

JUNE 2023 FINANCIAL STATEMENTS

Eagle Mountain Mining Limited (ASX: EM2) is pleased to attach the Consolidated Financial Statements for the year ended 30 June 2023.

This ASX announcement was authorised for release by the Board of Eagle Mountain Mining Limited.

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ABOUT EAGLE MOUNTAIN MINING

Eagle Mountain is a copper-gold explorer focused on the strategic exploration and development of the Oracle Ridge Copper Mine and the highly prospective greenfields Silver Mountain Project, both located in Arizona, USA. Arizona is at the heart of America's mining industry and home to some of the world's largest copper discoveries such as Bagdad, Miami and Resolution, one of the largest undeveloped copper deposits in the world.

Follow the Company's developments through our website and social media channels:



LinkedIn



Twitter



EM2 Website

AUS REGISTERED OFFICE

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EAGLE MOUNTAIN MINING

EAGLE MOUNTAIN MINING LIMITED

ABN 34 621 541 204

FINANCIAL REPORT

**FOR THE YEAR ENDED
30 JUNE 2023**



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CORPORATE DIRECTORY

DIRECTORS

Rick Crabb (Non-Executive Chairman)
Charles Bass (Managing Director)
Roger Port (Non-Executive Director)

ALTERNATE DIRECTOR

Brett Rowe
(Alternate Director for Charles Bass)

CHIEF EXECUTIVE OFFICER

Tim Mason

COMPANY SECRETARY

Mark Pitts

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Ground Floor, 22 Stirling Highway
Nedlands, Western Australia 6009

Email: info@eaglemountain.com.au
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AUDITORS

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Level 3
15 Labouchere Road
South Perth WA 6151

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000

ASX CODE

EM2

ABN

34 621 541 204



DIRECTORS' REPORT

The Directors present their report on Eagle Mountain Mining Limited ("Eagle Mountain" or the "Company") and its controlled entities (the "Group") for the year ended 30 June 2023.

DIRECTORS

The names and details of the Group's Directors in office during the year until the date of this report are as follows. Directors were in office for this entire year unless otherwise stated.

Rick Crabb - B. Juris (Hons), LLB, MBA, FAICD
(Non-Executive Chairman)



Rick Crabb holds degrees of Bachelor of Jurisprudence (Honours), Bachelor of Laws and Master of Business Administration from the University of Western Australia. He practised as a solicitor from 1980 to 2004 with Robinson Cox (now Clayton Utz) and Blakiston & Crabb (now Gilbert + Tobin) specialising in mining, corporate and commercial law, advised in relation to numerous project developments in Australia and Africa.

Rick has since focused on his public company directorships and investments. He has been involved as a director and strategic shareholder in a number of successful public companies operating in mining, oil production and property development. He is currently Non-executive Chairman of Ora Gold Limited and Non-executive Chairman of Leo Lithium Limited.

Charles Bass - B.Sc. Geology, M.Sc. Mining Engineering/Mineral Processing, FAICD, FAusIMM, FAIG;
(Managing Director)



Charles worked as a geologist and then plant metallurgist at Patino Mines' copper-gold mine in northern Quebec. While there, he won the Canadian Mineral Industry Scholarship to study mineral processing at Queen's University.

After Queens, in 1976, Charles joined AMAX Inc, an American mining company in their Head Office and came to Perth in 1978 for a two-year secondment to Mt Newman Mining. He then spent almost two years at the Twin Buttes copper mine near Tucson, Arizona.

Charles returned to Australia and established a consulting and mining software company, Metech Pty Ltd in early 1982. He formed Eagle Mining Corporation in 1992 with Tony Poli and was responsible for the deal that led to the discovery of the very successful Nimery Gold Mine, now part of Northern Star's Jundee operation. Following an uninvited takeover Charles co-founded Aquila Resources Ltd with Tony Poli in 2000 and helped transition it from a gold explorer to iron ore and coal before it too was subject to a \$1.4 billion takeover in 2014 at the hands of a joint bid between Baosteel and ASX-listed Aurizon.

Eagle Mountain Mining listed on the ASX in 2018 and shortly thereafter Charlie negotiated the deal to bring the Oracle Ridge copper project near Tucson out of receivership.

In addition to his role as Managing Director of EM2, Charles is involved in his various family businesses and is very active in philanthropy. He is the founder and Chairman of the Centre of Entrepreneurial Research and Innovation ("CERI"), a charitable organisation working with post-graduate researchers in fostering a start-up culture for high knowledge and high value industry in WA.



DIRECTORS' REPORT

Roger Port – BA, FCA, FAICD
(Non-Executive Director)



Roger Port was a partner of PricewaterhouseCoopers from 1997 to 2016. He has over 30 years' experience in financial analysis, company and business valuations, transaction due diligence and mergers and acquisitions and led the PricewaterhouseCoopers Perth Deals team from 2009 to 2016. He has had significant experience in the resources sector in his career and jointly led the PwC Australia Deals Energy & Mining industry group for five years.

Roger is a graduate of Macquarie University and gained a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. He is a Fellow of Chartered Accountants Australia and New Zealand and a Fellow of the Australian Institute of Company Directors.

Roger is a board member of the Harry Perkins Institute of Medical Research and Linear Clinical Research Limited.

Brett Rowe - BComm, MAcc, GAICD
(Alternate Director for Charles Bass)



Brett Rowe has over 20 years' experience in the financial services industry and is a graduate of the Australian Institute of Company Directors. He holds a Bachelor of Commerce degree and a Masters of Accounting.

Brett is a director and the chief executive officer of The Bass Group, as well as a director of The Bass Family Foundation. Brett is responsible for managing the global financial interests of the Bass Family, as well as the Foundation's ongoing support of education and health in disadvantaged children and youth in regional Western Australia.

Brett is also a director of the Centre for Entrepreneurial Research and Innovation Limited (CERI). CERI aims to assist the growth of WA's non-mining industry through a strong innovation base where high-knowledge start-up company formation can be accelerated. This is achieved through the co-creation of a WA-based venture capital industry.

CHIEF EXECUTIVE OFFICER

Tim Mason – B. Eng (Hons) MBA; GAICD



Mr Mason has over 20 years' experience in the mining and engineering sectors across a broad range of corporate, operations, business development and engineering roles. His recent roles of General Manager Operations and General Manager Projects and Innovation involved conducting feasibility studies, project development and operations start-up, business development, project financing and corporate presentations.

Mr Mason holds a Bachelor of Engineering Honours (Geotechnical) from the Royal Melbourne Institute of Technology, a Masters of Business Administration from Murdoch University and is a Graduate Member of the Australian Institute of Company Directors.

DIRECTORS' REPORT

COMPANY SECRETARY

Mark Pitts - B.Bus; FCA; GAICD
(Company Secretary)



Mark Pitts is a Principal in the Company Secretarial and CFO advisory divisions of the Automic Group providing secretarial support, corporate and compliance advice, he has over 30 years' experience in business administration and corporate compliance. Having started his career with KPMG in Perth, Mark has worked at a senior management level in a variety of commercial and consulting roles including mining services, healthcare and property development. The majority of the past 20 years has been spent working for or providing services to publicly listed companies in the resources sector.

Mark holds a Bachelor of Business Degree from Curtin University, is a Fellow of Chartered Accountants Australia and New Zealand and is a graduate of the Australian Institute of Company Directors.

DIRECTORS' INTERESTS

As at the date of this report, the Directors' interests in shares and unlisted options of the Company are as follows:

<i>Director</i>	<i>Directors' Interests in Ordinary Shares</i>	<i>Directors' Interests in Unlisted Options</i>	<i>Options vested at the reporting date</i>
R Crabb	1,349,818	1,500,000	1,500,000
C Bass	84,467,032	1,500,000	1,500,000
R Port	1,015,818	1,500,000	1,500,000
B Rowe (alternate for C Bass)	500,000	1,000,000	1,000,000

The Directors' interests include Unlisted Options which are vested or exercisable as at the date of signing this report.

DIRECTORS' MEETINGS

The number of meetings of the Company's Directors held during the year ended 30 June 2023, and the number of meetings attended by each Director are as follows:

<i>Director</i>	<i>Board of Directors' Meetings</i>	
	<i>Eligible to Attend</i>	<i>Attended</i>
R Crabb	5	5
C Bass	5	5
R Port	5	5
B Rowe (alternate for C Bass)	5	5

PRINCIPAL ACTIVITIES

The Company's principal activities for the year ended 30 June 2023 focussed on exploration activities and technical evaluations at the Oracle Ridge Copper Mine. Field work, mapping, geophysical interpretation, targeted diamond drilling programs for both resource expansion, infill and metallurgical drilling were conducted during the year. The Company also engaged in capital raising activities to fund ongoing exploration at its projects.



DIRECTORS' REPORT

REVIEW OF OPERATIONS

Exploration activities

Exploration activities for the financial year have been primarily focussed at the Group's Oracle Ridge Copper Mine project in Arizona, United States of America. Drilling during the year was focussed on expanding and upgrading the existing JORC mineral resource estimate (MRE) and in October 2022 an updated MRE was completed.

The initial refurbishment of the underground mine was completed. The refurbishment brought the underground infrastructure up to the required standards necessary to undertake the planned drilling, mapping and sampling programs. These programs aimed to improve the quality of the MRE and provide samples for metallurgical test work. During the latter half of the financial year, underground drilling commenced and the first batch of underground channel sampling assays were received. Technical evaluations focussing on assessing different mining scenarios, identifying cost and production efficiencies and metallurgical test work for plant design were progressed during the year.

Corporate activities

The Company completed a share placement to sophisticated and institutional investors during the financial year, raising a total of \$5 million (before costs) through the issue of 30,303,031 shares. In conjunction with the placement, the Company also completed a Share Purchase Plan, raising a further \$742,300 (before costs) from existing shareholders through the issue of 4,498,769 shares.

During the year, the Company entered into an unsecured convertible loan agreement with a director related entity, Metech Super Pty Ltd as trustee for the Metech No2 Super Fund to borrow up to \$3 million. At 30 June 2023, the Company had drawn down \$2 million of the facility.

Risk Management

The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks, including emerging risks, and also opportunities, are identified on a timely basis and the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

Given the size of the Company and its stage of development all Board members are involved and have responsibility for management of risk.

