



*x Group*

*Half-Yearly Report 2022*



## Interim Financial Report for the half-year ended 30 June 2022

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by ABx Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.



## CORPORATE DIRECTORY

### ABx Group Limited

ACN 139 494 885  
ABN 14 139 494 885

### Registered and Corporate Office

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Website: [www.abxgroup.com.au](http://www.abxgroup.com.au)

### Auditor

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### Lawyers

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### Bankers

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20 Martin Place  
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### Directors

Paul Lennon (Non-Executive Chairman)  
Ian Levy (Executive Director)  
Ken Boundy (Non-Executive Director)

### CEO

Dr Mark Cooksey

### Company Secretary

Henry Kinstlinger

### Share Registry

Computershare Investor Services Pty Limited  
Level 3  
60 Carrington Street  
Sydney NSW 2000, Australia  
Telephone: 1300 327 328 (within Australia)

### ASX Code – ABX

ABx Group Limited shares are listed on the Australian Securities Exchange.

This financial report covers the Consolidated Entity consisting ABx Group Limited and its controlled entities.

ABx Group Limited is a company limited by shares, incorporated and domiciled in Australia.

## REVIEW OF OPERATIONS

### Highlights

#### Rare earth elements: discoveries of ionic adsorption clays confirmed in northern Tasmania

Three new rare earth discoveries were made, meaning that ABx now has four rare earth discoveries in Northern Tasmania

Exploration Licence EL10/2021 granted which, in combination with the four discoveries, confirms that ABx now controls a rare earth province that is at least 52 km wide

The highest-grade results are 3,943 ppm total rare earths oxide (TREO) at the Deep Leads discovery and 4,800 ppm TREO at the Portrush discovery

Rare earth mineralisation at Deep Leads proven to be ionic adsorption clay (IAC), the major source of permanent magnet rare earths

#### Alcore (Production of aluminium fluoride from aluminium smelter waste): awarded grant for commercial plant, and pilot plant program continuing

Granted \$7.5M from the Australian Government's Modern Manufacturing Initiative to support its proposed \$16.4M aluminium smelter bath recycling plant in Tasmania

Three new laboratory reactors commissioned, with results to aid finalisation of the continuous pilot plant design

#### Bauxite Operations: Sunrise Bauxite Project joint venture signed

A joint venture agreement was signed with Alumin Pty Ltd for the development of the Sunrise Bauxite Project, comprising a bauxite mine at Binjour plateau and port operations at Bundaberg in Queensland

Completed stage 1 terrestrial ecology studies and ground water monitoring of the Binjour mine and Bundaberg port operational sites

#### Corporate

Appointment of Dr Mark Cooksey as CEO to lead ABx through major transformations

Group available cash at 30 June 2022 was \$4.28 million

ABx securities total 223,590,814 ordinary shares and 78,820,500 quoted options

ABx Group (ASX:ABX) is a uniquely positioned, high-tech Australian company at the cutting-edge of creating new sources and technologies for the supply of strategic minerals and chemicals.

### **Rare Earth Elements (REE) Exploration: ionic adsorption clays confirmed**

ABx has made three new rare earth discoveries, meaning that ABx now has four rare earth discoveries in Northern Tasmania, namely:

- Deep Leads (ASX releases 10 & 14 February 2022)
- Rubble Mound located 6 km southeast of Deep Leads (ASX release 16 March 2022)
- Wind Break, located 16 km northeast of Deep Leads (ASX releases 10 & 14 February 2022)
- Portrush, located 52 km east of Deep Leads (ASX releases 10 & 14 February 2022)

These latest assay results confirm that ABx has discovered a province that contains several prospects that are strongly enriched in clay-hosted rare earth mineralisation.

The highest grade from the Deep Leads discovery is 3,943 ppm TREO, part of 3 metres averaging 2,992 ppm TREO. The highest grade from the Portrush discovery, located 52km to the east of Deep Leads, is 4,800 ppm TREO.

ABx's newly granted exploration licence EL10/2021 gives ABx control of its rare earth province that is at least 52 km wide, including the 6 km long line of lode trend between Deep Leads and Rubble Mound, which are geologically similar (Figures 1 & 2).

ABx has introduced new drilling technology to drill through the entire rare earth mineralised horizon to confirm its thickness, grades and other important geological features. ABx's current drilling campaign is extending the drill coverage a considerable distance outside the area that has been drilled at the Deep Leads project and this may allow ABx to undertake a maiden resource estimation later this year.

ABx drilled 81 new holes at Deep Leads during the June quarter, with a further 69 drilled subsequent to the end of the period. The improved drilling technology developed by ABx and Tasmania's edrill Pty Ltd has resulted in many holes now reaching target depths, confirming much thicker REE zones and collecting cores from important strata using push-tube methods.

Assays for the first 20 holes were received. Whilst some holes ended while still in the strongly mineralised zone due to drill difficulties, results indicated thick intercepts. For example, hole DL450 returned 10 metres of REE mineralisation averaging 863 ppm TREO, including 6 metres averaging 1,122 ppm TREO from 5 metres depth. More importantly, this hole revealed the channel that carries the high-grade ionic adsorption clay REE mineralisation westwards towards major channels.

High grades: Holes DL450, DL453 and DL462 returned high-grade REE results that extended the area of strong mineralisation. DL453 and DL462 ended while still in the strongly mineralised zone due to drill difficulties with water and broken ground. Hole DL453 intersected 4 metres of high REE grades and assays for shallower samples are pending (ASX release 29 June 2022).

These results have tripled the prospective area, including six channels that can extend ABx's ionic adsorption clay REE mineralisation by over 6.5 km toward the Rubble Mound discovery.

Desorption tests were conducted on 12 samples of ABx's REE mineralisation by ANSTO in Sydney, which has extensive worldwide experience in metallurgical testing of clay-hosted REE deposits. Test work was designed to assess REE extraction rates of the full range of mineralisation types from the Deep Leads, Portrush and Windbreak deposits. The five best extraction results were excellent, ranging from 40% to 75% of each of the permanent magnet REE (Nd, Pr, Dy, Tb) using 'standard' desorption conditions of 0.5 M ammonium sulfate at pH 4, which is similar to the conditions used for ionic adsorption clay deposits in China. Some other clay-hosted REE deposits can require significantly more acid to achieve similar levels of REE extraction.



