



CHASE MINING CORPORATION LIMITED

ANNUAL REPORT 2022

ABN 12 118 788 846

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Annual Report – 30 June 2022

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Corporate directory

| | | |
|---|--|--|
| Directors | Leon Pretorius Charles Thomas Julian Atkinson | Executive Chairman and CEO Non-Executive Director Non-Executive Director |
| Company Secretary | Suzanne Yeates | |
| Principal registered office in Australia | Suite 4, Level 1, 40 Edward Street, Brisbane QLD 4000 | |
| Share register | Link Market Services Limited Level 21 10 Eagle Street, Brisbane, QLD, 4000, Australia www.linkmarketservices.com.au | |
| Auditor | Nexia Brisbane Audit Pty Ltd Level 28, 10 Eagle Street Brisbane QLD 4000 www.nexia.com.au | |
| Bankers | National Australia Bank | |
| Stock exchange listing | Chase Mining Corporation Limited shares are listed on the Australian Securities Exchange (ASX) under the code CML. | |
| Website address | https://www.chasemining.com.au | |

Chairman's letter

Dear Fellow Shareholders,

Herewith the Chase Mining Corporation Limited (Chase Mining, CML or the Company) 2022 Annual Report. Set out below is a summary of the Company's activities over the past year, with more details and reference to the individual ASX releases given in the Review of Operations.

Chase Mining is an Australian-based minerals exploration and development company. The past 12-months has been disappointing with regard to ASX Announcements on our existing projects progress due to Covid-19 related travel and other restrictions which especially hampered its Quebec Canada activities. CML decided to divest its Quebec tenements and in late May 2022 announced its disposal of all its Quebec assets.

This resulted in a realigning process by the Company to focus on Australian projects, while it continued to review a number of complimentary projects that would be a strategic fit for the Company and would add substantial value for shareholders.

Queensland mineral explorer Red Fox Resources Pty Limited, (30.4% owned by CML after the Board decided not to participate in a dilutive capital raising late June 2022) has continued with surface geochemical sampling and geological mapping over several of its projects and was successful in its application for QLD government assisted funding for drilling on two of its projects, which should be completed before end-September.

In the latter part of 2021, the Company focussed on successfully entering into Joint Ventures on Ni, Cu, PGEs and earn-in arrangements on granted tenements in Queensland. Unfortunately, abnormal, prolonged and ongoing wet weather conditions in Eastern Australia have to date prevented the Company and its JV operating partners from undertaking any planned drilling programmes in the black soil areas.

In early 2022, the Company started applying for its own tenements in Queensland and the Northern Territory for a range of commodities including REE. These applications are now being granted and the Company hopes to commence sampling and mapping on those available before end 2022, pending several factors.

In northern NSW projects Australia, the Company undertook no reportable physical exploration or site activity on its Torrington Tungsten and Topaz project during the reporting period. As reported to the NSW authorities, this is no longer an exploration project as it is solely dependent upon the advancement and ultimate commercialisation of the proof-of-concept beneficiation research completed at the UNSW to produce mullite fibre from the topaz. The Company continues its search for a commercial or funding partner to achieve these goals.

On 15 June 2022, the Company announced that it had signed a conditional agreement to purchase all of the issued shares in Green Critical Minerals Pty Limited which has the right to acquire up to 80% of the graphite rights for the advanced McIntosh Graphite Project, located in Halls Creek, Western Australia.

On 31 August 2022 the Company announced that it had varied the transaction and that CML's directors have committed to taking up their entitlement under the Rights Issue and the Company has received binding commitments from sophisticated investors introduced by GTT Ventures to subscribe for all of the shortfall under the Rights Issue.

The Company's new assets holds promise to change its fortunes and those of its shareholders in the coming year.

A handwritten signature in black ink, appearing to read 'L Pretorius', written in a cursive style.

Leon Pretorius
Chairman and CEO

Directors' report

Chase Mining Corporation Limited ("the Company" or "Chase") is an Australian Company listed on the Australian Securities Exchange Limited (ASX) with code CML. The Company and its wholly owned subsidiaries collectively form a consolidated group ("Group").

The Directors present their report together with the financial statements of the Company and Group for the year ended 30 June 2022 and the auditor's report thereon.

Directors and Company Secretary

The following persons were Directors of Chase Mining Corporation Limited during the whole of the financial year and up to the date of this report:

Leon Pretorius
Charles Thomas
Julian Atkinson

Suzanne Yeates was appointed to the position of Company Secretary on 1 December 2016. She is a Chartered Accountant, Founder and Principal of Outsourced Accounting Solutions Pty Ltd. She holds similar positions with other public and private companies.

Principal Activities

The principal activities of the Group during the financial year were:

- (a) the carrying out of exploration activities on its mineral exploration tenements; and
- (b) assessing other business development and research opportunities associated with the minerals industry.

There were no significant changes in the principal activities during the year.

Dividends

No dividends have been paid or declared by the Company since the end of the previous financial period, and no dividend will be paid for the current financial year.

Review of Operations

Projects and Activities

QUEBEC (Canada)

For the past three years, the high-grade Ni, Cu, PGE Alotta Project Area has dominated the Company's activities and ASX Announcements. However due to its inability to grow the potential resources of Alotta and disappointing results from an exhaustive deep drilling programme at the Lorraine Project to confirm the reported historic high-grade gold mineralisation, the Company's conclusion was that it had fully drill tested its previous targets. This combined with the extreme difficulties in the Company's management and consultants travelling to Canada due to the COVID-19 restrictions, the Directors decided to undertake a

review to see best how to extract value for the Company from the Alotta and Lorraine Project areas. This resulted in the outright sale of the tenements in May 2022.

AUSTRALIA

1. Torrington Minerals (NSW) Topaz and Tungsten Project

As reported, this is no longer an ordinary mineral exploration project to produce Tungsten and Topaz concentrate. After receiving final copies of all the Federal Government funded 3-year ARC collaborative research reports from Professor Charles C Sorrell and the UNSW team of researchers involved in the project and subsequent discussions with the group, the Company agreed internally that given the product trajectories and its potential value as a new and ground-breaking material, it is worthwhile to continue with the TopFibre topaz derived mullite fibre research and to seek a funding or technicalto finance the future research to progress the proof-of-concept outcomes with the best commercial application potential and to complete patenting thereof. This process is ongoing.