Material business risks

There are inherent risks associated with the exploration for minerals. The Group faces the usual risks encountered by companies engaged in the exploration, evaluation and development of minerals. The material business risks for the Group include:

External Risks

Exposure to fluctuations in the US Dollar	The financial results and position of the Group are reported in Australian dollars. The Group's exploration projects are located in Arizona, United States of America. Accordingly, the Group's exploration costs are linked to US dollars (US\$) and the A\$/ US\$ exchange rate.
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DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

External Risks

Environmental risks	The Company's operations and projects are subject to the laws and regulations of the jurisdictions in which it has interests and carries on business (currently Arizona, USA) regarding environmental compliance and relevant hazards. There is also a risk that the environmental laws and regulations may become more onerous, making the Group's operations more expensive which may adversely affect the financial position and /or performance of the Group. The Directors are not aware of any environmental law that is not being complied with.
Government regulations and claims risks	Changes in law and regulations or government policy may adversely affect the Group's operations. There is no guarantee that current or future exploration claim applications or existing claim renewals will be granted, that they will be granted without undue delay, or that the Company can economically comply with any conditions imposed on any granted exploration claims. Loss of claims may adversely affect the financial position and /or performance of the Group

Operating Risks

Exploration and development risk	The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, not all exploration activity will lead to the discovery of economic deposits. Major expenditure may be required to locate and establish Ore Reserves, to establish rights to mine the ground, to receive all necessary operating permits, to develop metallurgical processes and to construct mining and processing facilities at a particular site.
Mineral Resources	The Group's estimates of Mineral Resources are based on different levels of geological confidence and different degrees of technical and economic evaluation, and no assurance can be given that anticipated tonnages and grades will be achieved or could be mined or processed profitably.

In addition to the risks described above, the Group's ability to successfully develop projects is contingent on the Group's ability to fund those projects through debt or equity raisings.

Results of operations and financial position

The operating loss after income tax of the Group for the year ended 30 June 2023 was \$13,661,302 (2022 restated: \$30,748,045). Included in the loss for the year are uncapitalised exploration costs of \$10,341,361 (2022: \$26,984,843) and non-cash items (in respect of depreciation, share based payments expenses and fair value gains/losses) amounting to \$811,849 (2022 restated: \$1,980,505).

At 30 June 2023, cash assets amounted to \$2,236,536 (2022: \$11,073,913).



DIRECTORS' REPORT

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the matters stated in this report, there have been no significant changes in the Group's state of affairs during the financial year.

EQUITY SECURITIES ON ISSUE

<i>Class of Security</i>	<i>30 June 2023</i>	<i>30 June 2022</i>
Ordinary fully paid shares	304,966,863	268,265,063
Unlisted options over unissued shares	15,350,000	27,611,154
Performance rights	300,000	300,000

Subsequent to the end of the financial year, no securities were issued.

Unlisted Options over Ordinary Shares

At 30 June 2023, 15,350,000 unissued ordinary shares of the Company were under option as follows:

<i>Number of Options Granted</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
1,600,000 ¹	20 cents	1 July 2023
650,000 ¹	20 cents	7 October 2023
2,500,000 ¹	52 cents	22 February 2024
2,600,000 ¹	52 cents	1 July 2024
6,000,000 ²	55 cents	1 July 2024
2,000,000 ³	81.25 cents	12 October 2023

¹ Options issued to employees pursuant to the Company's employee incentive plan.

² Options issued to Directors.

³ Options issued under a corporate advisory mandate.

During the year, no options were issued, 1,900,000 options were exercised and 10,361,154 options were cancelled.

Subsequent to 30 June 2023 and up to the date of this report, 1,500,000 options have vested, no options were exercised and 1,600,000 options were cancelled without being exercised on their expiry date of 1 July 2023. No options have been issued since 30 June 2023. At the date of this report, there were 13,750,000 unissued ordinary shares of the Company under option.

Options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.

Performance Rights over Ordinary Shares

During the year ended 30 June 2023, 100,000 performance rights vested, and no performance rights were issued, cancelled or exercised.

Subsequent to 30 June 2023, 100,000 performance rights vested. No performance rights have been issued, exercised or cancelled.



DIRECTORS' REPORT

DIVIDENDS

No dividend has been paid during the year and no dividend is recommended for the current financial year.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING YEAR

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group intends to continue its focus on mining and metallurgical studies which are ongoing and to undertake further exploration programs at the Oracle Ridge Copper Mine and the Silver Mountain Project in Arizona in the United States of America.

Any other likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL ISSUES

The Group's operations are not regulated under any significant environmental regulation under a law of the Commonwealth of Australia, a State or a Territory. The operations and proposed activities of the Group are subject to United States Federal and Arizona State laws and regulations concerning the environment.

The Board believes that the Group has adequate systems in place for the management of its environmental requirements. The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Group are not aware of any breach of environmental legislation for the financial year under review.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS AND AUDITORS

During the year ended 30 June 2023, 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.

The Company has not provided any insurance for an auditor of the Company.



DIRECTORS' REPORT

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave to the court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The following non-audit services were provided by William Buck Advisors (WA) Pty Ltd, a related entity of the entity's auditor, William Buck Audit (WA) Pty Ltd. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

William Buck Advisors (WA) Pty Ltd received or is due to receive the following amounts for the provision of non-audit services:

	<i>30 June 2023</i>	<i>30 June 2022</i>
Taxation services for Eagle Mountain Mining Group entities	\$22,120	\$20,350

REMUNERATION REPORT (AUDITED)

Remuneration paid to Directors and Officers of the Company is set by reference to such payments made by other ASX listed companies of a similar size and operating in the mineral exploration industry. In addition, reference is made to the specific skills and experience of the Directors and Officers.

Details of the nature and amount of remuneration of each Director and other Key Management Personnel are disclosed annually in the Remuneration Report.

Remuneration Committee

The Board has adopted a formal Nomination and Remuneration Policy which provides a framework for the consideration of remuneration matters.

The Company does not have a separate remuneration committee and as such, all remuneration matters are considered by the Board as a whole, with no member deliberating or considering such matter in respect of their own remuneration.

In the absence of a separate Remuneration Committee, the Board is responsible for:

1. Setting remuneration packages for Executive Directors, Non-Executive Directors and other Key Management Personnel; and
2. Implementing employee incentive and equity based plans and making awards pursuant to those plans.



DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Non-Executive Remuneration

The Company's policy is to remunerate Non-Executive Directors, at rates comparable to other ASX listed companies in the same industry, for their time, commitment and responsibilities.

Non-Executive Remuneration is not linked to the performance of the Company, however, to align Directors' interests with shareholders' interests, remuneration may be provided to Non-Executive Directors in the form of equity based long term incentives.

1. Fees payable to Non-Executive Directors are set within the aggregate amount previously approved by shareholders;
2. Non-Executive Directors' fees are payable in the form of cash and superannuation benefits;
3. Non-Executive Directors' superannuation benefits are limited to statutory superannuation entitlements; and
4. Participation in equity based remuneration schemes by Non-Executive Directors is subject to consideration and approval by the Company's shareholders.

The maximum aggregate Non-Executive Directors' fees payable is currently set at \$300,000 per annum.

Executive Director and Other Key Management Personnel Remuneration

Executive remuneration consists of base salary, plus other performance incentives to ensure that:

1. Remuneration packages incorporate a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives; and
2. A proportion of remuneration is structured in a manner to link reward to corporate and individual performance.

Executives are offered a competitive level of base salary at market rates (based on comparable ASX listed companies) and are reviewed regularly to ensure market competitiveness. To date the Company has not engaged external remuneration consultants to advise the Board on remuneration matters.

Incentive Plans

The Company provides long term incentives to Directors and Employees pursuant to the Company's Employee Incentive Plan.

The Board, acting in remuneration matters:

1. Ensures that incentive plans are designed to differentiate between executives and non-executives and have appropriate and realistic performance targets and provide rewards when those targets are achieved;
2. Reviews and approves existing incentive plans established for employees; and
3. Approves the administration of the incentive plans, including receiving recommendations for and the consideration and approval of grants pursuant to such incentive plans.



DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Engagement of Non-Executive Directors

Non-Executive Directors conduct their duties under the following terms:

1. A Non-Executive Director may resign from his/her position and thus terminate their contract on written notice to the Company; and
2. A Non-Executive Director may, following resolution of the Company's shareholders, be removed before the expiration of their period of office (if applicable). Payment is made in lieu of any notice period if termination is initiated by the Company, except where termination is initiated for serious misconduct.

In consideration of the services provided by Mr Rick Crabb as Non-Executive Chairman, the Company will pay him a fee inclusive of statutory superannuation of \$50,000 per annum.

In consideration of the services provided by Mr Roger Port as Non-Executive Director, the Company will pay him a fee inclusive of statutory superannuation of \$50,000 per annum.

Messrs Crabb and Port are also entitled to fees for other amounts as the Board determines where they perform special duties or otherwise perform extra services or make special exertions on behalf of the Company. There were no such fees paid during the year ended 30 June 2023.

Engagement of Managing Director

The Company has entered into an executive service agreement with Mr Charles Bass in his role as Managing Director on the following material terms and conditions.

Mr Bass received a base salary inclusive of statutory superannuation of \$50,000 per annum from the commencement of the agreement. Mr Bass' remuneration remains unchanged as at the date of this report.

Either party may terminate the agreement by providing 30 days written notice to the other party. Eagle Mountain may otherwise terminate the Managing Director's employment in accordance with the Constitution or the Corporations Act. Upon termination of the agreement, Mr Bass will cease employment with Eagle Mountain as its Managing Director and will become a Non-Executive Director of Eagle Mountain.

Mr Bass may, subject to shareholder approval, participate in Eagle Mountain's Employee Incentive Plan and other long term incentive plans adopted by the Board.

Engagement of Chief Executive Officer

The Company has entered into an executive service agreement with Mr Timothy Mason, effective 15 January 2020, in his role as Chief Executive Officer ("CEO") on the following material terms and conditions.

Mr Mason initially received a base salary inclusive of statutory superannuation of \$300,000 per annum which is subject to annual review and is currently \$399,500 per annum inclusive of superannuation effective from 1 January 2023.



DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

The CEO may terminate the agreement by providing 3 months' written notice. Eagle Mountain may terminate the agreement with 3 months' written notice or the provision of 3 months' salary in lieu of notice; or may otherwise terminate the CEO's employment in accordance with the Constitution or the Corporations Act.

Upon commencement of his employment, Mr Mason received 1,500,000 unlisted options and 150,000 unlisted performance rights over unissued shares of the Company. During the financial year, the 1,500,000 options were cancelled on their expiry date, 15 January 2023, without being exercised.

Mr Mason is eligible to participate in Eagle Mountain's Employee Incentive Plan and other long term incentive plans adopted by the Board.

Short Term Incentive Payments

The Non-Executive Directors may set annual Key Performance Indicators ("KPIs") for the Executive Director and the CEO. The KPIs are chosen to align the reward of the individual Executives to the strategy and performance of the Company.

If KPIs are set, performance objectives, which may be financial or non-financial, or a combination of both, are weighted when calculating the maximum Short Term Incentives payable to Executives. At the end of the year, the Non-Executive Directors will assess the actual performance of the Executives against the set performance objectives. The maximum amount of the Short Term Incentive, or a lesser amount depending on actual performance achieved, is paid to the Executives as a cash payment.

No Short Term Incentives are payable to Executives where it is considered that the actual performance has fallen below the minimum requirement.

Shareholding Qualifications

The Directors are not required to hold any shares in Eagle Mountain under the terms of the Company's Constitution.