Figure 1: Deep Leads REE project in recently harvested plantations, northern Tasmania (compare with Figure 2)

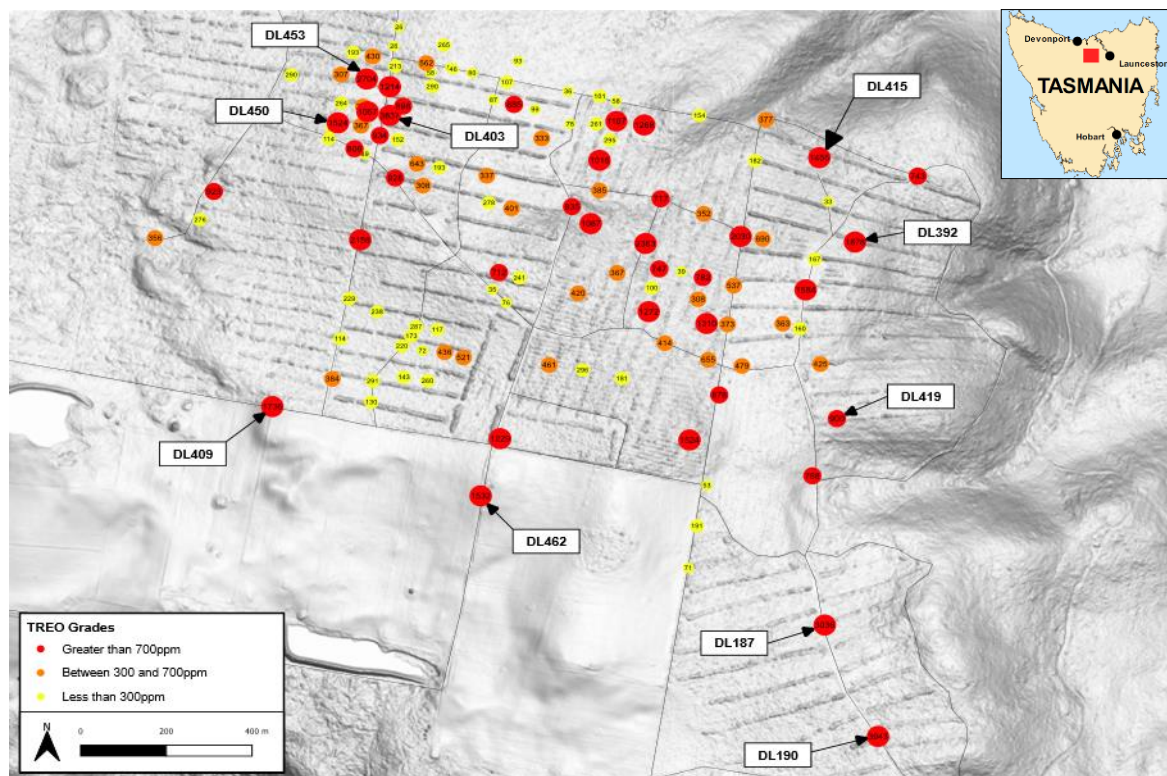


Figure 2: Deep Leads drillhole REE grades as total rare earth oxide (TREO). Channel targets shown as green arrows. Holes DL403 and DL409 achieved excellent REE extraction rates of 48% to 71% under low-cost, relatively benign leaching conditions and are therefore considered premium targets (see ASX release 31 May 2022)

## ABx Rare Earths Strategy

Rare earths have many applications in a wide variety of industries. Permanent magnets are the most valuable application, representing over 90% of the total value of rare earths consumption. Permanent magnets are used in electric vehicles, wind turbines, smart phones and military applications. The four most important rare earths for permanent magnets are neodymium, praseodymium, dysprosium and terbium. Furthermore, the demand for these four 'supermagnet' rare earths is predicted to grow faster than for other rare earths. Prices for these rare earths have risen significantly in the last two years (Figure 4).

Globally, most rare earths are sourced from hard-rock mines. These typically require large, costly processing plants and a significant lead time to reach production.

A less common source of rare earths is ionic adsorption clay (IAC) deposits. Historically, these have only been mined in southern China. A major advantage of IAC deposits is that the rare earths can be extracted from the clay via a simple leaching process, enabling a project to be developed rapidly and at lower cost. A second advantage of IAC deposits is that they are relatively richer in the four main rare earths needed for permanent magnets.

For these reasons, ABx has explored for IAC rare earth deposits, and we have discovered rare earth accumulations within our bauxite tenements in northern Tasmania. ABx is the first company to discover rare earths in Tasmania. This IAC type of deposit is rare, with commercial production only occurring in China. ABx will conduct exploration on several other target areas within its tenements that have the geological features that ABx considers to be prospective for rare earths.

The ABx strategy is to produce an intermediate rare earth concentrate that can be sold to existing processing plants to increase their production. ABx's rare earths are low in radioactive elements and so our concentrates will be attractive to many rare earth processing plants.



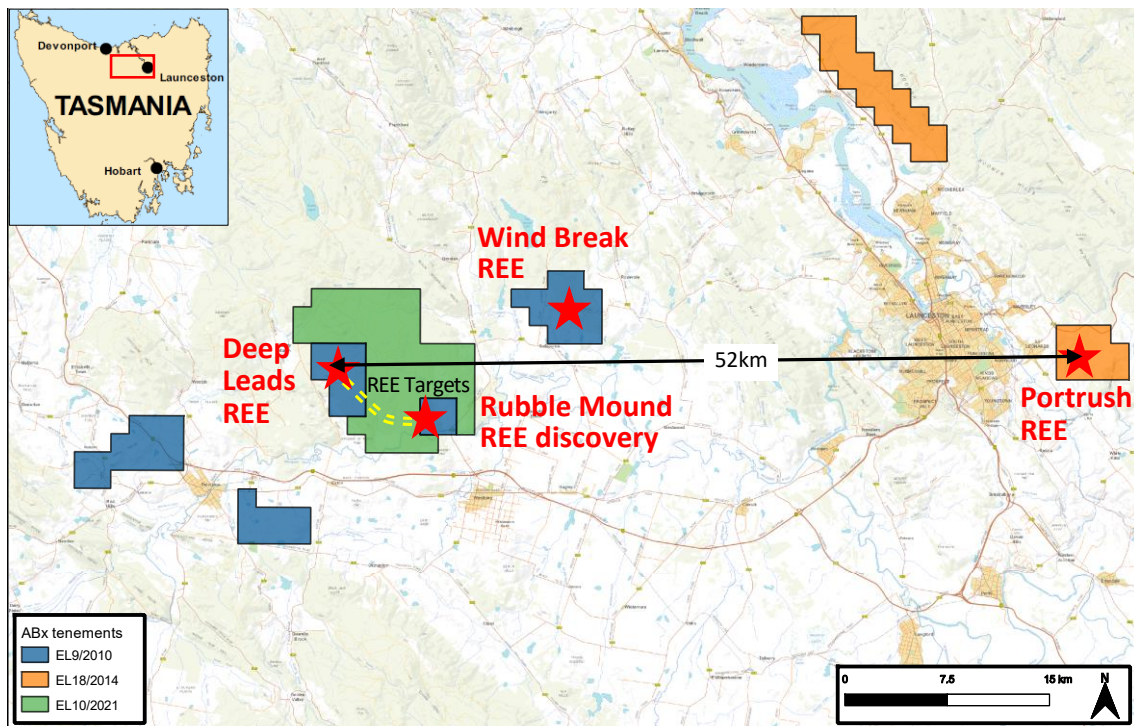


Figure 3: ABx leases in the 52km wide REE province. Note that the Deep Leads REE trend may extend 6km towards Rubble Mound (yellow dashes)