2. Strategic investment in Red Fox Resources

In late 2020, CML invested A\$600,000 to become a 40% shareholder in the private Queensland focused advanced exploration Company Red Fox Resources Pty Limited (Red Fox). CML's shareholding in Red Fox reduced to 30.4% after the CML Board decided not to participate in a dilutive capital raising in late June 2022. Red Fox has continued with surface geochemical sampling and geological mapping over several of its projects.

Red Fox were again successful in its application for QLD government assisted funding for drilling on two of its projects, which should be completed before end-September 2022, pending normal possible delays.

Further information on Red Fox and its activities can be found on its website:

<http://www.redfoxresources.net.au>

3. New tenement applications in the Northern Territory and Queensland

CML has been applying for exploration tenements in NT and QLD prospective for REE, Cu, Ni and PGEs (see Figure 1) after desktop studies of historical open file exploration reports and a review of recent geochemical and geophysical work by Geoscience Australia and to date has had three adjacent NT Exploration Licences (ELs 33128, 33129 and 33130 see Figure 2) covering 1,950 sq km granted over an identified large new rare earths, uranium and base metals project area on the northern Barkly Tableland as reported on 26 August 2022.

These licences cover the eastern half of the 160 km long rare earths trend with accompanying high values in supporting elements, notably niobium, chrome and uranium revealed by the Geoscience Australia (GA) conducted North Australian Geochemical Survey (see ASX announcements 2 February 2022 and 26 May 2022).



Figure 1. Locations of CML's Rare Earths and Uranium Projects in NT and QLD

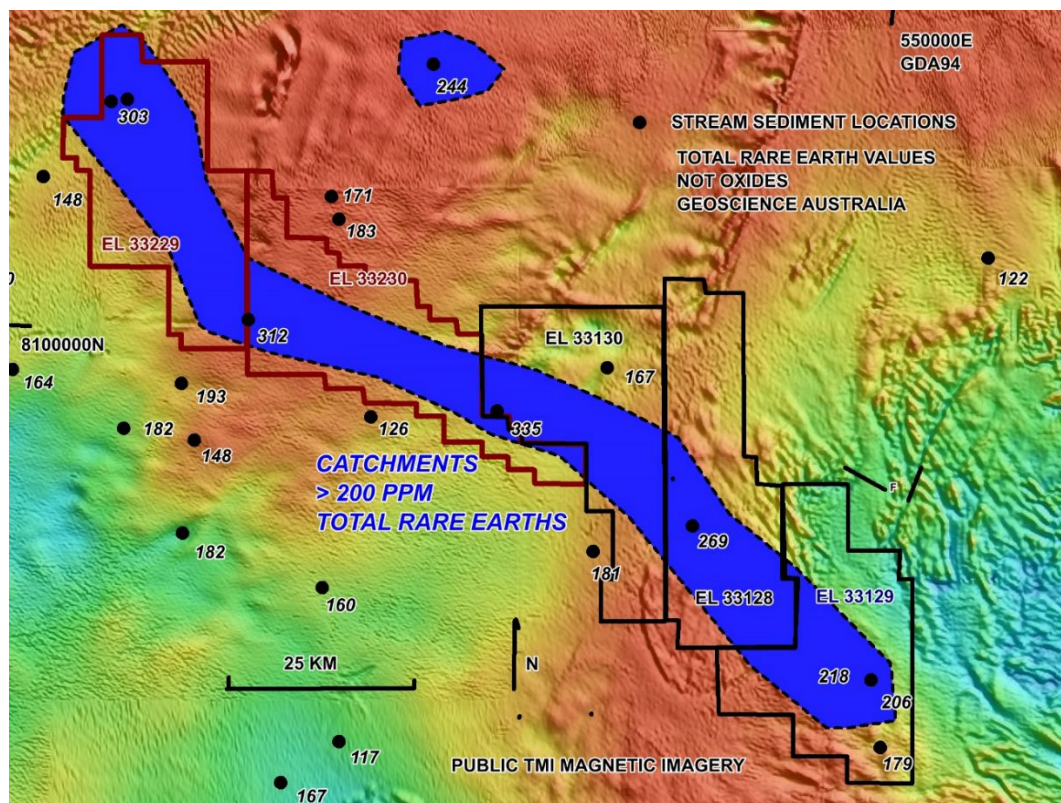


Figure 2 - Granted ELs 33128, 33129 and 33130 (black outline) over the southeast half of the Barkly North Rare Earths Trend

CML believes that this extraordinary trend in stream sediment anomalism is caused by a previously unrecognised ionic clay hosted rare earths deposit. The project area is covered by lateritised sediments with strongly developed clayey soil profiles, and the trend bears no relationship to the underlying basement rocks, or to magnetic features.

Ionic clay rare earths deposits have advantages over hard rock rare earth deposits. They are cheaper to mine and process, and the waste material does not present problems with toxic elements. Much of the world supply is from clay hosted deposits.

CML proposes to firstly conduct more surface sampling throughout the project area to better define and identify the sources of the GA reported rare earths. The field programme is planned to take place during the next three months, prior to the start of the stormy season late in the year.

It is anticipated that the sampling results will allow CML to design a series of shallow drilling traverses to take place during the drier months of 2023.

Magnetic and gravity targets for base metals within the ELs will also be depth modelled.

4. NEW PROJECT OPPORTUNITIES - McIntosh Graphite Project

The Company regularly informed the market that the Directors continued to review several projects that could complement its growing suite of Australian projects.

On 15 June 2022, the Company announced that it has signed a conditional agreement (**Agreement**) with Mr Rocco Tassone (the sole legal and beneficial owner) to purchase all of the issued shares in Green Critical Minerals Pty Limited (**GCM**) subject to certain conditions, including Shareholder approval, which will be sought at the mid-October EGM.

GCM has the right to acquire up to 80% of the graphite rights for the advanced **McIntosh Graphite Project**, located in Halls Creek, Western Australia under a binding term sheet with Hexagon Energy Materials Limited (**HXG**).

HXG has previously announced a graphite mineral resource and a pre-feasibility study for the McIntosh Graphite Project.

Location

The McIntosh Graphite Project comprises sixteen Exploration Licences and one Prospecting Licence located between 40km and 90km north to north-east of the town of Halls Creek in the Kimberley region of Western Australia. Access to the tenements is via the Great Northern Highway north from Halls Creek. The McIntosh project has excellent infrastructure with good access roads and is 12km to Great North Highway.

The project is well positioned to port and key customer groups – Asia, Europe and USA through access to a deep-water port (with surplus capacity) ~250km by truck to the Port of Wyndham.