Group Performance

In considering the Company's performance, the Board provides the following indices in respect of the current financial year:

	2023	2022	2021	2020
Loss for the year/period attributable to shareholders	\$(13,661,302)	\$(30,748,045) restated	\$(21,070,239)	\$(3,985,856)
Closing share price at 30 June	\$0.10	\$0.215	\$1.00	\$0.16

As a Group focussed on exploration activities, the Board does not consider the loss attributable to shareholders as one of the performance indicators when implementing Short Term Incentive payments.

In addition to technical exploration success, the Board considers the effective management of safety, environmental and operational matters and successful management, acquisition and consolidation of high quality landholdings, as more appropriate indicators of management performance for the financial year.



DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Remuneration Disclosures

The Key Management Personnel of the Company have been identified as:

Mr Rick Crabb	Non-Executive Chairman
Mr Charles Bass	Managing Director
Mr Roger Port	Non-Executive Director
Mr Brett Rowe	Alternate Director for Charles Bass
Mr Tim Mason	Chief Executive Officer

The details of the remuneration of each Director and member of Key Management Personnel of the Company is as follows:

Year Ended 30 June 2023	Short Term		Post Employment	Other Long Term	Total	Value of Equity as Proportion of Remuneration %
	Base Salary \$	Short Term Incentive \$	Superannuation Contributions \$	Value of Equity Based Remuneration \$		
Rick Crabb	45,249	-	4,751	-	50,000	-
Charles Bass	45,249	-	4,751	-	50,000	-
Roger Port	45,249	-	4,751	-	50,000	-
Brett Rowe	-	-	-	-	-	-
Tim Mason	344,458	-	25,292	162,229	531,979	30.5%
Total	480,205	-	39,545	162,229	681,979	-

Year Ended 30 June 2022	Short Term		Post Employment	Other Long Term	Total	Value of Equity as Proportion of Remuneration %
	Base Salary \$	Short Term Incentive \$	Superannuation Contributions \$	Value of Equity Based Remuneration \$		
Rick Crabb	45,455	-	4,545	-	50,000	-
Charles Bass	45,455	-	4,545	-	50,000	-
Roger Port	45,455	-	4,545	-	50,000	-
Brett Rowe	-	-	-	-	-	-
Tim Mason	311,431	-	23,568	214,966	549,965	39.1%
Total	447,796	-	37,203	214,966	699,965	-



DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

The fair value of options and performance rights shown in the above tables is calculated at the date of grant using an appropriate valuation model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed in the above tables is the portion of the fair value of the securities recognised in the reporting period. The basis of the fair value is disclosed later in this Remuneration Report.

Details of Performance Related Remuneration

During the year ended 30 June 2023, no Short Term Incentive payments were paid to the Directors or Key Management Personnel.

Equity Based Remuneration - Options

During the year ended 30 June 2023, no options were granted to the Directors and Key Management Personnel as remuneration.

The fair value of options is determined using the Black Scholes option pricing model. Fair value of options issued as remuneration is allocated to the relevant vesting period of the securities. Options and performance rights are provided at no initial cost to the recipients.

Exercise of Options Granted as Remuneration

During the year ended 30 June 2023, 1,900,000 ordinary shares were issued in respect of the exercise of options previously granted as remuneration to Directors or Key Management Personnel of the Company.

Equity Instrument Disclosures Relating to Key Management Personnel

Option Holdings

Key Management Personnel have the following interests in unlisted options over unissued shares of the Company.

Year ended 30 June 2023	Balance at beginning of the year	Received during the year as remuneration	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Rick Crabb	3,000,000	-	(1,500,000)	1,500,000	1,500,000
Charles Bass	3,000,000	-	(1,500,000)	1,500,000	1,500,000
Roger Port	3,000,000	-	(1,500,000)	1,500,000	1,500,000
Brett Rowe	2,000,000	-	(1,000,000)	1,000,000	1,000,000
Tim Mason	2,500,000	-	(1,500,000)	1,000,000	1,000,000



DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Equity Based Remuneration – Performance Rights

During the year ended 30 June 2023, no performance rights were granted as remuneration to Key Management Personnel.

The fair value of rights is determined using the share price at the date of grant. Fair value of rights issued as remuneration is allocated to the relevant vesting period of the securities. Performance rights are provided at no initial cost to the recipients.

Exercise of Performance Rights Granted as Remuneration

During the year ended 30 June 2023, no ordinary shares were issued in respect of the exercise of performance rights previously granted as remuneration to Directors or Key Management Personnel of the Company.

Performance Rights Holdings

Key Management Personnel have the following interests in unlisted performance rights over unissued shares of the Company.

Year ended 30 June 2023 Name	Balance at beginning of the year	Received during the year as remuneration	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Rick Crabb	-	-	-	-	-
Charles Bass	-	-	-	-	-
Roger Port	-	-	-	-	-
Brett Rowe	-	-	-	-	-
Tim Mason	300,000	-	-	300,000	100,000



DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Share Holdings

The number of shares in the Company held during the financial year by Key Management Personnel of the Company, including their related parties are set out below. There were no shares granted during the reporting period as compensation.

Year ended 30 June 2023	Balance at beginning of the year	Received during the year as remuneration	Other changes during the year	Balance at the end of the year
Rick Crabb	918,000	-	431,818	1,349,818
Charles Bass	70,338,972	-	14,078,060	84,467,032
Roger Port	684,000	-	331,818	1,015,818
Brett Rowe	500,000	-	-	500,000
Tim Mason	530,000	-	-	530,000

Loans made to Key Management Personnel

No loans were made to Key Management Personnel including personally related entities during the financial year.

Loans received from Key Management Personnel

During the financial year ended 30 June 2023, the Company entered into an unsecured loan agreement with a director related entity, Metech Super Pty Ltd as trustee for the Metech No2 Super Fund. The loan is for up to \$3 million, attracts interest at 10% per annum and matures on 31 December 2024. Refer to note 13 for further detail.

No other loans were received from Key Management Personnel including personally related entities during the financial year.

Other transactions with Key Management Personnel

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

The Company has entered into a lease agreement with Elk Mountain Mining Limited, an entity associated with Mr Charles Bass, for the lease of the Company's administration offices in Perth, Western Australia. Total payments made under the lease amounted to \$95,748 (2022: \$89,135) and included interest of \$17,530 (2022: \$12,069) and lease principal repayments of \$78,218 (2022: \$77,066).

Other than the above, there were no transactions with Key Management Personnel.

End of Remuneration Report



DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, William Buck Audit (WA) Pty Ltd, to provide the Directors of the Group with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on the following page and forms part of this Directors' report for the year ended 30 June 2023.

This report has been made in accordance with a resolution of the Board of Directors.

Rick Crabb
Chairman

Dated at Perth this 15th day of September 2023

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF EAGLE MOUNTAIN MINING LIMITED

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

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

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

Amar Nathwani

Amar Nathwani
Director
Dated this 15th day of September 2023



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2023

	Notes	Year ended 30 June 2023 A\$	Year ended 30 June 2022 (Restated) A\$
Interest income		17,600	1,096
Other income		1,035	-
Administration and other costs		(2,179,530)	(1,997,328)
Equity based payments	4	(327,870)	(1,539,736)
Finance costs		(398,046)	(398,152)
Depreciation expense	9, 10	(604,415)	(582,588)
Exploration and evaluation costs		(10,341,361)	(26,984,843)
Net change in fair value of convertible notes	13	120,436	70,861
Fair value gain on loan repayment		-	70,958
Gain on foreign currency exchange		50,849	611,687
Loss before income tax	4	(13,661,302)	(30,748,045)
Income tax expense	5	-	-
Loss after income tax from continuing operations		(13,661,302)	(30,748,045)
Other comprehensive income net of income tax			
Other comprehensive income that may be re-classified to profit or loss in subsequent years net of income tax		-	-
Unrealised gain on foreign currency translation	16a	176,996	42,995
Total comprehensive loss for the year		(13,484,306)	(30,705,050)
Basic and diluted loss per share	28	cents (4.8)	cents (13.3)

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	30 June 2023 A\$	30 June 2022 (Restated) A\$	1 July 2021 (Restated) \$A
Current Assets				
Cash and cash equivalents	6	2,236,536	11,073,913	9,119,371
Trade and other receivables	7	184,701	310,680	306,131
Total Current Assets		2,421,237	11,384,593	9,425,502
Non-Current Assets				
Exploration and evaluation expenditure	8	11,281,486	10,774,803	9,474,278
Property, plant and equipment	9	4,106,879	1,222,386	977,951
Right-of-use assets	10	346,516	592,606	531,202
Bonds and security deposits		295,896	284,241	260,459
Total Non-Current Assets		16,030,777	12,874,036	11,243,890
TOTAL ASSETS		18,452,014	24,258,629	20,669,392
Current Liabilities				
Trade and other payables	11	514,800	1,000,636	1,073,654
Employee leave liabilities		115,831	143,431	105,268
Lease liabilities	12	250,321	246,870	211,127
Borrowings	13	-	3,797	1,340,297
Provisions	14	-	435,477	-
Total Current Liabilities		880,952	1,830,211	2,730,346
Non-Current Liabilities				
Lease liabilities	12	141,060	385,182	340,781
Employee leave liabilities		22,974	15,104	9,708
Borrowings	13	12,862,984	10,232,242	9,165,226
Total Non-Current Liabilities		13,027,018	10,632,528	9,515,715
TOTAL LIABILITIES		13,907,970	12,462,739	12,246,061
NET ASSETS		4,544,044	11,795,890	8,423,331
Equity				
Issued capital	15	84,482,468	78,501,878	45,601,593
Option capital		-	-	4,500
Reserves	16	5,523,799	6,734,688	5,514,105
Accumulated losses		(85,462,223)	(73,440,676)	(42,696,867)
TOTAL EQUITY		4,544,044	11,795,890	8,423,331

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2023

	Issued capital \$A	Option capital \$A	Forex Translation reserve \$A	Share based payment reserve \$A	Common control reserve \$A	Accumulated losses \$A	Total \$A
Balance at 1 July 2021 as previously reported	45,601,593	4,500	272,208	8,268,608	(3,014,276)	(44,550,789)	6,581,844
Correction of misstatement 2021 note 13	-	-	(12,435)	-	-	1,853,922	1,841,487
Balance at 1 July 2021 (restated) note 13	45,601,593	4,500	259,773	8,268,608	(3,014,276)	(42,696,867)	8,423,331
Loss for the year (restated) note 13	-	-	-	-	-	(30,748,045)	(30,748,045)
Other comprehensive income for the year net of income tax (restated) note 13	-	-	42,995	-	-	-	42,995
Total comprehensive loss for the year	-	-	42,995	-	-	-	42,995
Share issue for loan repayment (note 13)	1,299,280	-	-	-	-	-	1,299,280
Issue of shares and options (note 15, 17)	32,003,000	-	-	-	-	-	32,003,000
Capital raising costs (note 15)	(1,550,275)	-	-	-	-	-	(1,550,275)
Exercise of options/performance rights	1,148,280	(4,500)	-	(357,912)	-	-	785,868
Cancellation of options	-	-	-	(4,236)	-	4,236	-
Vesting of options/performance rights	-	-	-	1,539,736	-	-	1,539,736
Balance at 30 June 2022 (restated)	78,501,878	-	302,768	9,446,196	(3,014,276)	(73,440,676)	11,795,890
Balance at 1 July 2022 (restated) note 13	78,501,878	-	302,768	9,446,196	(3,014,276)	(73,440,676)	11,795,890
Loss for the year	-	-	-	-	-	(13,661,302)	(13,661,302)
Other comprehensive income for the year net of income tax	-	-	176,996	-	-	-	176,996
Total comprehensive loss for the year	-	-	176,996	-	-	-	176,996
Issue of shares and options (note 15, 17)	5,742,300	-	-	-	-	-	5,742,300
Capital raising costs (note 15)	(217,710)	-	-	-	-	-	(217,710)
Exercise of options/performance rights	456,000	-	-	(76,000)	-	-	380,000
Cancellation of options	-	-	-	(1,639,755)	-	1,639,755	-
Vesting of options/performance rights	-	-	-	327,870	-	-	327,870
Balance at 30 June 2023	84,482,468	-	479,764	8,058,311	(3,014,276)	(85,462,223)	4,544,044