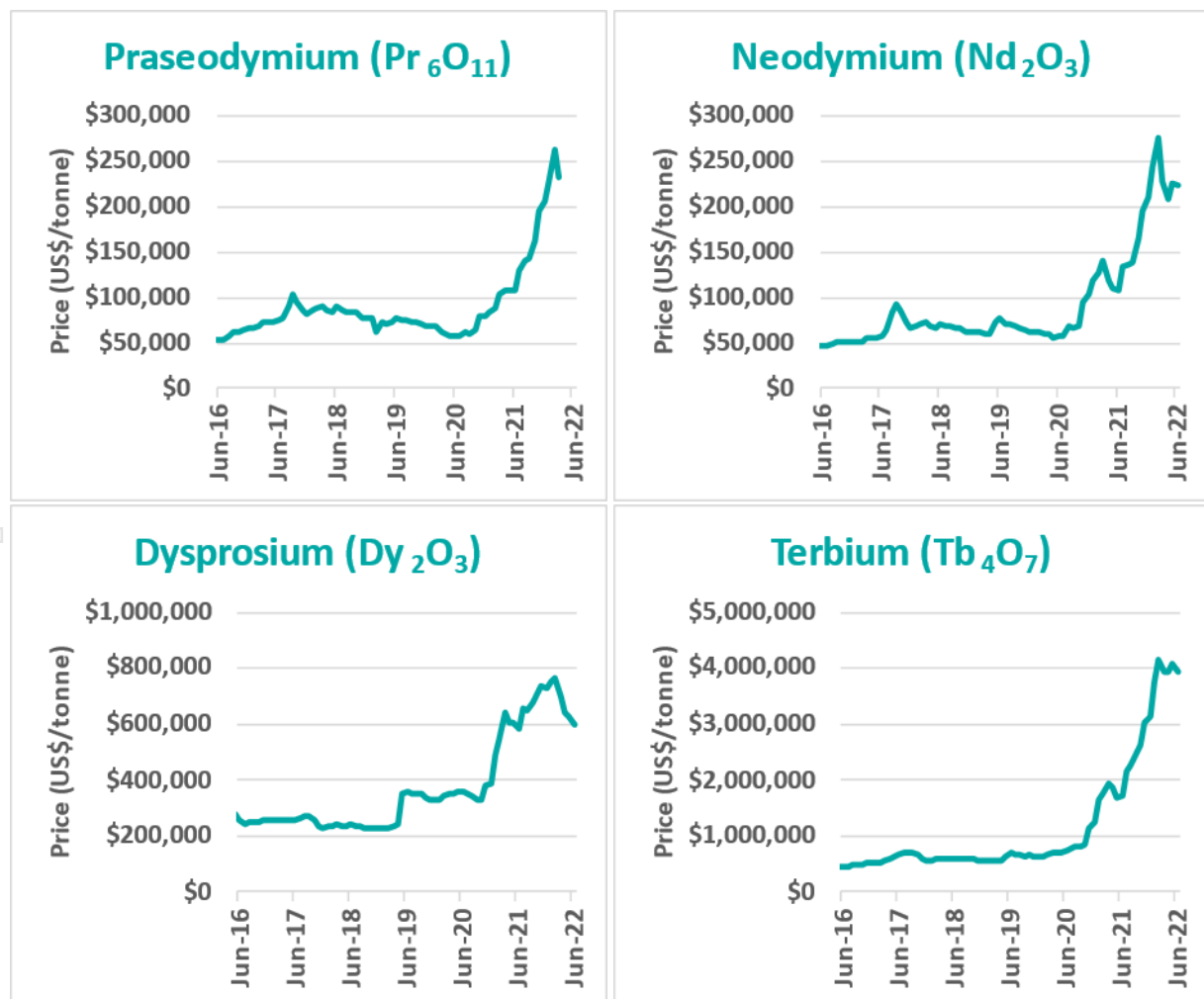


Figure 4: Prices for permanent magnet rare earths have increased significantly in the last 2 years (source: Kitco)

## **ALCØRE (83%-owned by ABx): Awarded grant and pilot plant program continuing**

In April, Alcore was granted \$7.5M from the Australian Government's Modern Manufacturing Initiative to support its proposed \$16.4M aluminium smelter bath recycling plant in Bell Bay, Tasmania (ASX release 29 April 2022). The plant is proposed to transform 1,600 tonnes per year of aluminium smelter bath into hydrogen fluoride and other industrial chemicals. Most of the hydrogen fluoride will be further processed to aluminium fluoride (AlF<sub>3</sub>).

A section of the Alcore Technology Centre in Berkeley Vale, NSW was upgraded to allow the operation of three new laboratory reactors (Figure 5).

The first stage of the Alcore process is to produce oleum, which is highly concentrated sulfuric acid. Working closely with one of its engineering partners, BFluor Chemicals, Alcore has designed, constructed and commissioned two reactors that can produce sufficient oleum for tests with bath in the specialised laboratory reactor.

In parallel, Alcore has purchased, modified and commissioned a third specialised laboratory reactor to react oleum with bath to recover fluorine. This enables Alcore to rapidly investigate a larger range of process conditions with improved process control compared to previous experiments in the original Alcore laboratory. This is a significant step forward in Alcore capability.

Alcore is well advanced in its design of its continuous pilot plant bath reactor, which is intended to process 20 kg per hour of bath. This was previously planned to be 10 kg per hour, but has been increased because the larger size allows a better representation of the reactor design to be used in the commercial plants. The pilot plant design will be finalised using data from tests on the specialised laboratory reactor. It is planned to be located in the same section of the Alcore Technology Centre as the three new laboratory reactors.