The McIntosh project is well situated to supply the rapidly growing demand for Lithium-ion battery end users. Market research highlights a desire by customers to source supply from stable, reputable countries with good environmental practices.

With a large majority of graphite deposits located in Africa, battery anode end users are attracted to supply in Tier 1 jurisdictions such as Australia.

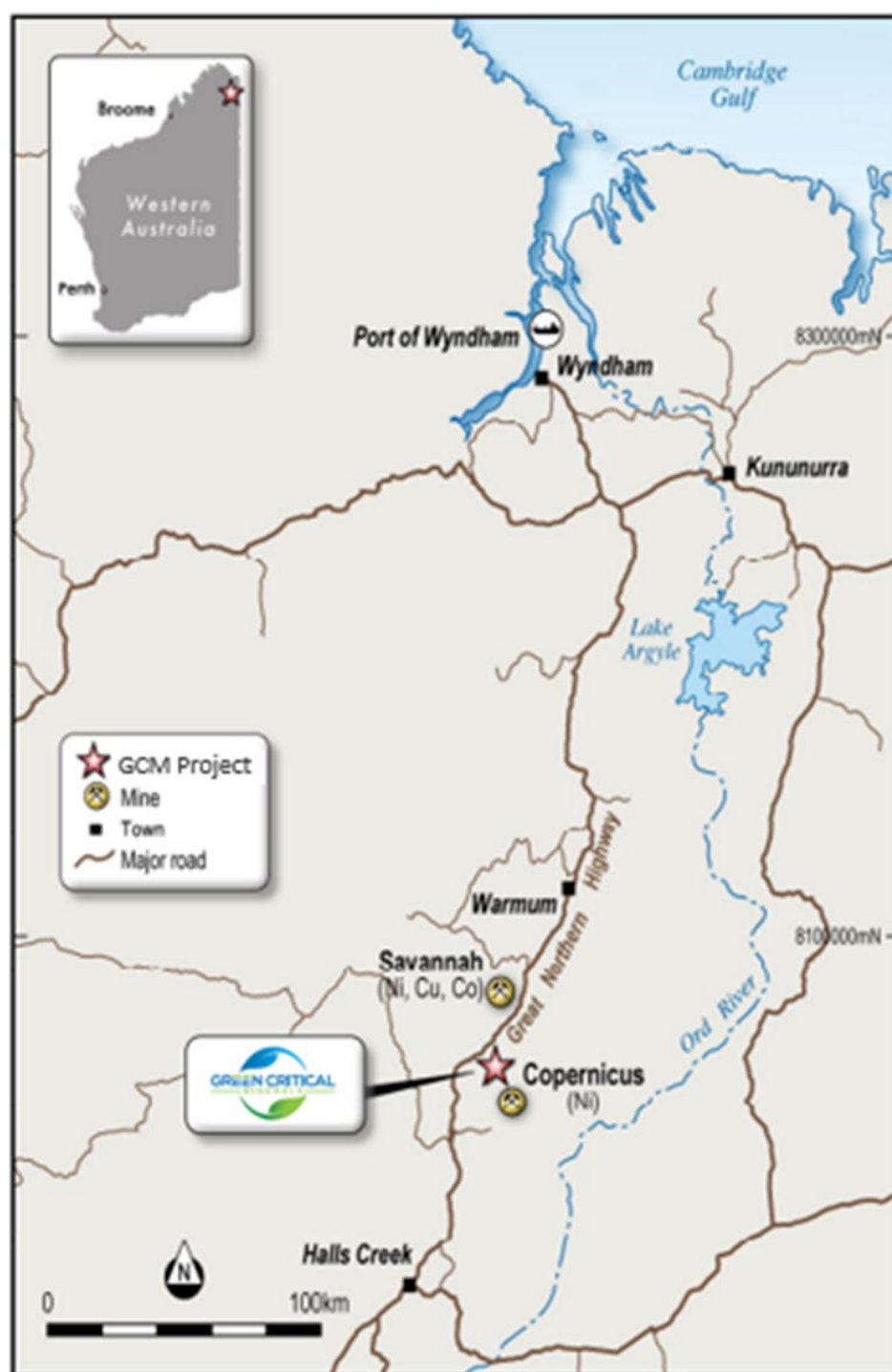


Figure 1 – McIntosh Graphite Project Location

Regional Geological Setting

Graphite deposits occur across the McIntosh tenements as discrete horizons within the schist terrain of the Halls Creek Mobile Zone of Western Australia. Their host stratigraphy is the Tickalara Metamorphics which extends for approximately 130 km along the western side of the Halls Creek Fault, a major NNE trending structure in the area.

Rock types comprise of felsic to mafic and ultramafic intrusions within high-grade metamorphic sediments and mafic units of the Tickalara Metamorphics. The Tickalara Metamorphics have been subjected to burial metamorphism with a resulting package of high-grade amphibolite to granulite facies rocks.

The formation comprises of schist, paragneiss, granite gneiss, calcsilicate rocks, amphibolite and pyroxene granulites. Graphite is hosted within a sillimanite gneiss unit in a horizon intersected at up to approximately 50 m in thickness. This horizon is intermittently developed along some 10 km of strike length.

This has been the focus of previous graphite exploration activities over several years.

McIntosh Graphite Project - Mineral Resource Estimate

The project contains a combined JORC2012 mineral resource estimate total of 23.8 million tonnes grading 4.5% Total Graphitic Carbon (TGC). See Table below. The estimate was undertaken by Mineral Resources Ltd (ASX: MIN) and announced to ASX by HXG (ASX Announcement 1 April 2019).

In undertaking the Mineral Resource estimate, the likelihood of eventual economic extraction was considered in terms of possible open-pit mining, likely product specifications, possible product marketability and potentially favourable logistics to port and it was concluded that the McIntosh Project contains an Industrial Resource in terms of JORC Code 2012 Clause 49.

Additional details of the Mineral Resources as per the Listing Rule 5.8 requirements are contained in the Company's announcement to ASX on 15 June 2022. The Company confirms that it is not aware of any new information or data that materially affects the information included in the 15 June 2022 announcement and that all material assumptions and technical parameters underpinning the estimates in the 15 June 2022 announcement continue to apply and have not materially changed.

Way forward

A range of graphite products is being considered and metallurgical test work completed to date indicates flake graphite concentrates produced would be amenable for sale into a variety of high-value end-use markets including for Lithium-ion batteries, graphite foils, nuclear materials, semiconductors, industrial diamonds, aerospace, and defence applications.

