date	15/12/2023	15/12/2023	15/12/2023	15/12/2023
Underlying share price at measurement date	$0.70	$0.70	$0.70	$0.70
Exercise price	Nil	Nil	Nil	Nil
Vesting period (years)	0.5	2.5	2.5	2.5
Remaining vesting period (years) from grant date	-	2.0	2.0	2.0
Life remaining (years) from grant date	-	5.5	5.5	5.5
Volatility	70%	70%	70%	70%
Risk-free rate	3.9%	3.8%	3.8%	3.8%
Dividend yield	Nil	Nil	Nil	Nil
Valuation per Right	$0.700	$0.365	$0.645	$0.700

1 Performance Rights granted subject to non-market based performance conditions had their values verified using a Black-Scholes pricing model

2 Performance Rights granted subject to market based performance conditions had their values verified using a Monte Carlo simulation

Note 23 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company, including any related practices.

	2024 $	2023 $
Audit services	38,350	35,500
Non-audit services	-	-
Total remuneration of Armada Audit and Assurance Pty Ltd	38,350	35,500

The Company may engage Armada on assignments additional to their statutory audit duties where their expertise and experience with the Company are important.

Note 24 New standards and interpretations

The Company has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2023.

New and revised Standards and amendments thereof and Interpretations effective for the current year that apply to the Company include:

- Disclosure of Accounting Policies and Definition of Accounting Estimates (AASB 2021-2);
- Classification of Liabilities as Current or Non-current (Amendments to AASB 2020-1); and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to AASB 2021-5)
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

The application of the amendments did not have a material impact on the Company's financial statements, therefore no material change is necessary to the Company's accounting policies.

At the date of authorisation of the financial statements, the Company has not early adopted the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Effective for the Company for the reporting period ended 30 June 2025

- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128, AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections and AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback

The Company is currently assessing the impact of these new accounting standards and amendments, the impact of which is not yet known.

Unrecognised items

Note 25 Contingencies

(a) Contingent liabilities

The Company has provided bank guarantees in favour of various service providers in respect to corporate credit facilities and leased premises as at 30 June 2024 totalling $110,954 (2023: $161,090).

There were no other material contingent liabilities noted or provided for in the financial statements of the Company as at 30 June 2024.

Note 26 Commitments

(a) Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements the Company has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Company's exploration programs and priorities. These obligations are not provided for in the financial statements and are payable:

	2024 $	2023 $
Within one year	680,728	652,120

Note 27 Significant events after balance date

Subsequent to reporting date:

- On 1 July 2024, the Company announced the retirement of Non-Executive Director Mr Ian Junk from the Board.
- On 11 July 2024, the Company provided an update on the Long South Gap exploration program for nickel. Despite the Company remaining confident in the potential for a significant discovery in this area, the Company noted the nickel market sentiment had deteriorated significantly since this program began in 2023 and the Company would pause new surface nickel exploration activities.
- On 12 July 2024, the Company responded to BHP's announcement to temporarily suspend its Nickel West operations from October 2024, including BHP's intention to review this decision by February 2027. The Company noted its interest in purchasing, leasing or otherwise making use of BHP's Kambalda Nickel Concentrator and that the Company has been considering alternative processing options to Nickel West, including the potential to either jointly, or in its own right, build a new, right sized concentrator.
- On 2 August 2024, the Company issued 1,700,000 shares following the exercise of 1,700,000 options ($0.05 exercise price) and 671,243 shares following the exercise of 671,243 performance rights (nil exercise price).
- On 16 August 2024, the Company issued 251,491 shares following the exercise of 117,955 performance rights (nil exercise price) and the exercise of 133,536 share rights.
- On 20 August 2024, the Company issued 2,644 shares, and 6,550,695 performance rights to employees in relation to the FY2025 STI and FY2025-2027 LTI schemes.

No other matters or circumstances have arisen since 30 June 2024 that has affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

The Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) do not require the Company to prepare financial statements in relation to a consolidated entity. Accordingly, section 295(3A)(a) of the Corporations Act 2001 does not apply to the Company.

DIRECTORS' DECLARATION

In the Directors' opinion:

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

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;

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

- the attached consolidated entity disclosure statement is true and correct.

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

On behalf of the Directors

Edmund Ainscough
Managing Director

Perth, 16 September 2024

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Independent Auditor's Report
To the Members of Lunnon Metals Limited

Report on the Audit of the Financial report

Opinion

We have audited the financial report of Lunnon Metals Limited (the Company), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Lunnon Metals Limited is in accordance with the *Corporation Act 2001*, including:

- Giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional 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.