### **Alcore Strategy**

Aluminium fluoride is a strategically important mineral that is an essential ingredient for aluminium smelting and is being investigated for advanced lithium-ion batteries. Australia is the largest producer of primary aluminium metal without its own domestic aluminium fluoride production, so Australian aluminium smelters rely entirely on imported aluminium fluoride. This is typically more than 70% from China, but this proportion reduced by more than 50% in 2021, illustrating the supply risks (Figure 6). Aluminium fluoride prices have been above US\$1,450/t for the last eight months (Figure 7).

Most modern aluminium smelters produce excess bath, for which the only meaningful market is new smelters, which require bath to commence operations. Aluminium industry forecasts suggest that the global bath market will increasingly be in surplus, because far fewer new smelters are being constructed. All of the major global aluminium producers are eager for alternative applications for bath, to avoid the unpalatable options of on-site storage or landfill.

Alcore has developed a world-first process to recover fluorine from aluminium smelter bath. This is combined with aluminium hydroxide to produce aluminium fluoride. Alcore is also investigating the use of dross (another aluminium smelter waste) and bauxite as alternatives to aluminium hydroxide as the source of aluminium. The use of dross or bauxite would further lower the production cost.

Alcore intends to construct a commercial aluminium fluoride plant in Bell Bay, Tasmania. The aluminium source for the initial production is likely to be aluminium hydroxide, as this is less risk and allows a faster path to production. Subsequent production may use aluminium from dross or bauxite to further improve the financial and environmental outcomes.

The initial plant is proposed to transform 1,600 tonnes per year of aluminium smelter bath into hydrogen fluoride and other industrial chemicals. Most of the hydrogen fluoride will be further processed to aluminium fluoride. Alcore's longer term plan is to expand the plant by 15 times, which will process all of Australia's aluminium smelter bath, and supply more than 80% of Australia's aluminium fluoride requirements.



Figure 5: Section of the Alcore Technology Centre upgraded to allow the operation of three new laboratory reactors

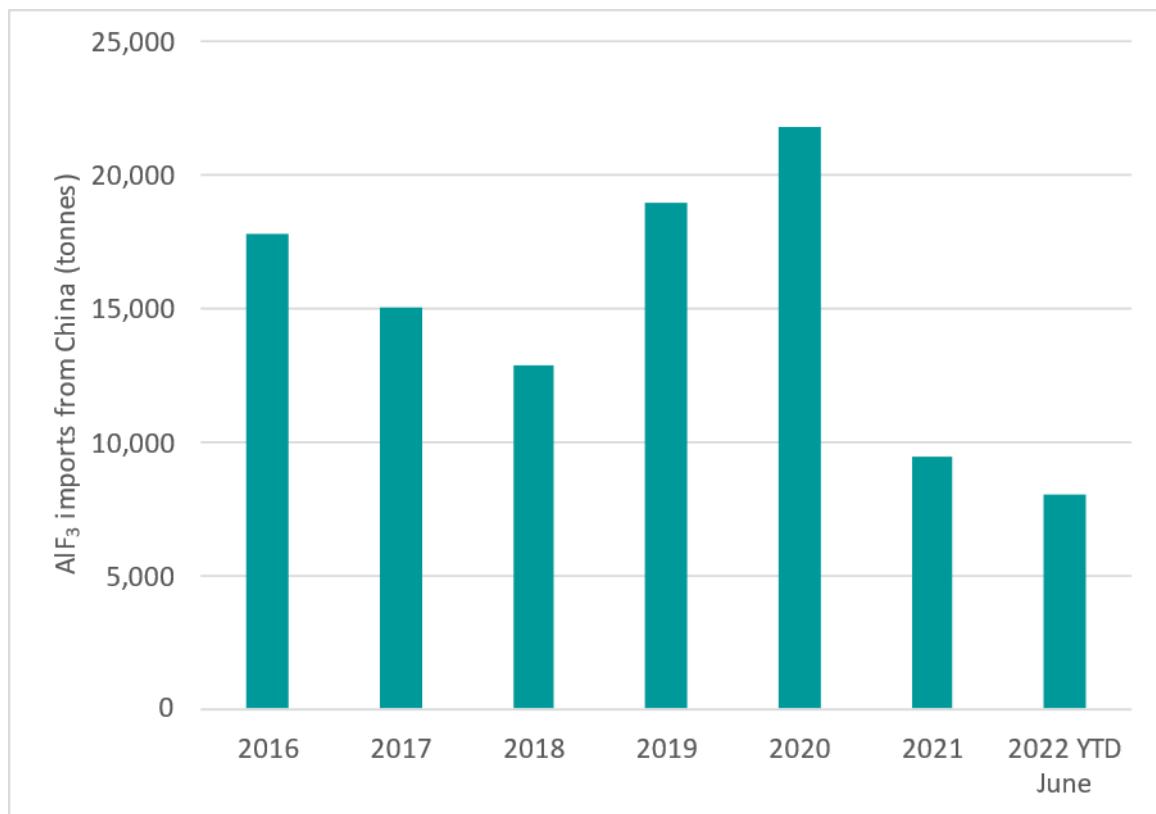


Figure 6: Imports of aluminium fluoride from China into Australia contracted substantially in 2021, and continue to be low in 2022 (source: China Customs Statistics)