The initial primary focus on exploration will be on the Marlin and Marlin West deposits, as these prospects have flake graphite at surface and the potential to add significant tonnage to the global resource.

| Current Stage 1 - McIntosh Graphite Project Mineral Resource 3.5% TGC cut-off | | | | |
|---|-------------------------|-------------|-------------------------------|-------------------------|
| Deposit | Resource Classification | Tonnes (Mt) | %Total Graphite Content (TGC) | Contained Graphite (kt) |
| Emperor | Indicated | 12.1 | 4.28 | 517 |
| | Inferred | 3.8 | 4.35 | 165 |
| | Total | 15.9 | 4.30 | 683 |
| Wahoo | Indicated | 1.3 | 3.97 | 51 |
| | Inferred | 0.0 | 0 | 0 |
| | Total | 1.3 | 3.97 | 51 |
| Longtom | Indicated | 5.1 | 4.93 | 252 |
| | Inferred | 0.8 | 5.25 | 40 |
| | Total | 5.9 | 4.97 | 293 |
| Barracuda | Indicated | 0.7 | 4.40 | 31 |
| | Inferred | 0.0 | 0 | 0 |
| | Total | 0.7 | 4.40 | 31 |
| TOTAL | Indicated | 19.2 | 4.44 | 853 |
| | Inferred | 4.6 | 4.50 | 205 |
| | Total | 23.8 | 4.45 | 1,060 |

5. NEW PROJECT OPPORTUNITIES - other

The Company continues to assess new business opportunities that may complement the Company's existing portfolio of direct and indirect investments using the Company's skills and experience.

Material Business Risks

The Group's exploration operations will be subject to the normal risks of exploration and subject to numerous factors beyond the Group's control. The material business risks that may affect the Group are summarised below.

(a) Mining and Exploration Risk

The business of mineral exploration, development and production is subject to risk by its nature. The success of the business depends, inter alia, on successful exploration and/or acquisition of reserves, securing and maintaining title to concessions and tenements, successful design, construction, commissioning and operating of mining and processing facilities, successful development and production in accordance with forecasts and successful management of the operations. Exploration and mining are speculative undertakings which may be hampered by force majeure circumstances, land claims and unforeseen mining problems. Increased costs, lower output or high operating costs may all contribute to make a project less profitable than expected at the time of the development decision. There is no assurance that the Company's attempts to exploit its exploration activities will be successful.

The actual quality and characteristics of ore deposits cannot be known until mining takes place and will almost always differ from the assumptions used to develop reserves. Further, reserves are valued based on future costs and future prices and, consequently, the actual reserves and resources may differ from those estimated, which may result in either a positive or negative effect.

No assurance can be given that commercial tonnages, grades or recovery will be achieved or realised. Commodity price fluctuations, increased production costs, or reduced recovery rates, may render possible reserves containing relatively lower grades uneconomic and may result in a restatement of such reserves. Moreover, short-term operating factors relating to possible reserves, such as sequential development of ore bodies and processing of new or different ore types or grades, may cause mining operations to be unprofitable in any particular accounting period.

There is a risk that unforeseen geological and geotechnical difficulties may be encountered if and when developing and mining reserves. In this event, a loss of revenue may be caused by lower than expected production and/or higher than anticipated operation and maintenance costs, and/or on-going unplanned capital expenditure in order to meet production targets.

(b) Title

The Company's mining exploration activities are dependent on the grant, or as the case may be, the maintenance of appropriate licences, which may be withdrawn or made subject to limitations. The granting of licence, maintaining of licence or obtaining renewals, often depends on the Company being successful in obtaining required statutory approvals for its proposed activities and that the licences, concessions, tenements, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

(c) Results of Studies

Subject to the results of future exploration and testing programs, the Company may progressively undertake a number of studies in respect to the Company's current or new projects. These studies may include pre-feasibility and bankable feasibility studies.

These studies will be completed within certain parameters designed to determine the economic feasibility of the Company's current or new projects within certain limits. There can be no guarantee that any of the studies will confirm the economic viability of the Company's current or new projects or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ to the results of a scoping study).

Further, even if a study determines the economics of the Company's current or new projects, there can be no guarantee that the current or new projects will be successfully brought into production as assumed or within the estimated parameters in the feasibility study once production commences including but not limited to operation costs, mineral recoveries and commodity prices. In addition, the ability of the Company to complete a study may be dependent on the Company's ability to raise further funds to complete the study if required.

(d) Economic and Government Risks

The future viability of the Company is also dependent on a number of other factors affecting the performance of all industries, not just the exploration and mining industries. These factors include, but are not limited to:

- For personal use only
- (i) Changes in government policies, taxation and other laws.
 - (ii) The strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the commodities (resources) sector.
 - (iii) Movement in, or outlook on, interest rates and inflation rates.
 - (iv) Natural disasters.

Industry profitability can be affected by changes in government within Australia and other jurisdictions, which are outside the control of the Company. The Company's activities are subject to extensive laws and regulations controlling not only the exploration for and mining of minerals, but also the possible effects of such activities upon the environment. Permits from regulatory authorities are required for many aspects of mine operation and reclamation. There is no assurance that permits will be obtained when sought or that unfavourable conditions will not be imposed. Future legislation and regulations could cause additional expense, capital expenditures, restrictions and delays in development of the Company's tenements, the extent of which cannot be predicted.

(e) Reliance on Key Personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their involvement with the Company.

Tenement List

A schedule of Exploration tenements held by the Company at the date of this report is included as an attachment to this Annual Report.

Environmental Regulation

The Company's operations are subject to significant environmental regulation in the jurisdictions it operates in and believes it has met its obligations in all areas where it has carried out exploration activities to date.

Significant changes in the state of affairs

During the financial year the company issued 98,125,000 fully paid ordinary shares at \$0.016 per share raising \$1.57M (before costs) through a placement to sophisticated investors, share purchase plan and placement to Directors.

In May 2022, Chase Mining Corporation Limited sold its Alotta and Lorraine Claims in Quebec, Canada, to Rafaella Resources Limited (AX: RFR). The sale price consisted of 8,333,333 new fully paid ordinary shares in RFR and AUD \$100,000 cash.

Other than as disclosed in this report, in the opinion of the directors there were no significant changes in the state of affairs of the Company during the financial year under review.