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



CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2023

	Note	Year ended 30 June 2023 A\$	Year ended 30 June 2022 A\$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(2,167,126)	(1,918,592)
Payments for exploration and evaluation		(10,875,822)	(27,261,149)
Payments for interest and other financing costs		(49,884)	(50,007)
Interest received		17,600	1,096
Government assistance received		-	-
Net cash used in operating activities	18	(13,075,232)	(29,228,652)
Cash Flows from Investing Activities			
Payments for purchase of fixed assets		(3,005,470)	(504,480)
Payments for the acquisition of exploration assets		(529,925)	-
Refunds/(payments) for bonds and deposits		(543)	1,379
Net cash used in investing activities		(3,535,938)	(503,101)
Cash Flows from Financing Activities			
Proceeds from the issue of shares and options		5,742,300	32,003,000
Proceeds from the exercise of share options		411,000	754,868
Capital raising costs		(217,710)	(1,603,995)
Proceeds from borrowings		2,000,000	-
Repayments of borrowings		(7,559)	(10,520)
Repayment of lease liabilities		(250,746)	(213,467)
Net cash generated by financing activities		7,677,285	30,929,886
Net increase/(decrease) in cash held		(8,983,885)	1,198,133
Cash and cash equivalents at the beginning of the year		11,073,913	9,119,371
Effect of foreign exchange on cash and cash equivalents		96,508	756,409
Cash and cash equivalents at the end of the year	6	2,236,536	11,073,913

The above statement of cash flows should be read in conjunction with the accompanying notes.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

These consolidated financial statements and notes represent those of Eagle Mountain Mining Limited and its controlled entities (the "Group"). Eagle Mountain Mining Limited is a public limited liability company, incorporated and domiciled in Australia.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial statements for the year ended 30 June 2023 were approved and authorised for issue by the Board of Directors on 15 September 2023.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of Preparation

These general purpose financial statements for the reporting year ended 30 June 2023 have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements and notes comply with International Financial Reporting Standards.

The financial report has been prepared on an accruals basis and is based on historical cost and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(i) Going Concern

The financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The Group has incurred a loss of \$13,661,302 and a net operating cash outflow of \$13,075,232 during the year ended 30 June 2023. Cash assets at 30 June 2023 were \$2,236,536 and current liabilities at that date were \$880,952. These factors indicate that there is a material uncertainty that may cast significant doubt on whether the Company will be able to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors will continue to manage the Group's activities with due regard to current and future funding requirements. During the financial year, the Group successfully raised \$5.7 million (before costs) pursuant to a share placement to institutional and sophisticated investors and pursuant to a Share Purchase Plan. In addition, the Company entered into an unsecured convertible loan agreement with a director related entity, Metech Super Pty Ltd as trustee for the Metech No2 Super Fund to borrow up to \$3 million. At 30 June 2023, the Company had drawn down \$2 million of the facility.

The Directors reasonably expect that the Company will be able to raise sufficient capital to fund the Group's exploration and working capital requirements, and that the Group will be able to settle debts as and when they become due and payable. On this basis, the Directors are of the opinion that the use of the going concern basis is appropriate in the circumstances.

(ii) Basis of Consolidation

The financial information comprises the financial information of Eagle Mountain and entities (including special purpose entities) controlled by Eagle Mountain (its "subsidiaries").



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of Preparation (continued)*

(ii) *Basis of Consolidation (continued)*

Control is achieved when Eagle Mountain:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Eagle Mountain reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The financial information of subsidiaries is prepared for the same reporting period as Eagle Mountain, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Total comprehensive income of subsidiaries is attributed to the owners of Eagle Mountain and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date Eagle Mountain gains control until the date when Eagle Mountain ceases to control the subsidiary.

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/permitted by the applicable Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of Preparation (continued)

(iii) New Accounting Standards and Interpretations

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

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

(b) Exploration, Evaluation and Development Expenditure

Exploration and evaluation expenditure is generally written off in the year incurred, except for acquisition of exploration properties which is capitalised and carried forward.

When production commences, any accumulated costs for the relevant area of interest which have been capitalised and carried forward will be amortised over the life of the area according to the rate of depletion of the economically recoverable resources. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to the area of interest. The carrying value of any capitalised expenditure is assessed by the Directors each reporting period to determine if any provision should be made for the impairment of the carrying value. The appropriateness of the Group's ability to recover these capitalised costs has been assessed at the end of each reporting period and the Directors are satisfied that the value is recoverable.

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at an overall level whenever facts and circumstances suggest that the carrying amount of the assets may exceed recoverable amount. An impairment exists when the carrying amount of the assets exceeds the estimated recoverable amount. The assets are then written down to their recoverable amount. Any impairment losses are recognised in the income statement.

(c) Trade and Other Receivables

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

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

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

(d) Interest Income

Interest income is recognised as it accrues.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended 30 June 2023

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Foreign Currency Transactions

The financial statements are presented in Australian dollars, which is the functional currency of the Group.

Foreign currency transactions

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

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

Foreign operations

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

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

(f) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. The chief operating decision maker has been identified as the Board of Directors taken as a whole. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the Board of Directors.

(g) Borrowings

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

(h) Convertible Note – Derivative Liability

Derivative financial instruments are stated at fair value. The fair value of the derivative has been valued using a valuation technique, including inputs that include reference to similar instruments and option pricing models, which is updated each period. Gains and losses arising from changes in fair value of these instruments together with settlements in the period are accounted for through the consolidated statement of profit or loss and other comprehensive income through net finance costs. The convertible note liability and derivative are removed from the statement of financial position when the obligations specified in the contract are discharged, cancelled or expired.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended 30 June 2023

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Convertible Note – Debt Liability

The embedded derivative component of a convertible note is recognised initially at fair value and the debt liability component is calculated as the difference between the financial instrument as a whole and the value of the derivative liability at inception. Any directly attributable transaction costs are allocated to the convertible note debt liability and convertible note derivative liability in proportion to their initial carrying amounts. Subsequent to initial recognition, the debt liability component of the convertible note is measured at amortised cost using the effective interest method.

(j) Lease Liabilities

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

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

(k) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(l) Impairment of Non-financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from the other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generated unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation increase.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Property, Plant and Equipment

Property, plant and equipment assets are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for the assets to be capable of operating in the manner intended by the Group's management.

Property, plant and equipment assets are subsequently measured using the cost model which reflects cost less subsequent depreciation and impairment losses. Depreciation is recognised on a diminishing value basis to write down the cost less estimated residual value of the assets.

Leasehold improvements are capitalised and subsequently amortised over the term of the respective lease.

The following depreciation rates are applied to property, plant and equipment assets on the diminishing value basis:

- Motor vehicles: 25%
- Other property, plant and equipment: 20-50%

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

(n) Right-of-Use Assets

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

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

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

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position 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 included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Taxation

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

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

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

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

Where temporary differences exist in relation to investments in subsidiaries and associates, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

(q) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(r) Provisions and Contingencies

Provisions are recognised when the Group has a legal or constructive obligation, as a result of a past event, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

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

(s) Employee Benefits

Short Term Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended 30 June 2023

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Employee Benefits (continued)

Other Long Term Employee Benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined Contribution Superannuation Expense

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

(t) Share Based Payment Transactions

The Group recognises the fair value of options and performance rights granted to Directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the consolidated statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

The Group provides benefits to employees (including Directors) of the Group in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees (including Directors) is measured by reference to fair value at the date they are granted. The fair value is determined using the Black Scholes option pricing model.

(u) Issued Capital

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

(v) Critical Accounting Estimates and Judgments

In preparing the financial information, the Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

(i) Significant Accounting Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Capitalisation of Operating Leases

Determination of lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended 30 June 2023

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Determination of lease term (continued)

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Determination of incremental borrowing rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used.

To determine the incremental borrowing rate, where possible recent third party financing received by the individual lessee is used as a starting point and adjusted to reflect changes in financing conditions since third party financing was received. If there was no recent third party financing agreement, a build-up approach is used that starts with a risk-free interest rate adjusted for credit risk for the lessee and any further relevant adjustments specific to the lease (such as term, country, currency and security).

(ii) Significant Accounting Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Key Estimates – Impairment of Capitalised Exploration and Evaluation Expenditure

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

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Key Estimates – Share Based Payment Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Fair values of share options are determined using the Black Scholes option pricing model. Should the assumptions used in these calculations differ, the amounts recognised could significantly change.

Key Assumptions – Valuation of derivative liability

The Group has entered into loan agreements which contain a conversion feature whereby the value of the loan, or a portion thereof, can be converted into shares in the Company upon the occurrence of various conversion trigger events or upon the election of the lender (or borrower). To derive the fair value of the embedded derivative liability component of the loans, a number of assumptions have been made. These assumptions, as well as key terms of the loan agreements, are outlined in note 13.

Key Judgement – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation. At the current stage of the Group's development and its current environmental impact, the Directors believe such treatment is reasonable and appropriate.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Fair Value of Assets and Liabilities

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy based on the lowest level of input that is significant to the entire fair value measurement, being Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly unforced transaction between independent, knowledgeable and willing market participants at the measurement date and is based on the fair value hierarchy.

(x) Government Assistance and Grants

Assistance received from the government by way of grant or other forms of assistance designed to provide an economic benefit to the Group, is presented in the statement of financial position as deferred income, in instances where the grant is related to assets. In all other cases, grant money is presented in the profit and loss as other income. Grants are recognised when there is reasonable assurance that conditions will be complied with and the grant will be received.