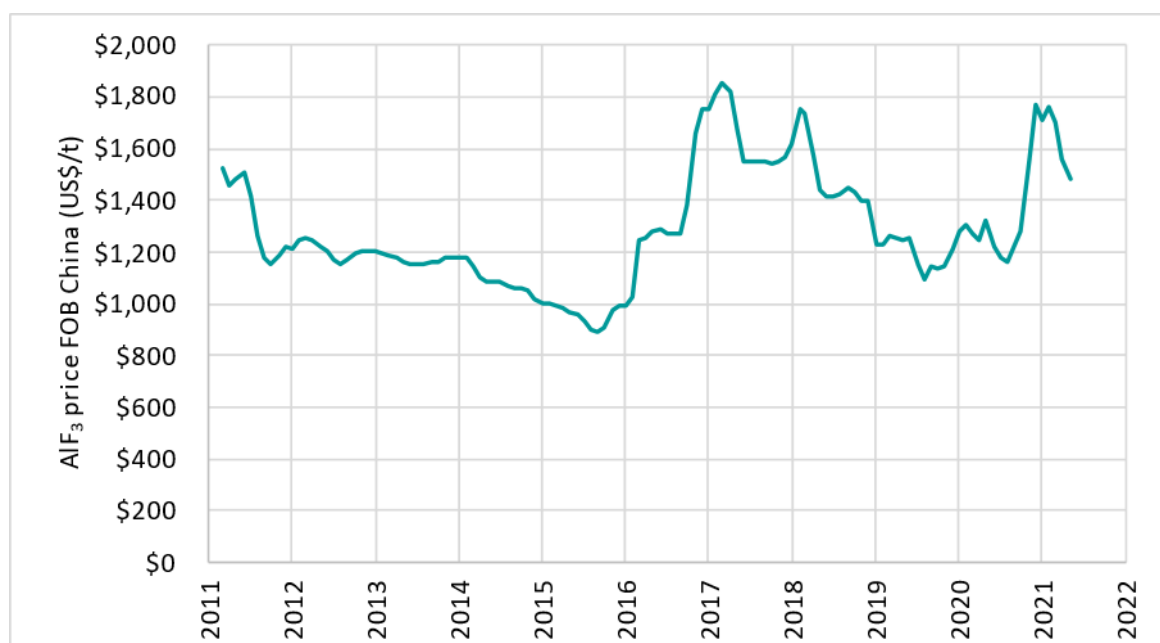


Figure 7: Aluminium fluoride monthly prices FOB China (source: China Customs Statistics)

## Bauxite Operations

### Sunrise Bauxite Project: Binjour, Queensland

In February, ABx signed a joint venture agreement with Alumin Pty Ltd (Alumin) for the development of the Sunrise Bauxite Project, comprising a bauxite mine at Binjour plateau and port operations at Bundaberg in Queensland. Binjour is located 115 km inland of Bundaberg.

Under the agreement, Alumin will contribute up to A\$18 million of the development costs. For each contribution of A\$3.65 million, Alumin will earn 10% equity in the Sunrise Bauxite Project, up to a maximum of 49.9%. ABx anticipates the JV agreement to fund all operations associated with mine and port development.

ABx has completed its scheduled project stage 1 terrestrial ecology studies and ground water monitoring of the Binjour mine and Bundaberg port operational sites.

ABx is completing its scheduled tender and selection process for engineering studies to be conducted on its mine, port, and transshipping operations.

ABx plans to begin exporting product in Q3, 2023, with a JORC compliant resource of 37 million tonnes, supporting 20-25 years production. It is anticipated that the mine at Binjour will export 500,000 tonnes per year of metallurgical grade bauxite in its first year of production, then scaling up to full operational capacity of 2 million tonnes.

Alumin is an Australian special purpose vehicle company associated with our strategic marketing partner, Rawmin India, having extensive experience in funding long term sustainable investments in projects involving mining and bulk-shipping of metallurgical grade bauxite to end users around the world.

### Tasmania

ABx continued to evaluate its options for producing cement grade and fertiliser grade bauxite, including discussions with customers.

ABx has several Tasmanian bauxite deposits that can supply cement and fertiliser grade bauxite for many years, including deposits located near the new rare earth discoveries.

## Corporate

### CEO Appointment

Dr Mark Cooksey was appointed as ABx Group's new CEO on 1st February. The change in leadership was to progress the optimum strategies for the following major developments:

- Bring the Alcore process into production
- Advance ABx's rare earth elements exploration projects to the maiden resource estimation stage and significantly enlarge the exploration target
- Commence the Sunrise Bauxite Project at Binjour and develop a major marketing business unit with our Indian JV partner

Outgoing CEO, Ian Levy, continued as Director to work on REE exploration and train a geologist for the company's REE exploration projects.



## DIRECTORS' REPORT

Your directors present their report together with the financial statements of the parent entity and the consolidated entity (referred to hereafter as the Group) consisting of ABx Group Limited (the Company) and the entities it controlled at the end of or during the period ended 30 June 2022 and the Auditor's Review Report thereon.

### Principal activities

The principal continuing activities of the Group during the reporting period were selling bauxite mineral, conducting the bauxite processing research, development and exploration programs.

### Financial performance

The net consolidated loss of the Group for the six months ended 30 June 2022 was \$0.95 million (2021: Loss \$0.99 million).

Cash holding of the Group at 30 June 2022 was \$4.1 million. The Group will have sufficient cash reserves to fund its current exploration, processing and development programs.

### Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects are set out in the Review of Operations on pages 4 to 12 of this report.

### Dividends

The Directors of the Company do not recommend that any amount be paid by way of dividend. The Company has not paid or declared any amount by way of dividend since the commencement of the financial year.

### Directors

The following persons were directors of ABx Group Limited during the whole of the period and up to the date of this report, unless otherwise stated:

- Paul Lennon      Non-Executive Chairman
- Ian Levy          Executive Director
- Ken Boundy      Non-Executive Director

### Subsequent Events

At the date of this report there are no matters or circumstances which have arisen since 30 June 2022 that have significantly affected or may significantly affect:

- the operations, in financial half-year subsequent to 30 June 2022, of the Group;
- the results of those operations; or
- the state of affairs, in financial half-year subsequent to 30 June 2022, of the Group.

### Rounding

The amounts contained in the half year financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

## Directors' Report (continued)

### Environmental Regulations

The Group is subject to significant environmental regulation in respect of its exploration activities as follows:

- The Company's operations in the State of Queensland involve drilling operations. These operations are governed by the *Environmental Protection Act (1994)*.
- The Company's operations in the State of NSW involve exploration activities. These operations are governed by the *Environment Planning and Assessment Act 1979*.
- The Company's operations in the State of Tasmania involve drilling operations. These operations are governed by the *Environmental Management and Pollution Control Act 1994*.
- The Company operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers.
- The Company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are mindful of the regulatory regime in relation to the impact of the Company's activities on the environment.
- To the best of the directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

### Environmental Code of Practice for Bauxite Mineral Exploration, adopted 1 March 2010

The Company is committed to conducting its exploration programs by following industry best practice in accordance with published government guidelines and codes.

The following policy is specific to bauxite exploration on the Company's east Australian bauxite province.

#### Access to Land

Prior to the commencement of any work, the Company makes contact with landholders/leaseholders and discusses the general aims and types of work likely to be conducted. Discussion with landowners, leaseholders and Native Title Claimants is ongoing. It commences prior to any work being conducted and continues throughout the program and beyond the cessation of exploration work.

The Company establishes conditions of access with landholders and where practicable, signs a written access agreement that sets out conditions and includes a schedule of agreed compensation payments. The Company endeavours to provide landholders with ample warning prior to commencing any work and landholders are kept informed upon commencement, during and upon completion of an exploration program.