Events subsequent to balance date

Since the end of the financial year the Group has:

- a) Varied the terms under which the Company has agreed to purchase Green Critical Minerals (GCM) which holders earn-in rights for up to 80% of the advanced ultra-high purity McIntosh Graphite Project. Under the varied terms the Company will issue 245,879,849 ordinary shares, 122,936,424 options exercisable at \$0.022 and expiring three years from issue, and 245,872,849 performance rights that vest subject to the achievement of certain vesting conditions linked to resource definition;
- b) Announced a non-renounceable rights issue of 11 new ordinary shares for every 20 ordinary shares held at an issue price of \$0.012, with 1 new option (exercise price \$0.022, expiring 3 years from issue) for every 2 new shares issued;
- c) Announced, subject to shareholder approval, a placement of up to 83,333,333 new ordinary shares at an issue price of \$0.012 per share, with 1 new option (exercise price \$0.022, expiring 3 years from issue) for every 2 new shares issued.
- d) Been granted the first three Exploration Licenses (EL 33128, 33129 and 33,130) that comprise the Barkly North project in the Northern Territory.

There have been no other events that have occurred subsequent to year end that are material or unusual in nature that are likely to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Information on Directors

The following information is current as at the date of this report.

Leon Pretorius. *Chairman – Executive Director and CEO*

| | |
|---|--|
| Experience and expertise | <p>Dr. Pretorius is a Geochemist with over 48 years' international mineral and mining experience.</p> <p>Since settling in Brisbane in 1978, he has worked on varied commodities with discovery success in gold, industrial minerals and uranium both in Queensland and South Africa. Mining (open cut) and processing experience has been gained in Gold, Industrial Minerals, Uranium and Tungsten.</p> <p>Corporately, he has also been involved as a public listed company director in Australia and overseas since 1985. In the ten years prior to joining Chase's Board as its Executive Chairman, he was a Director of ASX listed Paladin Energy; Managing Director of Deep Yellow Limited; and Executive Chairman of Carbine Tungsten.</p> |
| Other current directorships | None. |
| Former listed directorships in last 3 years | None. |
| Special responsibilities | Chairman of the Board and CEO |
| Interests in shares and options | 29,194,260 ordinary shares 10,000,000 options |

Charles Thomas. Non-Executive Director

| | |
|---|---|
| Experience and expertise | Mr. Thomas holds a Bachelor of Commerce from UWA majoring in Corporate Finance. He is an Executive director and Founding Partner of GTT a leading boutique corporate advisory firm based in Australia. Mr. Thomas has worked in the financial service industry for more than 15 years and has extensive experience in capital markets as well as the structuring of corporate transactions. |
| Other current directorships | Executive Chairman of Marquee Resources Limited (ASX: MQR) since 2016. Non-executive Chairman of Viking Mines Ltd (ASX: VKA) since 2022. |
| Former listed directorships in last 3 years | Non-executive director of Viking Mines Ltd (ASX: VKA) (ceased 2021) |
| Special responsibilities | None. |
| Interests in shares and options | 11,565,000 ordinary shares 5,000,000 options |

Julian Atkinson. Non-Executive Director

| | |
|---|---|
| Experience and expertise | Mr. Atkinson is a senior lawyer with extensive experience in acting for small to mid-cap ASX listed companies on a broad range of corporate and commercial matters. |
| Other current directorships | None |
| Former listed directorships in last 3 years | Non-executive director of Roto-Gro International Limited (ceased 2019) |
| Special responsibilities | None. |
| Interests in shares and options | 875,000 ordinary shares |

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2022, and the number of meetings attended by each Director were:

| | Full meetings of Directors | |
|-----------------|----------------------------|---|
| | A | B |
| Leon Pretorius | 5 | 5 |
| Charles Thomas | 5 | 5 |
| Julian Atkinson | 5 | 5 |

A = Number of meetings attended

B = Number of meetings held during the time the director held office during the year

There were no separately constituted committees of the Company. Given the limited size of the Board and the Company and its operations, these are combined with the normal Board Meetings of the Company.

Remuneration report - Audited

The Directors present the Chase Mining Corporation 2022 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

- (a) Key management personnel (KMP) covered in this report
- (b) Remuneration policy and link to performance
- (c) Elements of remuneration
- (d) Link between remuneration and performance
- (e) Remuneration expenses for KMP
- (f) Contractual arrangements with executive KMP
- (g) Non-Executive Director arrangements
- (h) Additional statutory information

(a) *Key management personnel covered in this report*

Non-executive and Executive Directors

Leon Pretorius
Martin Kavanagh (ceased 5 November 2020)
Charles Thomas
Julian Atkinson (appointed 6 November 2020)

(b) *Remuneration policy and link to performance*

The role of a remuneration committee is performed by the full Board of Directors. The board reviews and determines the remuneration policy and structure annually to ensure it remains aligned to business needs, and meets the remuneration principles. In particular, the board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Group to attract and retain key talent
- aligned to the Group's strategic and business objectives and the creation of shareholder value
- transparent and easily understood, and
- acceptable to shareholders

| Element | Purpose | Performance metrics | Potential value | Changes for FY 2022 |
|-------------------------|--|---------------------|----------------------------------|---------------------|
| Fixed remuneration (FR) | Provide competitive market salary including superannuation and non-monetary benefits | Nil | Positioned at median market rate | None |

Remuneration report – Audited (continued)

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)

Executives receive their fixed remuneration as cash. FR is reviewed annually. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The board has the flexibility to take into account capability, experience, value to the organisation and performance of the individual. The Group has not engaged an external remuneration consultant during FY2022.

(ii) Short term incentives

Short term incentives are currently not available to executives.

(iii) Long term incentives

Directors participate, with Shareholder approval, in the Long Term Incentive Program (“LTIP”) comprising one off grants of performance rights or options, with varying vesting conditions. The Company does not have a formal LTIP, rather incentives are awarded at the discretion of the Board.

Options

No options have been awarded during the current financial year.

(d) Link between remuneration and performance

The Company is focused on driving sustained growth in shareholder wealth, principally through mineral exploration, evaluation and commercialisation of discoveries each designed to increase the share price.

The mineral discovery focus of the Company is based on exploration and evaluation activities with the objective of proving up a resource that can be commercialised through development, joint venture or sale. As the Company is still in the exploration and evaluation stage, the link between remuneration, Company performance and shareholder wealth is tenuous. Share prices are subject to the influence of mineral prices and market sentiment towards the sector and, as such, increases or decreases may occur quite independent of Executive performance or remuneration.