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AUDITING

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Key Audit Matters

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

Exploration and Evaluation Assets (Note 10)

At 30 June 2024, the Company's carrying value of exploration and evaluation assets was $24,229,061

The exploration and evaluation assets are required to be assessed for impairment when facts and circumstances suggest that the carrying amount may exceed their recoverable amount. Any impairment losses are then measured in accordance with AASB 136 *Impairment of Assets.*

This area is a key audit matter as significant judgement is required in determining whether:

Facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources.*

Our procedures, amongst others, included:

- On a sample basis we verified the capitalised exploration and evaluation costs to supporting documentation and we checked that the costs being capitalised met the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources*
- Confirming whether the rights to tenure for the areas of interest were current at the reporting date as well as confirming that the rights to tenure are expected to be renewed for tenements that will expire in the near future.
- Obtaining evidence of the Company's plans to carry out exploration and evaluation activities in the relevant areas of interest. This included checking future budgeted exploration expenditure, reading board minutes and checking related exploration work programmes.
- Assessing whether the Company has the ability to fund its planned exploration and evaluation activities.
- Evaluating Company documents such as announcements made by the Company to the ASX, geologist reports, pre-feasibility study report, resource updates and board minutes to check whether exploration and evaluation activities in the relevant area of interest were unsuccessful.;
- Assessing the basis and calculations of the impairment loss; and
- Assessing the appropriateness of the accounting treatment and disclosure in terms of AASB 6.

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Share Based Payments (Note 22)	Our procedures, amongst others, included:
As disclosed in note 22 for the year ended 30 June 2024, the Company had recorded a share-based payments expense relating to performance rights and options granted to employees, directors and key management personnel. The fair value of options and performance rights are determined using option pricing models that take into account the exercise price, the term of the option, market performance conditions, the share price at valuation 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. Furthermore, judgement has been exercised on the probability and timing of achieving milestones related to the options and performance rights. This area is a key audit matter as the valuation of share-based payments is subject to significant management estimates and judgements.	• Verifying the key terms and conditions of the equity settled share-based payments including number of equity instruments granted, exercise price and vesting conditions to the relevant agreements, contracts and award letters. • Assessing the fair value of the share-based payments by testing the key inputs used in option pricing model. This included checking key assumptions including the share price on grant date, exercise price, option life, volatility and risk-free rate to supporting documentation and market information. • Checking the qualifications, expertise and independence of the independent expert in relation to the valuation of the performance rights. • Testing the accuracy of the share-based payments amortisation over the relevant vesting periods. • Verifying the vesting of performance rights to notifications sent by the Company to the relevant employees. • Assessing the Company's accounting treatment in accordance with AASB 2 *Share Based Payments*; and • Assessing the related financial statement disclosures relating to share-based payments.

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

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. 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:

a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

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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.

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/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 60 to 82 of the directors' report for the year ended 30 June 2024. In our opinion, the Remuneration Report of Lunnon Metals Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Armada Audit & Assurance

ARMADA AUDIT & ASSURANCE PTY LTD

Nigel Dias

Director

Dated 16 September 2024, Perth

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. This information is current as at 2 September 2024.

The Company has three classes of securities, being ordinary fully paid shares, unquoted options and unquoted performance rights.

1. Registered office and principal administrative office

The address of the registered office and principal administrative office is:
Suite 10, 33 Richardson Street
West Perth, WA 6005

2. Register of securities are held at the following address:

Automic Pty Ltd
191 St Georges Terrace
Perth WA 6000

3. Restricted securities

On 4 October 2023, 21,505,376 ordinary shares were released from escrow. There are currently no shares under escrow.

4. On-market buy back

There is no current on-market buy back.

5. On-market purchases

No securities were purchased on market for the purposes of an employee incentive scheme or to satisfy the entitlements of Option or other Rights holders under an employee incentive scheme.

6. Shareholding

a. Distribution of equity securities

Analysis of numbers of Shareholders, Option holders and Performance Rights holders by size of holding:

Ordinary Shares

Category (size of holding)	Shareholders	Number of Shares	% Issued Share Capital
1 – 1,000	101	60,459	0.03
1,001 – 5,000	250	670,555	0.30
5,001 – 10,000	168	1,338,194	0.61
10,001 – 100,000	529	21,461,798	9.73
More than 100,000	177	196,937,741	89.33
	1,225	220,468,747	100.00

Options and Performance Rights

Category (size of holding)	Option holders	% Issued Options	Performance Rights holders	% Issued Performance Rights
1 – 1,000	-	-	-	-
1,001 – 5,000	-	-	-	-
5,001 – 10,000	-	-	-	-
10,001 – 100,000	-	-	2	1.50%
More than 100,000	3	100.00%	10	98.50%
	3	100.00%	12	100.00%

b. Less than marketable parcels of shares

There were 346,625 shares held by 254 shareholders holding less than a marketable parcel of ordinary shares of $500 (based on the closing price of $0.175 on 30 August 2024).

c. Voting rights

The voting rights attached to each class of equity security are as follows:

Ordinary Shares
On a poll, each share will have one vote. On a show of hands, each member present in person or by proxy, will have one vote.