#### Type of Land

The type of land is determined and its inhabitants are assessed to identify areas of particular environmental concern including identification of sensitive areas or areas prone to erosion, water catchment, heritage sites, and areas home to vulnerable and endangered species.

Land use is taken into consideration and land under cultivation is not disturbed without the express consent of the landholder.

### Mineral Exploration Programs Access

The Company utilises existing tracks for access where possible. Climatic conditions are considered when assessing areas to avoid access during extreme conditions such as during bush fire risk during hot, windy conditions and damage to tracks after heavy rain. Surface disturbances are kept to a minimum.

## Directors' Report (continued)

### Drilling

Drilling programs include rehabilitation and where possible holes are positioned in areas requiring little or no clearing. Small, manoeuvrable drill rigs are used to minimise the need for track clearing and to reduce ground compaction. Where required, topsoil is removed and stored separately so that it can be replaced during rehabilitation of the site. Ground sheets are used where required to avoid oil/fuel spills contaminating the soil.

### Rehabilitation

Drill sites are rehabilitated as soon as practicable and drill holes are filled and capped where necessary. Landholders are asked to confirm at the end of each program that exploration has been conducted to their satisfaction and that sites have been rehabilitated.

### Qualifying Statements

**General:** The information in this report that relate to Exploration Information and Mineral Resources are based on information compiled by Jacob Rebek and Ian Levy who are members of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Rebek and Mr Levy are qualified geologists and Mr Levy is a director of Australian Bauxite Limited.

**Mainland:** The information relating to Mineral Resources on the Mainland was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Mr Rebek and Mr Levy have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Rebek and Mr Levy have consented in writing to the inclusion in this report of the Exploration Information in the form and context in which it appears.

**Tasmania:** The information relating to Exploration Information and Mineral Resources in Tasmania has been prepared or updated under the JORC Code 2012. Mr Rebek and Mr Levy have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Rebek and Mr Levy have consented in writing to the inclusion in this report of the Exploration Information in the form and context in which it appears.

Previous ASX announcements can be found at <https://www.abxgroup.com.au/site/investor-information/asx-announcements>.

### Auditor's Independence Declaration

A copy of the independence declaration by the auditor K.S. Black and Co. under section 307C is included on page 16 of this half year financial report.

Signed in accordance with a resolution of the Directors:



**Ian Levy**  
Executive Director  
30 August 2022



**Paul Lennon**  
Chairman



## AUDITOR'S INDEPENDENCE DECLARATION

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350 Kent Street  
SYDNEY NSW 2000

75 Lyons Road  
DRUMMOYNE NSW 2047

**K.S. Black & Co.**

ABN 48 117 630 586

20 Grose Street  
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North Parramatta NSW 1750

**Lead Auditors' Independence Declaration under Section 307C of the Corporations Act 2001**

To the Director's of Australian Bauxite Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2022 there has been:

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

The entities are in respect of Australian Bauxite Limited and the entities it controlled during the period.

KS Black & Co  
Chartered Accountants



Scott Bennison  
Partner

Dated in Sydney on this 30<sup>th</sup> day of August 2022

Phone 02 8838 9000  
Fax 02 8838 3055



Entity limited by a  
scheme approved  
under Professional  
Standards Legislation

**CA**  
CHARTERED ACCOUNTANTS  
AUSTRALIA • NEW ZEALAND

## INDEPENDENT AUDITOR'S REVIEW REPORT

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the Directors of Australian Bauxite Limited

**Report on the Consolidated Interim Financial Report**

We have reviewed the accompanying half-year Consolidated Interim Financial Report of Australian Bauxite Limited, which comprises the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, statement in changes in equity and the statement of cash flows; for the half-year then ended, a summary of significant accounting policies, other selected explanatory notes and the declaration by those charged with governance.

**The Director's Responsibility for 30 June 2022 Consolidated Interim Financial Report**

The Directors of the Consolidated Group are responsible for the preparation and fair presentation of the half-year Consolidated Interim Financial Report in accordance with *Accounting Standard AASB 101* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility for the Consolidated Interim Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, with the Corporations Law 2001. As the auditor of Australian Bauxite Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of the person responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

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### Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Australian Bauxite Limited does not present fairly, in all material respects including:

- i. Giving a true and fair view of the entity's financial position as at 30 June 2022 and of its performance for the financial half-year ended on that date; and
- ii. Complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

KS Black & Co  
Chartered Accountants

*S Bennis*

Scott Bennis  
Partner  
Dated: 30/8/2022

Phone 02 8899 3000  
Fax 02 8899 3055



## DECLARATION BY DIRECTORS

The Directors of the Company declare that:

1. The financial statements and notes, set out on pages 20 to 33, are in accordance with the *Corporations Act 2001*, and:
  - give a true and fair view of the financial position of the consolidated entity as at 30 June 2022 and of its performance for the half-year ended on that date; and
  - comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



**Ian Levy**  
Executive Director  
30 August 2022



**Paul Lennon**  
Chairman

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
for the Half-Year Ended 30 June 2022

Consolidated Group			
	Notes	Half- year ended 30 Jun 2022 \$'000	Half- year ended 30 Jun 2021 \$'000
<b>REVENUE</b>	3	<b>61</b>	<b>4</b>
Other Income and Expenses	3	<b>504</b>	153
Development, exploration and administrative expenses	3	<b>(1,517)</b>	(1,095)
Finance expenses	3	<b>(72)</b>	(130)
<b>PROFIT/(LOSS) FROM OPERATIONS BEFORE INCOME TAX</b>		<b>(1,024)</b>	(1,068)
Income tax		-	-
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>		<b>(1,024)</b>	(1,068)
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income before income tax		-	-
Income tax		-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>(1,024)</b>	(1,068)
Profit attributable to non-controlling interests		<b>74</b>	75
<b>TOTAL COMPREHENSIVE INCOME / (LOSS)</b>		<b>(950)</b>	(993)
<b>ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY</b>			
<b>EARNINGS PER SHARE</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings/(losses) per share (cents per share)		<b>(0.42)</b>	(0.64)
Diluted earnings/(losses) per share (cents per share)		<b>(0.42)</b>	(0.63)

This Statement of Profit or Loss and other Comprehensive Income is to be read in conjunction with the notes to the interim financial report.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at 30 June 2022