Given the nature of the Group’s activities and the consequential operating results, no dividends have been paid. There have been no returns of capital in the current financial year. The details of the market price movements, compared to the operating profit/loss for the previous five years is set out below:

| Financial Year | Net Operating Loss (\$) | Share Price at Year End (\$) |
|----------------|----------------------------|------------------------------------|
| 30 June 2022 | (3,251,321) | 0.013 |
| 30 June 2021 | (1,003,174) | 0.017 |
| 30 June 2020 | (1,218,482) | 0.03 |
| 30 June 2019 | (731,828) | 0.026 |
| 30 June 2018 | (712,708) | 0.036 |

Remuneration report – Audited (continued)

(e) Remuneration expenses for KMP

The following table shows details of the remuneration expense recognised for the Group's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

| | | Fixed remuneration | | | | Variable remuneration | | % Perform- ance based |
|--|------|--------------------|--------------------|----------------------------|--------------------------|-----------------------|----------------|--------------------------|
| Name | Year | Salary & Fees | Non-cash benefits* | Other short-term benefits^ | Post-employment benefits | Share based payments | Total | |
| Executive Directors | | | | | | | | |
| Leon Pretorius | 2022 | 240,000 | 2,750 | - | 24,000 | - | 266,750 | - |
| | 2021 | 240,000 | 2,750 | - | 22,800 | - | 265,550 | - |
| Total Executive Directors | 2022 | 240,000 | 2,750 | - | 24,000 | - | 266,750 | - |
| | 2021 | 240,000 | 2,750 | - | 22,800 | - | 265,550 | - |
| Non-executive Directors | | | | | | | | |
| Martin Kavanagh (ceased 05/11/20) | 2022 | - | - | - | - | - | - | - |
| | 2021 | 16,953 | - | 9,132 | 2,478 | - | 28,563 | - |
| Charles Thomas | 2022 | 48,000 | - | - | 4,800 | - | 52,800 | - |
| | 2021 | 48,000 | - | - | 4,560 | - | 52,560 | - |
| Julian Atkinson (appointed 6/11/20) | 2022 | 48,000 | - | 25,000 | 4,800 | - | 77,800 | - |
| | 2021 | 31,238 | - | - | 2,968 | - | 34,206 | - |
| Total Non-Executive Directors | 2022 | 96,000 | | 25,000 | 9,600 | | 130,600 | |
| | 2021 | 96,191 | - | 9,132 | 10,006 | - | 115,329 | - |
| Total KMP remuneration expensed | 2022 | 336,000 | 2,750 | 25,000 | 33,600 | - | 397,350 | - |
| | 2021 | 336,191 | 2,750 | 9,132 | 32,806 | - | 380,879 | - |

* Non-cash benefits include airfares provided under the terms of Leon Pretorius's employment contract, along with an allocation of rent paid by the Company, for a field office / house in Tenterfield in which he resides.

^ Payments made in addition to the base non-executive director fees for additional services

Remuneration report (continued)

(f) Contractual arrangements with executive KMP

Remuneration of the Executive Chairman, Leon Pretorius, is by way of an executive employment contract and he is remunerated at a rate of \$240,000 per annum exclusive of superannuation. The notice period required under the contract, by either the employee or the Company, is twelve months. The contract states that although the Executive Chairman will reside on the east coast of Australia, he may from time to time choose to reside in South Africa and that up to three return business class airfares to South Africa will be reimbursed to him by the Company for himself and similarly for no more than one family member, i.e. a total of 6 return airfares during any one 12-month period. This may be varied by the Board if additional overseas travel for the Company's business is required and may be included in the planned trips to South Africa. These airfares have no monetary value if not utilised. Fees paid to him included in the Remuneration Report within the Directors' Report.

(g) Non-executive Director arrangements

The Non-Executive Directors receive fees of \$48,000 per annum excluding superannuation. Fees are reviewed annually by the board taking into account comparable roles. The current base fees were reviewed with effect from 23 April 2018.

During the financial year, Mr Atkinson was paid additional fees of \$25,000 for additional services as a lawyer carried out by him.

The maximum annual aggregate Directors' fee pool limit is currently set at \$200,000.

All Non-executive Directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of Director.

(h) Additional statutory information

(i) Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expenses in the table on page 21:

Relative proportion of fixed vs variable remuneration expense

| Name | Fixed remuneration | | At risk – LTI | |
|--------------------------------|--------------------|------|---------------|------|
| | 2022 | 2021 | 2022 | 2021 |
| Executive Directors | | | | |
| Leon Pretorius | 100% | 100% | - | - |
| Non-Executive Directors | | | | |
| Martin Kavanagh | - | 100% | - | - |
| Charles Thomas | 100% | 100% | - | - |
| Julian Atkinson | 100% | 100% | - | - |

Remuneration report (continued)

(ii) Reconciliation of ordinary shares and performance rights held by KMP

The table below shows a reconciliation of ordinary shares held by each KMP from the beginning to the end of FY2022.

Shareholdings

| 2022 Name | Balance at the start of the year | Purchased during the year* | Other changes during the year | Balance at the end of the year |
|------------------------|--|----------------------------------|--|--------------------------------------|
| Ordinary shares | | | | |
| Leon Pretorius | 20,400,000 | 8,125,000 | 669,260 ¹ | 29,194,260 |
| Charles Thomas | 10,440,000 | 1,125,000 | - | 11,565,000 |
| Julian Atkinson | 500,000 | 375,000 | - | 875,000 |
| Total | 31,340,000 | 9,625,000 | 669,260 | 41,634,260 |

* Participation in share purchase plan and placement approved by Shareholders in December 2021.

¹ On-market purchase

The table below shows a reconciliation of performance rights held by each KMP from the beginning to the end of FY2022.

Options

| 2022 Name | Balance at the start of the year | | Granted as compensation | Other changes during the year | Balance at the end of the year | |
|------------------------|-------------------------------------|-------------------|----------------------------|--|-----------------------------------|-------------------|
| Ordinary shares | Unvested | Vested | | | Unvested | Vested |
| Leon Pretorius | - | 10,000,000 | - | - | - | 10,000,000 |
| Julian Atkinson | - | - | - | - | - | - |
| Charles Thomas | - | 5,000,000 | - | - | - | 5,000,000 |
| Total | - | 15,000,000 | - | - | - | 15,000,000 |

There were no options provided as remuneration to key management personnel during the financial year. When exercisable, each option is convertible into one ordinary share of Chase Mining Corporation Limited.