(y) Earnings Per Share

Basic earnings per share

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

Diluted earnings per share

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

2. RELATED PARTY TRANSACTIONS

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

- o During the financial year, the Company entered into a \$3,000,000 unsecured loan agreement with a director related entity, Metech Super Pty Ltd as trustee for the Metech No2 Super Fund. Refer to note 13 for further detail. \$2,000,000 has been drawn down at the reporting date.
- o The Company has entered into a lease agreement with Elk Mountain Mining Limited, an entity associated with Mr Charles Bass, for the lease of the Company's administration offices in Perth, Western Australia. Total payments made under the lease amounted to \$95,748 (2022: \$89,135) and included interest of \$17,530 (2022: \$12,069) and lease principal repayments of \$78,218 (2022: \$77,066).

3. REMUNERATION OF AUDITORS

	Year ended 30 June 2023 A\$	Year ended 30 June 2022 A\$
Audit and review of the financial statements	32,125	31,350
Taxation services	22,120	20,350
Total	54,245	51,700

The auditor of Eagle Mountain Mining Limited is William Buck Audit (WA) Pty Ltd. During the reporting period, a related entity of William Buck Audit (WA) Pty Ltd provided non-audit services amounting to \$22,120 (2022: \$20,350) to companies in the Group.

4. LOSS FROM ORDINARY ACTIVITIES

	Year ended 30 June 2023 A\$	Year ended 30 June 2022 A\$
Included in the loss before income tax are the following specific items of expenses:		
Interest paid/payable on borrowings	(358,600)	(348,971)
Interest paid/payable on leases	(39,446)	(49,181)
Employee expenses – non-exploration	(670,471)	(631,630)
Share based payments expense - employees	(327,870)	(736,936)
Share based payments expense - suppliers	-	(802,800)
Insurances	(409,863)	(335,357)
Travel expenses	(200,157)	(66,522)
Movements in employee leave liabilities	(31,739)	(28,544)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

5. INCOME TAX EXPENSE

	Year ended 30 June 2023	Year ended 30 June 2022 (Restated)
	A\$	A\$
Current tax:		
Current income tax charge/(benefit)	-	-
Current income tax benefit not recognised	-	-
Deferred tax:		
Relating to origination and reversal of timing differences	(535,235)	(936,847)
Deferred tax benefit not recognised	535,235	936,847
	-	-
(a) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Loss before tax	(13,661,302)	(30,748,045)
The prima facie tax on loss from ordinary activities attributable to parent entity before income tax:		
Prima facie tax (benefit) on loss from ordinary activities before income tax at 30% (2021: 30%)	(4,098,391)	(9,224,414)
<i>Add/(less) tax effect of:</i>		
Exploration costs not deducted for tax	3,102,098	8,095,447
Non-deductible share based payments	98,361	461,921
Share issue costs deducted	(171,876)	(211,960)
Unrealised movement in fair value of financial liabilities	(56,131)	(25,268)
Deferred tax asset not brought to account	1,125,939	904,274
Income tax attributable to entity	-	-
(b) Deferred tax – statement of financial position		
<i>Liabilities</i>		
Prepaid expenses	34,404	42,688
Foreign exchange	-	-
	34,404	42,688
<i>Assets</i>		
Employee leave and other employee liabilities	54,055	54,926
Liability for tailings storage facility	-	130,643
Right-of-use asset	13,459	11,834
Revenue losses available to offset against future taxable income	2,758,273	1,994,871
Deductible equity raising costs	449,078	555,641
	3,274,865	2,747,915
Net deferred tax asset not recognised	3,240,461	2,705,227



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

5. INCOME TAX EXPENSE (continued)

	Year ended 30 June 2023 A\$	Year ended 30 June 2022 A\$
(c) Deferred tax – income statement		
<i>Liabilities</i>		
Prepaid expenses	8,284	311
Foreign exchange	-	41,228
<i>Assets</i>		
Accrued expenses and provisions	(123,143)	130,643
Employee leave and other employee liabilities	(8,371)	13,096
Right-of-use asset	1,626	5,623
Deductible equity raising costs	(106,563)	253,122
Increase in tax losses carried forward	763,402	492,824
Deferred tax benefit movement not recognised	<u>535,235</u>	<u>936,847</u>

The deferred tax benefit of tax losses not brought to account will only be obtained if:

- (i) The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the tax losses to be realised;
- (ii) The Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) No changes in tax legislation adversely affect the Company realising the benefit from the deduction of the losses.

6. CASH AND CASH EQUIVALENTS

	30 June 2023 A\$	30 June 2022 A\$
Cash at bank	2,236,536	11,073,913
Deposits at call	-	-
Total	<u>2,236,536</u>	<u>11,073,913</u>

Included in cash at bank are amounts held in US dollar denominated bank accounts equivalent to \$1,361,138 (2022: \$4,063,402).

7. TRADE AND OTHER RECEIVABLES

	30 June 2023 A\$	30 June 2022 A\$
GST receivable	5,580	6,341
Accrued income and other receivables	64,440	162,045
Prepaid expenses and deposits	114,681	142,294
Total	<u>184,701</u>	<u>310,680</u>

The carrying amounts of trade and other receivables are assumed to approximate their fair values due to their short term nature.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

8. EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2023	30 June 2022
	A\$	A\$
Movement during the year		
Carrying value – beginning of year	10,774,803	9,474,278
Capitalisation of tailings storage facility costs ¹	85,766	435,477
Effect of movement in foreign exchange rates	420,917	865,048
Carrying value – end of the year	11,281,486	10,774,803

¹ Refer to note 14.

Carried forward exploration and evaluation expenditure represents the exploration asset acquisition costs recognised on the acquisition of Silver Mountain Mining Pty Ltd and the Oracle Ridge Copper Mine. The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improve- ments	Office equipment and furniture	Field equipment and vehicles	Mine plant and equipment	Mine prop- erties	Total
	A\$	A\$	A\$	A\$	A\$	A\$
Cost at the beginning of the year	397,302	123,777	582,970	1,244,737	-	2,348,786
Effect of foreign exchange movements	3,924	2,830	22,137	48,626	-	77,517
Additions	-	90,504	11,203	81,467	3,008,939	3,192,113
Disposals	-	-	-	-	-	-
Cost at the end of the year	401,226	217,111	616,310	1,374,830	3,008,939	5,618,416
Accumulated depreciation at the beginning of the year	(297,120)	(93,984)	(234,185)	(501,111)	-	(1,126,400)
Disposals	-	-	-	-	-	-
Effect of foreign exchange movements	(1,564)	(2,137)	(10,016)	(22,288)	-	(36,005)
Depreciation charged in the year	(54,046)	(26,906)	(95,651)	(172,529)	-	(349,132)
Accumulated depreciation at the end of the year	(352,730)	(123,027)	(339,852)	(695,928)	-	(1,511,537)
Net book value at the beginning of the year	100,182	29,793	348,785	743,626	-	1,222,386
Net book value at the end of the year	48,496	94,084	276,458	678,902	3,008,939	4,106,879



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

10. RIGHT-OF-USE ASSET

	30 June 2023 A\$	30 June 2022 A\$
Opening balance	592,606	531,202
Right-of-use asset additions	-	261,426
Depreciation expense	(255,283)	(230,840)
Foreign currency differences	9,193	30,818
Total	<u>346,516</u>	<u>592,606</u>

The Group leases land and buildings for its offices in Perth, Australia and Arizona, United States of America under agreements with original terms of up to five years and which may contain options to extend the lease term.

11. TRADE AND OTHER PAYABLES

	30 June 2023 A\$	30 June 2022 A\$
Current		
Trade creditors and accrued expenses	412,672	846,813
Other payables	26,471	1,415
Payroll liabilities	75,657	152,408
Total	<u>514,800</u>	<u>1,000,636</u>

The carrying amounts of trade and other payables are assumed to approximate their fair values due to their short term nature.

12. LEASE LIABILITIES

	30 June 2023 A\$	30 June 2022 A\$
Current liability	250,321	246,870
Non-current liability	141,060	385,182
Total	<u>391,381</u>	<u>632,052</u>
Movement in lease liabilities		
Opening balance	632,052	551,908
Increase in liability ¹	-	261,426
Principal repayments	(250,746)	(249,703)
Foreign currency differences	10,075	68,421
Lease liabilities at the end of the year	<u>391,381</u>	<u>632,052</u>

¹ During the prior financial year the option to extend the lease on the office premises in Nedlands, Australia was exercised with the lease extended for a further period of three years.

Refer to note 23(c) for details of short term leases or leases of low value assets.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

13. BORROWINGS

	30 June 2023	30 June 2022 (Restated)
	A\$	A\$
Current		
Vehicle loan amounts due within one year ¹	-	3,797
Non-Current		
Loan – derivative liability	348,606	449,035
Loan – debt liability	10,496,189	9,783,207
Subtotal loan ²	10,844,795	10,232,242
<i>Loan from related party ³</i>		
Loan – derivative liability	48,702	-
Loan – debt liability	1,969,487	-
Subtotal loan	2,018,189	-
Total non-current borrowings	12,862,984	10,232,242

¹ Vehicle loan amounts are secured over assets with a net book value of A\$23,278 (2021: A\$28,440) held by Silver Mountain Mining Operations Inc. (refer note 9).

² Vincere Loan

Under the terms of the purchase agreement of the Oracle Ridge Copper Mine in Arizona in the United States of America, Wedgetail Operations LLC, a subsidiary in which the Company now holds a 100% interest, entered into a US\$6,423,000 secured loan with Vincere Resource Holdings LLC. The loan is secured over all of the assets of Wedgetail Operations LLC, has a ten-year term and accrues interest at 3.15% per annum for the first five years with no interest accruing thereafter.

Under the terms of the agreement, the lender has the right to convert up to US\$1,000,000 of the secured loan into ordinary shares of the Company upon each of the following three conversion trigger events:

- i. The completion of a preliminary feasibility study;
- ii. A commitment is made to proceed with a bankable feasibility study; and
- iii. A commitment is made to commission the financing of the project as evidenced by a feasibility study sufficient to obtain third party financing.

The terms of the agreement prevent the issue of ordinary shares to the lender where the cumulative amount of shares held as a result of exercising the conversion rights would exceed 10% of the Company's ordinary shares on issue.

The conversion price of each conversion right held by the lender is an amount equal to a 20% discount to the 30 day volume weighted average price of the Company's shares for the 30 days immediately after the date of public announcement of the applicable conversion trigger event.

The face value of US\$6,423,000 comprises the sum of the value of the derivative liability (or conversion right), and the debt liability component at inception. The debt liability component of the secured loan is amortised at each reporting period using the effective interest method. The derivative liability component is revalued at each reporting date over the life of the secured loan.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

13. BORROWINGS (continued)

Fair Value Measurement

The derivative liability component of the US\$6,423,000 loan is measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement. Refer to accounting policy note 1(w) for a description of the three levels. The derivative liability has been categorised as Level 3 in the fair value hierarchy and the fair value at the end of the reporting period was A\$348,606.

There were no transfers between levels during the financial year.

Correction of significant misstatement of fair value of the conversion right

An independent valuation was undertaken on initial recognition of the conversion right. At each reporting date since initial recognition, the conversion right has been independently revalued. During the 31 December 2022 reporting period, it was discovered that the fair value of the conversion right had been miscalculated at the preceding reporting dates. As a consequence, an updated independent valuation of the fair value of the conversion right was undertaken to establish the fair value of the conversion rights that should have been reported. As a result, the total value of the loan was found to have been overstated in prior periods. The reported value of the liability has been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impacts on the Group's consolidated financial statements.