		<b>Consolidated Group</b>	
	Notes	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	4,143	6,095
Trade and other receivables		229	137
Other current assets		195	138
Financial assets		-	-
<b>Total current assets</b>		<b>4,567</b>	<b>6,370</b>
<b>Non-current assets</b>			
Trade and other receivables		-	-
Plant and equipment - net		169	128
Mining tenements	5	14,177	13,247
Other non-current asset		87	87
<b>Total non-current assets</b>		<b>14,433</b>	<b>13,462</b>
<b>Total Assets</b>		<b>19,000</b>	<b>19,832</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		1,220	1,107
Employee benefits provision		217	157
Other Liabilities		1,646	1,653
<b>Total current liabilities</b>		<b>3,083</b>	<b>2,917</b>
<b>Non-current liabilities</b>			
Employee benefits provision		185	158
Other Liabilities		-	-
<b>Total non-current liabilities</b>		<b>185</b>	<b>158</b>
<b>Total Liabilities</b>		<b>3,268</b>	<b>3,075</b>
<b>Net Assets</b>		<b>15,732</b>	<b>16,757</b>
<b>EQUITY</b>			
Issued capital	6	32,736	32,736
Reserves		3,268	3,268
Accumulated losses		(20,318)	(19,368)
<b>Total equity attribute to equity holder of parent entity</b>		<b>15,686</b>	<b>16,636</b>
Non-controlling interest		46	121
<b>Total Equity</b>		<b>15,732</b>	<b>16,757</b>

This Statement of Financial Position is to be read in conjunction with the notes to the interim financial report.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the Half-Year Ended 30 June 2022

	Note	Issued Capital \$'000	Reserve \$'000	Non Controlling Interest \$'000	Accumulated Losses \$'000	Total Equity \$'000
<b>Consolidated</b>						
<b>At 31 Dec 2020</b>	6	25,749	2,938	8	(13,752)	14,943
Share issued		3,250	-	-	-	3,250
Share issuing cost		(208)	-	-	-	(208)
Business combination		-	394	202	-	596
Loss for the period		-	-	-	(993)	(993)
<b>At 30 Jun 2021</b>	6	28,791	3,332	210	(14,745)	17,588
<b>At 30 Jun 2021</b>		28,791	3,332	210	(14,745)	17,588
Share placement		4,079	-	-	-	4,079
Share issuing cost		(134)	-	-	-	(134)
Business combination		-	(64)	(89)	-	(153)
Loss for the period		-	-	-	(4,623)	(4,623)
<b>As at 31 Dec 2021</b>	6	32,736	3,268	121	(19,368)	16,757
<b>As at 31 Dec 2021</b>		32,736	3,268	121	(19,368)	16,757
Business combination		-	-	(75)	-	(75)
Share issued in lieu of services		-	-	-	-	-
Loss for the period		-	-	-	(950)	(950)
<b>As at 30 Jun 2022</b>		32,736	3,268	46	(20,318)	15,732

This Statement of Changes in Equity is to be read in conjunction with the notes to the interim financial report.

**CONSOLIDATED STATEMENT OF CASH FLOW**

for the Half-Year Ended 30 June 2022

	Notes	Consolidated	
		Half-year ended	Half-year ended
		30 Jun 2022 \$'000	30 Jun 2021 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipt from customer and government		542	153
Interest received		5	1
Payment for exploration and development expenditures		(1,729)	(745)
Payments for administration expenses		(698)	(434)
<b>NET CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES</b>		<b>(1,880)</b>	<b>(1,025)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment		(72)	-
<b>NET CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES</b>		<b>(72)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from shares issued		-	3,150
Share issuing cost		-	(208)
Proceeds from share issues/placements – controlled entity		-	607
<b>NET CASH FLOWS PROVIDED BY/(USED IN) FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>3,549</b>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,952)</b>	<b>2,524</b>
Cash and cash equivalents at the beginning of the reporting period		6,095	901
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD</b>	4	<b>4,143</b>	<b>3,425</b>

This Statement of Cash Flow is to be read in conjunction with the notes to the interim financial report.



# NOTES TO THE FINANCIAL STATEMENTS

for the Half-Year Ended 30 June 2022

## 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT Reporting Entity

ABx Group Limited (the "**Company**") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 30 June 2022 comprises the Company and its controlled entities (together referred to as the "**consolidated entity**").

### Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

### Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporation Act 2001*.

#### *Statement of Compliance*

Compliance with Australian Accounting Standards ensures that the financial report of ABx Group Limited complies with International Financial Reporting Standards ("IFRS").

#### *Critical judgements*

Management have made the following judgements when applying the Group's accounting policies:

#### (i) Capitalisation of exploration costs

The Group follows the guidance of AASB 6 Exploration for and Evaluation of Mineral Resources when determining if exploration costs incurred can be capitalised. This determination requires significant judgement. In making this judgement, the Group evaluates if any one of the following conditions is met:

- The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.
- During the period, there were commodity price drops. No impairment losses were recognised as no significant production has occurred resulting in sales at prices requiring write-down of capitalised expenditures.

If one of the above conditions is met then the Group has made the judgement to capitalise the associated exploration expenses.

**NOTES TO THE FINANCIAL STATEMENTS continued****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued***Historical cost convention*

These financial statements have been prepared on an accruals basis and are based on the historical cost convention except where noted in these accounting policies.

*Material accounting policies*

The policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

**(b) Principles of consolidation***Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ABx Group Limited ("parent entity") as at reporting date and the results of all subsidiaries for the period then ended.

Subsidiaries are all those entities over which the parent entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the parent entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the parent entity. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries.

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

*Business Combinations*

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or business under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

**NOTES TO THE FINANCIAL STATEMENTS continued****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent arrangement is also included, subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

**(c) Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

**(d) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

*Interest Revenue*

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

*Other Income*

Income from other sources is recognised when proceeds or the fee in respect of other products or service provided is receivable.

**(e) Income Tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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 liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent

**NOTES TO THE FINANCIAL STATEMENTS continued****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**(f) Goods and services tax (GST)**

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

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

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

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

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

**(g) Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and in at call deposits with banks or financial institutions, investment in money market instruments maturing within less than two months, net of bank overdrafts.

**(h) Trade and other receivables**

Trade receivables are recognised initially at original invoice amounts and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that entities in the Group will not be able to collect all amounts due according to the original terms of receivables.

**(i) Acquisition of assets**

The purchase method of accounting is used to account for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

**(j) Tenement exploration, evaluation and development costs**

Costs incurred in the exploration for, and evaluation of, tenements for suitable resources are carried forward as assets provided that one of the following conditions is met:

- the carrying values are expected to be justified through successful development and exploitation of the area of interest; or

**NOTES TO THE FINANCIAL STATEMENTS continued****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.

Expenses failing to meet at least one of the aforementioned conditions are written off as incurred.