Remuneration report (continued)

(iii) Transactions with Directors and Director Related Entities

During the financial year the Group paid GTT Ventures Pty Ltd, a company of which Charles Thomas is a director, a fee of \$60,000 for professional and consulting fees associated with the November 2021 share placement. The fee represented 6% of the funds raised.

During the financial year the Group paid \$25,000 to Atkinson Corporate Law, a company of which Julian Atkinson is the principal, for legal services on normal commercial terms and conditions.

During the financial year the Group paid \$12,000 of salary and wages to Ms L Osborne, who is the spouse of Dr L Pretorius.

(iv) Loans to Key Management Personnel

Nil

End of remuneration report (audited)

Shares under options

There are 32,000,000 unissued ordinary shares in Chase Mining Corporation Limited under option at the date of this report. The options are exercisable at \$0.02 and expire on 31 December 2022.

No option holder has any right to participate in any other share issue of the Company or any other entity.

No shares have been issued on the exercise of options during or since year end.

Insurance of officers and indemnities

(a) Insurance of officers

During the financial year, Chase Mining Corporation Limited paid a premium of \$36,000 (GST exclusive) to insure the Directors and Secretary of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

(b) *Indemnity of auditors*

Chase Mining Corporation Limited has not agreed to indemnify their auditors.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

During the year, no non-audit services were provided by the auditor.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 26.

This report is made in accordance with a resolution of Directors.



Leon Pretorius
Chairman

Brisbane
13 September 2022

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

To the Directors of Chase Mining Corporation Limited

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

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Chase Mining Corporation Limited and the entities it controlled during the year.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd



Gavin Ruddell
Director

Date: 13 September 2022

Corporate governance statement

Chase Mining Corporation Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. Chase Mining Corporation Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2022 corporate governance statement is dated as at 30 June 2022 and reflects the corporate governance practices in place throughout the 2022 financial year. The 2022 corporate governance statement was approved by the board on 13 September 2022. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at <http://www.chasemining.com.au/About/Corporate-Governance>.

CHASE MINING CORPORATION LIMITED

ABN 12 118 788 846

Annual financial report – 30 June 2022

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These financial statements are consolidated financial statements for the Group consisting of Chase Mining Corporation Limited and its subsidiaries. A list of major subsidiaries is included in note 11.

The financial statements are presented in the Australian currency.

Chase Mining Corporation Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Chase Mining Corporation Limited
Suite 4, Level 1, 40 Edward Street
Brisbane QLD 4000

All press releases, financial reports and other information are available at our website:

<https://www.chasemining.com.au>

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2022

| | | Consolidated | |
|--|-------|---------------------|--------------------|
| | | 2022 | 2021 |
| | Notes | \$ | \$ |
| Other income | 3 | 167,126 | 153,158 |
| Expenses | | | |
| Depreciation and amortisation expense | | (4,009) | (4,931) |
| Employee benefits expense | 4(a) | (202,946) | (170,063) |
| Research and development expensed | | (13,528) | (92,521) |
| Share of net loss of equity-accounted associates | | (198,988) | (7,304) |
| Exploration expenditure written off | | (1,894,968) | (613,988) |
| Exploration expenditure expensed | | (67,206) | - |
| Share based payments expense | | (8,500) | - |
| Losses on financial assets at fair value through profit or loss | | (91,667) | - |
| Loss on disposal of assets | | (572,613) | - |
| Administration expenses | 4(b) | (364,022) | (267,525) |
| Loss before income tax expense | | (3,251,321) | (1,003,174) |
| Income tax benefit | 5 | - | - |
| Loss for the year | | (3,251,321) | (1,003,174) |
| Other comprehensive income for the year, net of tax | | | |
| May be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation | | (62,197) | (18,463) |
| Total comprehensive income for the year | | (3,313,518) | (1,021,637) |
| | | Cents | Cents |
| Earnings per share for loss attributable to the ordinary equity holders of the Company: | | | |
| Basic earnings per share | 8 | (0.75 cents) | (0.30 cents) |
| Diluted earnings per share | 8 | (0.75 cents) | (0.30 cents) |

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

Consolidated balance sheet

As at 30 June 2022

| | | Consolidated | |
|---|-------|--------------|-------------|
| | | 2022 | 2021 |
| | Notes | \$ | \$ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 9 | 2,443,545 | 1,289,925 |
| Trade and other receivables | 10 | 303,662 | 680,206 |
| Total current assets | | 2,747,207 | 1,970,131 |
| Non-current assets | | | |
| Plant and equipment | 12 | 18,059 | 22,068 |
| Exploration and evaluation assets | 13 | 3,273,440 | 5,860,930 |
| Investments accounted for using the equity method | 14 | 393,708 | 592,696 |
| Financial assets at fair value through profit or loss | 15 | 250,000 | - |
| Trade and other receivables | 10 | 37,600 | 36,100 |
| Total non-current assets | | 3,972,807 | 6,511,794 |
| Total assets | | 6,720,014 | 8,481,925 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 16 | 223,328 | 159,175 |
| Total current liabilities | | 223,328 | 159,175 |
| Total liabilities | | 223,328 | 159,175 |
| Net assets | | 6,496,686 | 8,322,750 |
| EQUITY | | | |
| Contributed equity | 17 | 15,112,958 | 13,634,004 |
| Reserves | 18 | 1,343,857 | 1,397,554 |
| Accumulated losses | | (9,960,129) | (6,708,808) |
| Total equity | | 6,496,686 | 8,322,750 |

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2022

| | Contributed equity \$ | Accumulated losses \$ | Reserves | | | Total \$ |
|--|--------------------------|--------------------------|------------------------------------|--|--|-------------|
| | | | Share based payments reserve \$ | Contingent consideration reserve \$ | Foreign currency translation reserve \$ | |
| Balance as at 1 July 2020 | 12,866,373 | (5,705,634) | 1,307,589 | 101,712 | 6,716 | 8,576,756 |
| Loss for the year | - | (1,003,174) | - | - | - | (1,003,174) |
| Other comprehensive income | - | - | - | - | (18,463) | (18,463) |
| Total comprehensive income | - | (1,003,174) | - | - | (18,463) | (1,021,637) |
| Transactions with owners in their capacity as owners: | | | | | | |
| Contributions of equity, net of transaction costs | 767,631 | - | - | - | - | 767,631 |
| Balance as at 30 June 2021 | 13,634,004 | (6,708,808) | 1,307,589 | 101,712 | (11,747) | 8,322,750 |
| Loss for the year | - | (3,251,321) | - | - | - | (3,251,321) |
| Other comprehensive income | - | - | - | - | (62,197) | (62,197) |
| Total comprehensive income | - | (3,251,321) | - | - | (62,197) | (3,313,518) |
| Transactions with owners in their capacity as owners: | | | | | | |
| Contributions of equity, net of transaction costs | 1,478,954 | - | - | - | - | 1,478,954 |
| Share based payments expense | - | - | 8,500 | - | - | 8,500 |
| Balance as at 30 June 2022 | 15,112,958 | (9,960,129) | 1,316,089 | 101,712 | (73,944) | 6,496,686 |