Options and Performance Rights
No voting rights.

d. 20 Largest shareholders – ordinary shares

Rank	Shareholder	Holding	% Held
1	St Ives Gold Mining Company Pty Limited	67,327,550	30.54%
2	Bolong (Australia) Investment Management Pty Ltd	18,289,426	8.30%
3	Aurora Prospects Pty Ltd < The Aurora Family A/C>	9,711,898	4.41%
4	Mainglow Pty Ltd <Hedley Family No 1 A/C>	9,678,565	4.39%
5	UBS Nominees Pty Ltd	6,994,986	3.17%
6	Citicorp Nominees Pty Limited	6,715,309	3.05%
7	Fan Rong Mineral Consulting Pty Ltd < Fan Rong Family A/C>	6,096,475	2.77%
8	Henconnor Pty Ltd <Warby Super Fund A/C>	3,443,173	1.56%
9	HSBC Custody Nominees (Australia) Limited	2,877,569	1.31%
10	WSF Investments Pty Ltd <Williams Superannuation A/C>	2,770,000	1.26%
11	Bond Street Custodians <Trylan – D83486 A/C>	2,500,464	1.13%
12	BNP Paribas Nominees Pty Ltd <HUB24 Custodial Serv Ltd>	2,360,918	1.07%
13	Zero Nominees Pty Ltd <5063463 A/C>	2,100,000	0.95%
14	Palm Beach Nominees Pty Limited	2,065,760	0.94%
15	Zero Nominees Pty Ltd	2,000,000	0.91%
16	NUB Holdings Pty Ltd <NUB Operating A/C>	1,794,535	0.81%
17	Mr Edmund Joseph Ainscough	1,700,000	0.77%
18	Scorpius Holdings Pty Ltd <Twigger Family A/C>	1,558,333	0.71%
19	Certane CT Pty Ltd <Argonaut Natural Res Fund>	1,245,176	0.56%
20	Troca Enterprises Pty Ltd <Coulson Super Fund A/C>	1,125,550	0.51%
Total Top 20 Shareholders		**152,355,687**	**69.11%**
Balance of Share Register		**68,113,060**	**30.89%**
Total Share Register		**220,468,747**	**100%**

e. Substantial holders

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) as disclosed in substantial holding notices given to the Company is set out below:

	Last Date of Notice	Number of fully paid ordinary shares held	Percentage of shares
St Ives Gold Mining Company Pty Ltd	29-Aug-23	66,216,438	30.75%
Bolong (Australia) Investment Management Pty Ltd	12-Aug-24	18,289,426	8.31%

7. Company Secretary

The name of the Company Secretary is Hayden Bartrop.

8. Securities exchange listing

Quotation has been granted for all the ordinary shares of the Company on the Australian Securities Exchange ('LM8').

9. Unquoted securities

a. Options

Terms	Number of Options	Number of holders
Expiry 22/03/2026, Exercise Price $0.05	1,700,000	1
Expiry 11/02/2026, Exercise Price $1.18	625,000	2
	2,325,000	3

b. Performance Rights

Class	Number of Performance Rights	Number of holders
Onboarding Performance Rights (vesting 31 December 2024, expiring 31 December 2029)	42,459	1
Short Term Incentive Plan – Performance period ending June 24 (vested and unexercised, expiring 31 December 2029)	36,406	1
Long Term Incentive Plan – Performance period ending June 26 (vesting 30 June 2026, expiring 31 December 2029)	1,766,339	10
Short Term Incentive Plan – Performance period ending June 25 (vesting 30 June 2025, expiring 31 December 2029)	2,317,605	10
Long Term Incentive Plan – Performance period ending June 27 (vesting 30 June 2027, expiring 31 December 2029)	4,233,090	10
	8,395,899	12

10. Unquoted securities holdings greater than 20%

All unquoted securities were issued under an employee incentive scheme.