Statement of Financial Position (extract)	30 June 2022 (Reported) \$A	Increase/ (decrease) \$A	30 June 2022 (Restated) \$A	30 June 2021 (Reported) \$A	Increase/ (decrease) \$A	1 July 2021 (Restated) \$A
Derivative Liability	2,797,229	(2,348,194)	449,035	3,297,591	(2,817,711)	479,880
Debt Liability	8,717,849	1,065,358	9,783,207	7,705,643	976,224	8,681,867
Net assets	10,513,054	1,282,836	11,795,890	6,581,844	1,841,487	8,423,331
Foreign exchange reserve	184,045	118,723	302,768	272,208	(12,435)	259,773
Retained earnings	(74,604,789)	1,164,113	(73,440,676)	(44,550,789)	1,853,922	(42,696,867)
Total equity	10,513,054	1,282,836	11,795,890	6,581,844	1,841,487	8,423,331

Statement of Profit or Loss or Other Comprehensive Income (extract)	30 June 2022 (Reported) \$A	Increase/ (decrease) \$A	30 June 2022 (Restated) \$A
Fair value gain/(loss) on convertible notes	760,670	(689,809)	70,861
Loss before income tax	(30,058,236)	(689,809)	(30,748,045)
Income tax	-	-	-
Loss after income tax	(30,058,236)	(689,809)	(30,748,045)
Other comprehensive income/(loss)			
- (Loss)/gain on foreign currency exchange	(88,163)	131,158	42,995
Total comprehensive loss for the year	(30,146,399)	131,158	(30,705,050)
Earnings per share	cents	cents	cents
- Basic and diluted loss per share	(13.0)	(0.3)	(13.3)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

13. BORROWINGS (continued)

Valuation Model Assumptions

An independent valuation of the derivative liability has been undertaken at 30 June 2023 using a Monte Carlo simulation model with the following assumptions:

Assumptions	Conversion Event 1	Conversion Event 2	Conversion Event 3
Valuation date	30 June 2023	30 June 2023	30 June 2023
Spot price (A\$) ¹	\$0.100	\$0.100	\$0.100
Exercise price ²	\$0.085	\$0.088	\$0.093
Risk free rate	4.18%	4.18%	4.28%
Expected future volatility	85%	85%	85%
Expiry date ³	31 December 2024	31 December 2025	31 December 2026
Probability ⁴	90%	70%	70%

¹ The share price of an EM2 share traded on the ASX to market close on 30 June 2023.

² Exercise price is equal to a 20% discount to the estimated volume weighted average price of the Company's shares for the 30 days immediately after the public announcement of the applicable conversion trigger event.

³ The expiry date is the estimated date on which the conversion right will be exercised for each tranche of conversion rights and is estimated from the date of the agreement.

⁴ Management's estimate as at balance date of the probability of the conversion trigger events being achieved on the expiry dates for each tranche of conversion rights.

Based on the above assumptions, the revaluation of the derivative liability resulted in a fair value gain of US\$78,214 (A\$116,145) which has been recognised through the profit and loss.

In relation to the restriction of conversion rights up to 10% of the ordinary shares on issue, the valuation is based on the number of shares on issue at valuation date.

<i>Reconciliation of movement in Level 3 derivative liability</i>	30 June 2023	30 June 2022
	A\$	(Restated) A\$
Movement during the year		
Balance at the start of the financial year	449,035	479,880
Gain recognised in profit or loss	(116,145)	(70,861)
Effect of movement in foreign exchange rates	15,716	40,016
Balance at the end of the financial year	348,606	449,035



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

13. BORROWINGS (continued)

Unobservable inputs for fair value measurement

In determining the fair value measurement of the derivative liability, certain observable inputs such as the share price and exercise price of the conversion rights are used, together with unobservable inputs.

The unobservable inputs used in the valuation of the derivative liability are deemed to be:

1. Issued capital – as the conversion rights are restricted to not more than 10% of the ordinary shares on issue, any increase in issued shares may impact the number of conversion rights that can be exercised; and
2. Timing of the three milestones to be achieved (conversion trigger events).

The Level 3 unobservable inputs and sensitivity are as follows:

Unobservable Input	Change in input	Sensitivity
Shares on Issue	+25%	A 25% increase in share capital will result in an increase in fair value of approximately \$42,100
Date of conversion trigger event	-6 months	A decrease of 6 months in achieving the first and subsequent milestones will result in an increase in fair value of approximately \$7,100
Date of conversion trigger event	+6 months	An increase of 6 months in achieving the first and subsequent milestones will result in a decrease in fair value of approximately \$6,900

³ Loan from Related Party

During the financial year, Metech Super Pty Ltd as trustee for the Metech No2 Super Fund (Lender), an entity associated with Director, Mr Charles Bass, provided an unsecured loan facility of up to \$3,000,000 to the Company. At 30 June 2023, the Company had drawn down \$2,000,000 of the facility. The loan attracts interest at 10% per annum and matures on 31 December 2024. The Company may repay all or part of the outstanding loan balance at any time prior to the maturity date without penalty. The Lender may elect to convert all or part of the outstanding balance into ordinary shares in the Company at any time up until the date which is 90 days prior to maturity, subject to shareholder approval, at a conversion price being the greater of:

- i. a 15% discount to the 15 day VWAP for the Company's shares immediately prior to the election to convert; and
- ii. a floor price of \$0.14 per share.

If any portion of the loan is not repaid or converted prior to the day which is 90 days prior to maturity, the Company may at its sole discretion either repay the balance of the loan and interest in cash or require conversion at a 12% discount to the 15 day VWAP for the Company's shares immediately prior to the election to convert, subject to shareholder approval.

The face value of \$2,000,000 comprises the sum of the value of the derivative liability (or conversion right), and the debt liability component at inception. The debt liability component of the loan is amortised at each reporting period using the effective interest method. The fair value of the derivative liability component is revalued at each reporting date over the life of the loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

13. BORROWINGS (continued)

Fair Value Measurement

The derivative liability component of the \$2,000,000 loan drawn down at 30 June 2023 is measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement. Refer to accounting policy note 1(w) for a description of the three levels. The derivative liability has been categorised as Level 3 in the fair value hierarchy and the fair value at the end of the reporting period was \$48,702.

There were no transfers between levels during the financial year.

Valuation Model Assumptions

An independent valuation of the derivative liability has been undertaken at the loan drawdown date, and subsequently revalued at 30 June 2023, using a Monte Carlo simulation model with the following assumptions:

Assumptions	Drawdown Date	30 June 2023
Valuation date	26 May 2023	30 June 2023
Spot price (A\$) ¹	\$0.100	\$0.100
Risk free rate	3.57%	4.18%
Expected future volatility	85%	85%
Expiry date ²	31 December 2024	31 December 2024

¹ The share price of an EM2 share traded on the ASX to market close on 26 May 2023 and 30 June 2023 respectively.

² The expiry date is the maturity date of the loan and it is assumed that conversion would occur on this date.

Exercise price – It was identified that three possible conversion scenarios could occur depending on the value of the share price. A Monte Carlo simulation model was used to assess the probability of the share price hitting each of the thresholds with results as follows:

	Probability
Probability of spot price < \$0.140	78.9%
Probability of spot price \$0.140 to \$0.165	4.0%
Probability of spot price > \$0.165	17.1%

Based on the above assumptions, the revaluation of the derivative liability resulted in a fair value gain of \$4,291 which has been recognised through the profit and loss.

<i>Reconciliation of movement in Level 3 derivative liability</i>	30 June 2023 A\$	30 June 2022 A\$
Movement during the year		
Balance at the start of the financial year	-	-
Fair value on initial drawdown date	52,993	-
Gain recognised in profit or loss	(4,291)	-
Balance at the end of the financial year	48,702	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

14. PROVISIONS

	30 June 2023	30 June 2022
	A\$	A\$
Movement in Tailings Storage Facility during the year		
Carrying value – beginning of year	435,477	-
Additional provision for tailings storage facility	85,766	435,477
Amounts used	(521,243)	-
Carrying value – end of the year	-	435,477

The Group acquired an existing tailings storage facility ("TSF") with the purchase of the Oracle Ridge Copper Project. The TSF is covered by a permit issued by the Arizona Department of Environmental Quality which includes a condition that the TSF be upgraded to meet current engineering standards. The cost of the upgrade which was completed during the financial year has been provided for in the financial statements as an adjustment to the cost of acquisition of the Oracle Ridge Copper Project (refer note 8).

15. ISSUED CAPITAL

<u>Shares</u>	<i>Issue price</i>	Year ended		Year ended	
		Shares	A\$	Shares	A\$
Balance at the beginning of the year		268,265,063	78,501,878	202,669,630	45,601,593
Shares issued on exercise of options	\$0.20 \$0.30	1,900,000	456,000	3,640,877	1,137,080
Shares issued on exercise of performance rights	-	-	-	35,000	11,200
Placement shares issued	\$0.65	-	-	24,620,001	16,003,000
Placement shares issued	\$0.45	-	-	35,555,555	16,000,000
Issued in lieu of loan repayment		-	-	1,744,000	1,299,280
Placement shares issued	\$0.165	30,303,031	5,000,000	-	-
Share Purchase Plan shares issued	\$0.165	4,498,769	742,297	-	-
Less: share issue costs – cash *	-	-	(217,707)	-	(1,550,275)
Balance at 30 June		304,966,863	84,482,468	268,265,063	78,501,878

* No deferred tax asset has been recognised in respect of the share issue costs as at the date of the financial report as it is not probable that it will be realised (refer note 5).

The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia. 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.

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. There is no limit to the authorised share capital of the Company.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

16. RESERVES

	30 June 2023 A\$	30 June 2022 A\$
Foreign currency translation reserve – 2022 restated (note 13)	479,764	302,768
Share based payments reserve	8,058,311	9,446,196
Common control reserve	(3,014,276)	(3,014,276)
	<u>5,523,799</u>	<u>6,734,688</u>

Movements in reserves:

	Year ended 30 June 2023 A\$	Year ended 30 June 2022 (Restated) A\$
a) Foreign currency translation reserve		
Balance at the beginning of the year	302,768	259,773
Exchange gain for the year	176,996	42,995
Balance at the end of the year	<u>479,764</u>	<u>302,768</u>

Foreign currency translation reserve

The foreign currency translation reserve records unrealised exchange gains and losses on translation of controlled entities accounts during the year.

	Year ended 30 June 2023 A\$	Year ended 30 June 2022 A\$
b) Share based payments reserve		
Balance at the beginning of the year	9,446,196	8,268,608
Fair value vesting expense of options and performance rights	327,870	1,539,736
Fair value of options/performance rights exercised during the year	(76,000)	(357,912)
Fair value of options expired during the year	(1,639,755)	(4,236)
Balance at the end of the year	<u>8,058,311</u>	<u>9,446,196</u>

Share based payments reserve

The share based payments reserve has been used to recognise the fair value of options and performance rights issued and vested but not exercised as at the end of the reporting year.