Costs associated with the commercial development of resources are deferred to future periods, provided they are, beyond any reasonable doubt, expected to be recoverable. These costs are amortized from the commencement of commercial production of the product to which they relate on a straight-line basis over the period of the expected benefit.

Costs associated with the development of resources are expensed as incurred if their recoverability is unlikely or unable to be determined.

**(k) Impairment of assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting period. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(l) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(m) Restoration and rehabilitation provisions**

Both for close down and restoration and for environmental clean-up costs from exploration programs, if any, a provision will be made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

**(n) Employee Benefits***(i) Wages, salaries and annual leave*

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

*(ii) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS continued

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

**(o) Share based payments**

Ownership-based remuneration is provided to employees via an employee share option plan.

Share-based compensation is recognised as an expense in respect of the services received, measured on a fair value basis.

The fair value of the options at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

**(p) Earnings per share (EPS)**

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for costs of servicing equity (other than dividends), the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**NOTES TO THE FINANCIAL STATEMENTS continued****3. REVENUE AND EXPENSES****Specific Items**

Profit/(loss) before income tax expense/(benefit) includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the consolidated entity:

	<b>Consolidated</b>	
	<b>Half- year</b>	<b>Half-year</b>
	<b>ended</b>	<b>ended</b>
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>		
Sale of mineral	56	-
Interest income	5	4
	<u>61</u>	<u>4</u>
 <b>Other Income and Expenses</b>		
Government package	504	153
Other	-	-
	<u>504</u>	<u>153</u>
 <b>Development, exploration and administration expenses</b>		
Development costs and exploration costs not capitalized	(770)	(737)
Consultancy and professional fees	(121)	(110)
Director and employee expenses	(361)	(90)
Other administrative expenses	(265)	(158)
	<u>(1,517)</u>	<u>(1,095)</u>
 <b>Finance expenses</b>		
Depreciation	(31)	(128)
Others	(41)	(2)
	<u>(72)</u>	<u>(130)</u>

**4. CASH AND CASH EQUIVALENTS**

	<b>Consolidated</b>	
	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and deposit	4,113	6,065
Cash held in trust – tenement guarantees and deposits	30	30
	<u>4,143</u>	<u>6,095</u>

## NOTES TO THE FINANCIAL STATEMENTS continued

## 5. MINING TENEMENT

	Consolidated	
	30 Jun 2022	31 Dec 2021
	\$'000	\$'000
Tenement interest, development costs and capitalized exploration expenditures	14,177	13,247
	<b>14,177</b>	<b>13,247</b>

The ultimate recoupment of costs carried forward for exploration and evaluation assets is dependent on the successful development and commercial exploration or sale of the respective areas.

The carrying values of the exploration tenements are valued using the Exploration Expenditure Method and are limited to exploration expenditure incurred by the Company and its subsidiaries. Historical expenditure by other entities has not been included.

The Company regularly considers the commercial viability of its exploration tenements and reduces the area or relinquishes the exploration tenement where the commercial prospects are diminished.

## Tenement List

Application No	Licence No	Project	Status	Area (sq km)
ABx1 Pty Ltd				
ELA 3304	EL 6997	Inverell	Granted	54.00
<b>Sub-total</b>				<b>54.00</b>
ABx2 Pty Ltd				
ELA3648	EL 7357	Taralga	Granted	123.00
ELA 5458	EL 8600	Penrose Quarry	Granted	6.00
<b>Sub-total</b>				<b>129.00</b>
ABx3 Pty Ltd				
EPMA 27787	EPM 27787 ( EPM18014)	Binjour	Granted	126.00
	ML 80126	Toondoon	Granted	1.31
MLA100277	MLA100277 (ML 100272)	Sunrise Bauxite Project	Granted	4.37
<b>Sub-total</b>				<b>127.31</b>
ABx4 Pty Ltd				
EL 7/2010	EL 7/2010	Conara	Granted	129.00
EL 9/2010	EL 9/2010	Deloraine	Granted	136.00
ELA 18/2014	EL 18/2014	Prossers Road	Granted	56.00
ELA 10/2021	EL10/2021	Brushy Rivulet	Awaiting final grant	51.00
<b>Sub-total</b>				<b>321.00</b>
<b>Total</b>				<b>631.31</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

## 6. ISSUED CAPITAL

	Consolidated Entity and Parent Entity		Consolidated Entity and Parent Entity	
	30 Jun 2022 Number of Shares	31 Dec 2021 Number of Shares	30 Jun 2022 \$'000	31 Dec 2021 \$'000
Ordinary shares issued	223,590,814	223,590,814	32,736	32,736
<b>(a) Movements during the year:</b>				
Opening balance	223,590,814	150,304,314	32,736	25,749
Share placement	-	73,286,500	-	7,329
Share placement - in lieu of services	-	-	-	-
Share issuing costs	-	-	-	(342)
Closing balance	223,590,814	223,590,814	32,736	32,736

**(b) Options**

There have been no options issued or granted over unissued shares during the reporting period.

**(c) Terms and Conditions**

Each ordinary share participates equally in the voting rights of the Company. 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.

## 7. COMMITMENTS AND CONTINGENT LIABILITIES

The minimum exploration expenditure commitments and lease payments on the Company's exploration tenements totalling approximately \$0.40 million (2021:\$0.30million) over remaining term of tenements.

**Executive services agreement**

In addition the Company has agreed with Mr Ian Levy as Managing Director in providing the services to the Company at an agreed rate of \$250,000 per annum.

**Corporate service agreement**

The Company has entered into a Corporate Service Agreement with Hudson Asset Management Pty Limited pursuant to which Hudson Asset Management Pty Limited has agreed to provide its office management, registered office, administrative, accounting and secretarial services.

The term of the Corporate Services Agreement has no fixed expiry term and the fee payable is that amount agreed between the parties from time to time. The terms of the Services Agreement provide that Hudson Asset Management Pty Limited shall act in accordance with the directions of the Board.

**NOTES TO THE FINANCIAL STATEMENTS continued****8. SEGMENT REPORTING**

The consolidated entity operates one business being the mining and exploration of bauxite, minerals and related development projects in Australia.

**9. EVENTS SUBSEQUENT TO BALANCE DATE**

At the date of this report there are no other matters or circumstances, other than noted above, which have arisen since 30 June 2022 that have significantly affected or may significantly affect:

- the operations, in financial half-year subsequent to 30 June 2022, of the Group;
- the results of those operations; or
- the state of affairs, in the financial half-year subsequent to 30 June 2022, of the Group

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