TENEMENTS SCHEDULE

Tenement Schedule

Baker and Foster Area*

Tenement	Location	Interest as at 30 June 2023
M15/1546	Kambalda district, Western Australia	100% legal & beneficial interest
M15/1548	Kambalda district, Western Australia	100% legal & beneficial interest
M15/1549	Kambalda district, Western Australia	100% legal & beneficial interest
M15/1550	Kambalda district, Western Australia	100% legal & beneficial interest
M15/1551	Kambalda district, Western Australia	100% legal & beneficial interest
M15/1553	Kambalda district, Western Australia	100% legal & beneficial interest
M15/1556	Kambalda district, Western Australia	100% legal & beneficial interest
M15/1557	Kambalda district, Western Australia	100% legal & beneficial interest
M15/1559	Kambalda district, Western Australia	100% legal & beneficial interest
M15/1568	Kambalda district, Western Australia	100% legal & beneficial interest
M15/1570	Kambalda district, Western Australia	100% legal & beneficial interest
M15/1571	Kambalda district, Western Australia	100% legal & beneficial interest
M15/1572	Kambalda district, Western Australia	100% legal & beneficial interest
M15/1573	Kambalda district, Western Australia	100% legal & beneficial interest
M15/1575	Kambalda district, Western Australia	100% legal & beneficial interest
M15/1576	Kambalda district, Western Australia	100% legal & beneficial interest
M15/1577	Kambalda district, Western Australia	100% legal & beneficial interest
M15/1590	Kambalda district, Western Australia	100% legal & beneficial interest
M15/1592	Kambalda district, Western Australia	100% legal & beneficial interest

* St Ives Gold Mining Co. Pty Ltd (St Ives) retains rights to explore for and mine gold in the “Excluded Areas” on the Tenements as defined in the subsisting agreements between Lunnon Metals and St Ives. This right extends to gold mineralisation which extends from the Excluded Area to other parts of the Tenements with select restrictions which serve to prevent interference with, or intrusion on, Lunnon Metals’ existing or planned activities and those parts of the Tenements containing the historical nickel mines. St Ives has select rights to gold in the remaining areas of the Tenements in certain limited circumstances as described in detail in the Company’s Solicitor Report attached to the Prospectus submitted to the ASX dated 22 April 2021 and lodged with the ASX on 11 June 2021.

TENEMENTS SCHEDULE (CONTINUED)

Fisher and Silver Lake Area+

Tenement	Location	Interest at beginning of quarter+
ML15/0142	Kambalda district, Western Australia	Beneficial: Fisher mine portal. Access rights only – nickel rights held by BHP Nickel West Pty Ltd.
M15/1497	Kambalda district, Western Australia	Beneficial: 100% of nickel rights from surface.
M15/1498	Kambalda district, Western Australia	Beneficial: 100% of nickel rights from surface.
M15/1499	Kambalda district, Western Australia	Beneficial: 100% of nickel rights from 100 m ASL.
M15/1505	Kambalda district, Western Australia	Beneficial: 100% of nickel rights from surface.
M15/1506	Kambalda district, Western Australia	Beneficial: 100% of nickel rights from surface.
M15/1507	Kambalda district, Western Australia	Beneficial: 100% of nickel rights from 150 m ASL.
M15/1511	Kambalda district, Western Australia	Beneficial: 100% of nickel rights from surface.
M15/1512*	Kambalda district, Western Australia	Beneficial: 100% of nickel rights from sea level.
M15/1513*	Kambalda district, Western Australia	Beneficial: 100% of nickel rights from -150 m ASL (~425 m depth).
M15/1515*	Kambalda district, Western Australia	Beneficial: 100% of nickel rights from surface.
M15/1516*	Kambalda district, Western Australia	Beneficial: 100% of nickel rights from surface.
M15/1523	Kambalda district, Western Australia	Beneficial: 100% of nickel rights from -250 m ASL (~540 m depth).
M15/1524	Kambalda district, Western Australia	Beneficial: 100% of nickel rights from -250 m ASL (~540 m depth).
M15/1525	Kambalda district, Western Australia	Beneficial: 100% of nickel rights from -250 m ASL (~540 m depth).
M15/1526*	Kambalda district, Western Australia	Beneficial: 100% of nickel rights from -250 m ASL (~540 m depth).
M15/1528	Kambalda district, Western Australia	Beneficial: 100% of nickel rights from surface.
M15/1529*	Kambalda district, Western Australia	Beneficial: 100% of nickel rights from surface.
M15/1530	Kambalda district, Western Australia	Beneficial: 100% of nickel rights from surface.
M15/1531*	Kambalda district, Western Australia	Beneficial: 100% of nickel rights from surface.

+ St Ives holds the legal interest and retains the rights to all minerals except to nickel or to the extent minerals occur in conjunction with nickel mineralisation or nickel bearing ore but excluding gold, subject to any depth limitations as noted above.

* Denotes portion of tenement excluded from Mineral Rights Agreement.

ASL – denotes above sea level. Surface elevations generally range from 290 m ASL to 300 m ASL for the tenements where the rights are from surface.


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