	Year ended 30 June 2023 A\$	Year ended 30 June 2022 A\$
c) Common control reserve		
Balance at the beginning of the year	(3,014,276)	(3,014,276)
Common control transactions during the year	-	-
Balance at the end of the year	<u>(3,014,276)</u>	<u>(3,014,276)</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

16. RESERVES (continued)

Common control reserve

The amount recognised in the common control reserve represents the excess in fair value consideration given, over the net assets acquired, on the acquisition of Silver Mountain Mining Pty Ltd from Silver Mountain Mining Nominees Pty Ltd on 7 December 2017.

17. OPTIONS AND EQUITY BASED PAYMENTS

<u>Options – Reconciliation of Movements</u>	30 June 2023	30 June 2022
	Number	Number
Options on issue at the beginning of the year	27,611,154	29,452,780
Options issued pursuant to corporate advisory mandate	-	2,000,000
Options cancelled	(10,361,154)	(200,749)
Options exercised	(1,900,000)	(3,640,877)
Options on issue at the end of the year	<u>15,350,000</u>	<u>27,611,154</u>

<u>Option Capital – Reconciliation of Movements</u>	30 June 2023	30 June 2022
	A\$	A\$
Balance at the beginning of the year	-	4,500
Movements during the year	-	(4,500)
Balance at the end of the year	<u>-</u>	<u>-</u>

	2023	2022		2022
	Weighted	Weighted		Weighted
	Average	Average		Average
	Exercise Price	Exercise Price		Exercise Price
	(cents)	(cents)		(cents)
	No.	No.		No.
Options outstanding at the beginning of the year	27,611,154	46.36	29,452,780	41.56
Options granted during the year	-	-	2,000,000	81.25
Options exercised during the year	(1,900,000)	20.00	(3,640,877)	21.58
Options cancelled and expired unexercised during the year	(10,361,154)	42.40	(200,749)	139.55
Options outstanding at 30 June	<u>15,350,000</u>	<u>52.29</u>	<u>27,611,154</u>	<u>46.36</u>

Basis and Assumptions Used in the Valuation of Options

Options issued during a reporting period are valued using the Black Scholes option valuation methodology. Historical volatility over the previous 12 months is used as the expected share price volatility.

An expense of \$239,074 has been recognised through the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2023 (2022: \$1,511,654) in respect of the expensing of options during the year.

Weighted Average Contractual Life

The weighted average contractual life for unexercised options is 8.6 months (2022: 16.2 months).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

17. OPTIONS AND EQUITY BASED PAYMENTS (continued)

Performance Rights

During the year ended 30 June 2023, no performance rights were issued (2022: 300,000) and 100,000 performance rights vested (2022: 35,000). No performance rights were exercised or cancelled.:

An expense of \$88,796 (2022: \$28,082) has been recognised through the consolidated statement of profit or loss and other comprehensive income in respect of the vesting of performance rights during the financial year.

18. CASH FLOW INFORMATION

	Year ended 30 June 2023	Year ended 30 June 2022 (Restated)
	A\$	A\$
Reconciliation of cash flows from operating activities with loss after income tax		
Loss after income tax	(13,661,302)	(30,748,045)
Non-cash items included in profit or loss		
Depreciation expense	604,415	582,588
Gains on foreign exchange	(50,849)	(611,687)
Fair value gain	(120,436)	(141,819)
Share based payment expense	327,870	1,539,736
Accrued interest expense	352,863	309,623
Changes in assets and liabilities:		
(Increase)/decrease in receivables	98,366	(5,584)
(Increase)/decrease in prepayments	27,613	1,035
(Decrease)/increase in employee leave liabilities	(19,730)	43,559
(Decrease)/increase in accounts payable and accruals	(634,042)	(198,058)
Net cash outflows from operating activities	(13,075,232)	(29,228,652)

19. SEGMENT INFORMATION

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group operates in one segment, being exploration for mineral resources. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group.

Following the acquisition of Silver Mountain Mining Pty Ltd on 7 December 2017, and the Oracle Ridge Copper Mine in November 2019, the Group operates in Australia and United States of America.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

19. SEGMENT INFORMATION (continued)

Information regarding the non-current assets by geographical location is reported below. No segment information is provided for United States of America in relation to revenue and profit or loss for the year ended 30 June 2023 or year ended 30 June 2022.

Reconciliation of Non-Current Assets by Geographical Location

	30 June 2023 A\$	30 June 2022 A\$
Australia	278,014	325,526
United States of America	15,752,763	12,548,510
	16,030,777	12,874,036

20. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

21. KEY MANAGEMENT PERSONNEL

(a) Directors and Key Management Personnel

The following persons were Directors or Key Management Personnel of Eagle Mountain Mining Limited during the financial year:

- (i) Chairman – Non-Executive*
Rick Crabb
- (ii) Executive Director*
Charles Bass, Managing Director
- (iii) Non-Executive Director*
Roger Port
- (iv) Alternate Director*
Brett Rowe (as Alternate Director to Charles Bass)
- (v) Chief Executive Officer*
Timothy Mason

There were no other persons employed by or contracted to the Company during the financial year having responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

21. KEY MANAGEMENT PERSONNEL (continued)

(b) *Key Management Personnel Compensation*

A summary of total compensation paid to Key Management Personnel is as follows:

	30 June 2023	30 June 2022
	A\$	A\$
Total short term employment benefits	480,205	447,796
Total equity based payments	162,229	214,966
Total post employment benefits	39,545	37,203
	681,979	699,965

22. CONTINGENT LIABILITIES

The Group has an exploration service agreement with Dragon's Deep Exploration, Inc., an Arizona corporation ("Dragon"). Included in this agreement is a performance bonus payable to Dragon consisting of cash together with shares in Eagle Mountain Mining Limited (shares at market price, escrowed as required by the appropriate exchange) within 10 days of the event detailed below:

Criteria (Specifically related to the Silver Mountain Project)	Cash Bonus	Shares of Value
Commencement of a preliminary feasibility study in respect of any land covered by any mining claims or permits held by Silver Mountain Mining LLC and located in Arizona, USA. ¹	US\$100,000	US\$200,000

- The milestone satisfaction date is the date on which the Company announces to the Australian Securities Exchange that it has commenced a pre-feasibility study on the relevant mining claims or permits. "Pre-feasibility Study" is as defined in the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition).

The Group does not currently foresee a preliminary feasibility study covering the claims held by Silver Mountain Mining LLC commencing in the near future.

Other than the above, the Group has no contingent liabilities outstanding at the end of the year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

23. COMMITMENTS

(a) Exploration Expenditure

In order to maintain the current tenure status of its exploration assets, the Group has certain obligations and minimum expenditure requirements with respect to unpatented claims and Arizona state exploration permits located in Arizona in the United States of America, as follows:

	30 June 2023	30 June 2022
	A\$	A\$
Within 1 year	533,978	547,373
After 1 year but not more than 5 years	2,197,758	2,080,621
Total	2,731,736	2,627,994

(b) Asset Acquisition

The Group has no commitments for asset acquisitions at 30 June 2023.

(c) Operating Leases

During the current reporting period, the Group entered into a low value operating lease to rent storage space in Tucson, Arizona and the Group has availed itself of the recognition exemption under AASB16 Leases. At 30 June 2023, the commitments under the lease agreement are as follows:

	30 June 2023	30 June 2022
	A\$	A\$
Within 1 year	12,670	3,484
After 1 year but not more than 5 years	12,670	7,258
Total	25,340	10,742

(d) Drilling Commitments

There were no drilling commitments outstanding at 30 June 2023 (2022: US\$187,000).

(e) Other Commitments

A Reversionary Interest in the Mineral Rights is held by Marble Mountain Ventures LLC ("MMV") over certain of the Patented Claims covering the mine. The Reversionary Interest is provided for in a deed dated 18 February 2010, with reversion set to occur on 18 February 2025, unless an Extension Option is exercised by Wedgetail Operations LLC ("WTO"). In order to exercise the Extension Option, WTO needs to provide 30 days written notice, make an Extension Payment in the order of US\$3 million adjusted for CPI and remain in compliance with various related agreements. Should WTO agree to exercise the Extension Option, WTO's interest in the mineral rights related to certain of the Patented Claims will be extended to 18 February 2040.

The Company also has an Industrial Property Lease agreement ("Lease Agreement") with MMV which provides surface access rights over patented claims which covers areas including the existing 5900 and 6400 mine portals, and the historic mill site. The Company made lease payments of approximately US\$194,000 this financial year to MMV pursuant to the Lease Agreement (refer note 23(a)). The lease payments are subject to annual escalation for inflation. The term of the lease automatically renews every three years until expiration of the term on 31 January 2040.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

24. FINANCIAL RISK MANAGEMENT

The Group has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Company's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board of Directors has the overall responsibility for the risk management framework and has adopted a Risk Management Policy.

(a) *Credit Risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

Trade and Other Receivables

The nature of the business activity of the Group does not result in trading receivables. The receivables that the Group does experience through its normal course of business are short term and the most significant recurring by quantity is receivable from the ATO. The risk of non-recovery of receivables from this source is considered to be negligible.

Cash Deposits

The Directors believe any risk associated with the use of predominantly one bank is addressed through the use of at least an A-rated bank as a primary banker. Except for this matter the Group currently has no significant concentrations of credit risk.

(b) *Liquidity Risk*

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

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Company's current and future operations, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment.

(c) *Market Risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group'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.

Interest Rate Risk

The Group has cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the Group requires the cash assets to be sufficiently liquid to cover any planned or unforeseen future expenditure, which prevents the cash assets being committed to long term fixed interest arrangements, the Group does mitigate potential interest rate risk by entering into short to medium term fixed interest investments.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

24. FINANCIAL RISK MANAGEMENT (continued)

Equity Risk

The Group has no direct exposure to equity risk.

Foreign Exchange Risk

The Group holds a portion of its cash assets in US dollar denominated bank accounts and bank deposits. The Group is also significantly exposed to foreign exchange risk through transactions and arrangements in respect of its US based operations.

Other than the above, the Group does not have any direct contact with foreign exchange fluctuations other than their effect on the general economy.

The Group seeks to mitigate foreign exchange risk by considering capital requirements and foreign exchange rates when undertaking treasury transactions, such as utilising US dollar denominated term deposits.

25. FINANCIAL INSTRUMENTS

Credit Risk

The Directors do not consider that the Group's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made (refer note 24(a)).

Impairment Losses

The Directors do not consider that any of the Group's financial assets are subject to impairment at the reporting date. No impairment expense or reversal of impairment charge has occurred during the financial year.

Interest Rate Risk

At the reporting date the interest profile of the Group's interest-bearing financial instruments was:

	Carrying amount (\$) 2023	Carrying amount (\$) 2022
Fixed rate instruments		
Financial liabilities	<u>(12,852,207)</u>	<u>(10,110,627)</u>
Variable rate instruments		
Financial assets	<u>2,236,536</u>	<u>11,073,913</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

25. FINANCIAL INSTRUMENTS (continued)

Cash Flow Sensitivity Analysis for Variable Rate Instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease

2023

Variable rate instruments	22,365	(22,365)	22,365	(22,365)
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2022

Variable rate instruments	110,739	(110,739)	110,739	(110,739)
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Foreign Exchange Risk

At the reporting date the Australian dollar equivalent of amounts recognised by the Group in US dollars were as follows:

	Carrying amount (\$) 2023	Carrying amount (\$) 2022
Financial assets		
Cash at bank	1,361,138	4,063,403
Deposits at call	-	-
	1,361,138	4,063,403
Financial liabilities		
Trade and other payables	(457,488)	(900,226)
Borrowings (2022 restated – refer note 13)	(10,844,795)	(10,236,039)
	(11,302,283)	(11,136,265)

Cash Flow Sensitivity Analysis for Foreign Exchange

A change in foreign exchange rates of 5% at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	5% increase	5% decrease	5% increase	5% decrease

2023

Financial assets	22,908	(22,908)	45,159	(45,159)
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Financial liabilities	565,114	(565,114)	565,114	(565,114)
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2022

Financial assets	134,244	(134,244)	68,926	(68,926)
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Financial liabilities (2022 restated – refer note 13)	556,813	(556,813)	556,813	(556,813)
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

25. FINANCIAL INSTRUMENTS (continued)

Fair Values

Fair Values Versus Carrying Amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Consolidated 2023		Consolidated 2022	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
Cash and cash equivalents	2,236,536	2,236,536	11,073,913	11,073,913
Trade and other payables	(514,800)	(514,800)	(1,000,636)	(1,000,636)
Borrowings (2022 restated)	(12,862,984)	(12,862,984)	(10,236,039)	(10,236,039)
Lease liabilities	(391,381)	(391,381)	(632,052)	(632,052)
	(11,532,629)	(11,532,629)	(794,814)	(794,814)

The Group's policy for recognition of fair values is disclosed at note 1(w).

Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements (refer note 24(b)):

Consolidated	Carrying amount \$	Contractual cash flows \$	< 6 months \$	6-12 months \$	1-2 years \$	2-5 years \$	> 5 years \$
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2023

Non-Derivatives

Trade and other payables	514,800	514,800	514,800	-	-	-	-
Borrowings	12,465,676	13,662,182	-	-	2,346,753	-	11,315,429
Lease liabilities	391,381	391,381	139,235	111,086	92,507	48,553	-
	13,371,857	14,568,363	654,035	111,086	2,439,260	48,553	11,315,429

Derivatives

Derivative liability	397,308	397,308	-	-	48,702	-	348,606
	397,308	397,308	-	-	48,702	-	348,606



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

25. FINANCIAL INSTRUMENTS (continued)

2022

Non-Derivatives

Trade and other payables	1,000,637	1,000,637	1,000,637	-	-	-	-
Borrowings-Restated	9,787,004	9,787,294	4,087	-	-	-	9,787,294
Lease liabilities	632,052	632,052	119,928	126,942	244,122	141,060	-
	11,419,693	11,419,983	1,124,652	126,942	244,122	141,060	9,787,294

Derivatives

Derivative liability-Restated	449,035	449,035	-	-	-	-	449,035
	449,035	449,035	-	-	-	-	449,035

26. CONTROLLED ENTITIES

Eagle Mountain Mining Limited is the ultimate parent entity of the Group.

The following were controlled entities at the end of the financial year and have been included in the consolidated financial statements:

Name	Country of Incorporation	Date acquired/incorporated	Percentage Interest Held 2023	Percentage Interest Held 2022
Silver Mountain Mining Pty Ltd	Australia	7 December 2017	100%	100%
Silver Mountain Mining LLC	United States of America	7 December 2017	100%	100%
Silver Mountain Mining Operations Inc	United States of America	18 January 2018	100%	100%
Wedgetail Arizona Pty Ltd	Australia	18 July 2019	100%	100%
Wedgetail Holdings LLC	United States of America	25 June 2019	100%	100%
Wedgetail Operations LLC	United States of America	18 July 2019	100%	100%

Silver Mountain Mining LLC and Silver Mountain Mining Operations Inc are both 100% owned subsidiaries of Silver Mountain Mining Pty Ltd.

Wedgetail Operations LLC and Wedgetail Holdings LLC are both 100% owned subsidiaries of Wedgetail Arizona Pty Ltd.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

26. CONTROLLED ENTITIES (continued)

The following amounts are payable by subsidiary companies to the parent company at the reporting date:

Name	Amount due to Eagle Mountain Mining Limited	
	2023	2022
	A\$	A\$
Silver Mountain Mining Pty Ltd	71,923	70,183
Silver Mountain Mining LLC	529,843	528,472
Silver Mountain Mining Operations Inc	10,680,374	10,253,476
Wedgetail Arizona Pty Ltd	4,696	620
Wedgetail Holdings LLC	63,846,582	49,689,546

The loans to subsidiary companies are non-interest bearing and Eagle Mountain Mining Limited does not intend to call for repayment within 12 months.

27. LOSS PER SHARE

	30 June 2023	30 June 2022
Loss used in calculation of loss per share - 2022 restated	\$(13,661,302)	\$(30,748,045)
Weighted average number of shares used in the calculation of loss per share	286,920,245	232,005,925
Basic and diluted loss per share	(4.8 cents)	(13.3 cents)

Options and performance rights to acquire ordinary shares granted by the Company and not exercised at the reporting date are included in the determination of diluted loss per share, to the extent that they are considered dilutive.

There are 15,350,000 options and 300,000 performance rights on issue at 30 June 2023 (2022: 27,611,154 options and 300,000 performance rights) that have not been considered in calculating diluted loss per share as they are not considered to be dilutive to the reported earnings per share.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

28. PARENT ENTITY INFORMATION

	Parent 30 June 2023 A\$	Parent 30 June 2022 (Restated) A\$
Assets		
Current assets	1,410,146	9,818,773
Non-current assets ¹	5,573,395	2,479,170
Total Assets	6,983,541	12,297,943
Liabilities		
Current liabilities	179,710	260,455
Non-current liabilities	2,259,787	241,598
Total Liabilities	2,439,497	502,053
Net Assets	4,544,044	11,795,890
Equity		
Issued capital	84,482,468	78,501,878
Option capital	-	-
Reserves	5,523,799	6,734,688
Accumulated losses	(85,462,223)	(73,440,676)
Total Equity	4,544,044	11,795,890
Loss for the period ¹	(75,767,058)	(64,862,070)
Other comprehensive income	-	-
Total comprehensive loss for the period	(75,767,058)	(64,862,070)

¹ The Company has recognised a provision against the investment in subsidiary holdings to the extent that parent company net assets exceed those of the Group.

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity is the guarantor in relation to the US\$6,423,000 loan from Vincere Resource Holdings LLC ("Vincere"). In addition, the parent entity has entered into a Guarantee of Performance with Vincere under which the parent entity guarantees the full and timely performance of the conversion obligations under the note with Vincere. Refer to note 13.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Commitments

The parent entity had no exploration or capital commitments as at 30 June 2023 and 30 June 2022.

Accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity as disclosed in note 1.



DIRECTORS' DECLARATION

In the opinion of the Directors of Eagle Mountain Mining Limited ("the Company"):

- (a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Group.
- (b) the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, The Corporations Act 2001 and the Corporations Regulations 2001.
- (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
- (d) the financial statements comply with International Financial Reporting Standards as set out in note 1.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2023.

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

Signed at Perth this 15th day of September 2023.

Rick Crabb
Chairman

Eagle Mountain Mining Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

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

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

- i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 (a)(i) in the financial report, which indicates that the Group has incurred a net loss of \$13,661,302 and a net operating cash outflow of \$13,075,232 during the year ended 30 June 2023. As stated in Note 1 (a)(i), these events or conditions, along with other matters as set forth in Note 1 (a)(i), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

EXPLORATION COSTS CAPITALISED

Area of focus

Refer also to notes 1(b), 1v(ii) and 8

As at 30 June 2023, the carrying value of the Group's exploration and evaluation assets amounted to \$11,281,486. The carrying value of these costs represents a significant asset of Eagle Mountain Mining Limited and its controlled entities.

This is considered a key audit matter as significant judgement is applied in determining whether the asset continues to meet the recognition criteria in AASB 6 *Exploration for and Evaluation of Mineral Resources*. As noted in Note 1v(ii) of the financial report, significant judgement is required in determining whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment.

How our audit addressed it

Our audit procedures focussed on evaluating management's assessment of whether the exploration and evaluation assets continue to meet the recognition criteria of AASB 6 *Exploration for and Evaluation of Mineral Resources*, including:

- Obtaining evidence that the Group has valid rights to explore the areas for which the exploration costs have been capitalised;
- Enquiring of management and reviewing the cashflow forecast and ASX announcements to verify that substantive expenditure on further exploration for and evaluation of mineral resources in the Group's areas of interest is planned and compared these to the minimum expenditure requirements of the licence expenditure requirements;
- Enquiring of management, reviewing announcements made and reviewing minutes of director meetings to verify that management had not decided to discontinue activities in any of the areas of interest that has capitalised exploration costs;
- Assessing a sample of expenses capitalised in the year to source documents and
- Assessing the adequacy of the related disclosures in the financial report.

CONVERTIBLE LOANS

Area of focus

Refer also to notes 1(h), 1(i), 1(v)(ii) and 13

At 30 June 2023, the reported value of the Group's convertible loans was \$12,862,984. The loans have conversion features which means that the loans are hybrid financial instruments with

How our audit addressed it

- Our audit procedures included:
- Verifying the terms of the loans to the loan agreements

embedded derivatives which must be separated from the underlying debt component and accounted for on an individual basis.

A prior period error was identified during the year in relation to the valuation of the embedded derivatives. The Group has corrected this material prior period error retrospectively by restating the comparative amounts for the prior period and the opening balances as at 1 July 2021.

Accounting for embedded derivatives is complex and requires the use of valuation methodologies that rely upon observable and unobservable inputs and assumptions. This creates estimation uncertainty for the amounts recognised in the financial statements. For these reasons, we consider the valuation of convertible notes to be a key audit matter.

- Assessing the requirements of AASB 9 *Financial Instruments* and AASB 132 *Financial Instruments: Presentation* to consider the appropriateness of the initial and subsequent accounting treatment of the convertible loans
- Critically assessing the appropriateness of the pricing models used for the current and previous reporting periods, the key inputs to the models and the reasonableness of the valuations of the embedded derivatives
- Considering the adequacy of the related disclosures in the consolidated financial statements, including the adequacy of the restatement and disclosures in respect of the prior period error.

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements 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 independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 17 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Eagle Mountain Mining Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

Amar Nathwani

Amar Nathwani
Director

Dated this 15th day of September 2023