The above consolidated 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 2022

| | Notes | Consolidated | |
|---|-------|--------------|-------------|
| | | 2022 \$ | 2021 \$ |
| Cash flows from operating activities | | | |
| Receipts from customers (GST inclusive) | | 130,004 | 81,735 |
| Payments to suppliers and employees (GST inclusive) | | (635,080) | (586,561) |
| Research and development tax incentive received | | 51,450 | 76,225 |
| Government incentives received | | 363,092 | 50,000 |
| Interest received | | 11,333 | 3,819 |
| Net cash outflow from operating activities | 20(a) | (79,201) | (374,782) |
| Cash flows from investing activities | | | |
| Payments for exploration and evaluation | | (349,898) | (878,555) |
| Payment for investment in associate | 14 | - | (600,000) |
| Proceeds from sale of assets | | 100,000 | - |
| Payments for security deposits | | (1,500) | - |
| Net cash outflow from investing activities | | (251,398) | (1,478,555) |
| Cash flows from financing activities | | | |
| Proceeds on issue of shares | 17 | 1,570,000 | 820,886 |
| Payment of capital raising costs and listing expenses | 17 | (91,046) | (53,255) |
| Net cash inflow from financing activities | | 1,478,954 | 767,631 |
| Net increase (decrease) in cash and cash equivalents | | 1,148,355 | (1,085,706) |
| Effects of foreign currency | | 5,265 | (14,425) |
| Cash and cash equivalents at the beginning of the year | | 1,289,925 | 2,390,056 |
| Cash and cash equivalents at the end of the year | 20(b) | 2,443,545 | 1,289,925 |

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

Notes to the financial statements for the year ended 30 June 2022

Note 1 Summary of significant accounting policies

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs.

The financial statements were authorised for issue by the Directors on 13 September 2022. The Directors have the power to amend and reissue the financial statements.

Going Concern

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

As disclosed in the financial statements, the Group achieved a net loss of \$3,251,321 (2021: net loss \$1,003,174) and net operating cash outflows of \$79,201 (2021: outflow \$374,782) for the year ended 30 June 2022. As at 30 June 2022 the Group had a cash balance inclusive of short term deposits of \$2,443,545.

The ability of the Group to maintain continuity of normal business activities and to pay its debts as and when they fall due is dependent on its ability to successfully raise additional capital and/or successful exploration and subsequent exploitation of areas of interest through sale or development. These circumstances give rise to the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- there is sufficient cash available at balance date for the Group to continue operating; and
- the Group has a proven history of successfully raising funds

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

Notes to the financial statements for the year ended 30 June 2022

Note 1 Summary of significant accounting policies

a. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Chase Mining Corporation Limited ('Company' or 'Parent Entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Chase Mining Corporation Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated entity' or 'Group'.

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

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group 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 Group.

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

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

Notes to the financial statements for the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

b. Income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Chase Mining Corporation Limited and its wholly owned subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and the subsidiaries in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within the group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the subsidiary.

The group does not have a tax funding or sharing agreement in place in relation to tax liabilities that might arise.

Notes to the financial statements for the year ended 30 June 2022

Note 1 Summary of significant accounting policies

c. Revenue recognition

Interest

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

Other income

Government Grants are recognised when there is reasonable assurance that the Group will comply with the conditions attached to the grant and reasonable assurance that the grant funds will be received.

d. Operating segments

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

e. Current and non-current classification

Assets and liabilities are presented in the consolidated balance sheet based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

Notes to the financial statements for the year ended 30 June 2022

Note 1 Summary of significant accounting policies

f. Cash and cash equivalents

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

g. Trade and other receivables

Trade and other receivables are recognised at amortised cost, less any provision for impairment.

h. Exploration and evaluation assets

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

A provision is raised against exploration and evaluation assets where the Directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the year. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Notes to the financial statements for the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

i. Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

| | |
|-------------------------|--------|
| Equipment and furniture | 8%-50% |
| Motor vehicles | 19-30% |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

j. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. They are measured at amortised cost. The amounts are unsecured and are on credit terms ranging between 7 and 60 days.

k. Equity accounting

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The carrying amount of equity-accounted investments is tested 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 of disposal and value in use.

Notes to the financial statements for the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

I. Investments and other financial assets

(i) *Classification*

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

(ii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards or ownership.

(iii) *Measurement*

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification or fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in Profit or Loss as other income when the group's right to receive payments is established.

Changes in fair value of financial assets at FVPL are recognised in other gains/(losses) in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Notes to the financial statements for the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

m. Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, options or performance rights over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using various valuation methods including Black Scholes, Binomial and the Monte Carlo Simulation method that takes into account the exercise price, the term of the options or performance rights, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the options or performance rights.

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

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

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

Notes to the financial statements for the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

Share-based payment expenses are recognised over the period during which the employee provides the relevant services. This period may commence prior to the grant date. In this situation, the Group estimates the grant date fair value of the equity instruments for the purposes of recognising the services received during the period between service commencement date and grant date. Once the grant date has been established, the earlier estimate is revised so that the amount recognised for services received is ultimately based on the grant date fair value of the equity instruments.

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

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

n. Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

o. Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

p. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Chase Mining Corporation Limited, 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 financial statements for the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

q. Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

r. Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar (\$), which is Chase Mining Corporation Limited's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Notes to the financial statements for the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

s. New and Amended Accounting Policies Adopted by the Group

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There has been no material impact on the financial statements by their adoption.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these accounting standards will not have a material impact on the financial statements.

t. Critical accounting estimates

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

Notes to the financial statements for the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Group intend to commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

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. The fair value is determined by using either a Black Scholes, Binomial or Monte Carlo option pricing model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions, including share price volatility, interest rates and vesting periods would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact the profit or loss and equity.

Fair Value of Financial Instruments carried at fair value through profit loss

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see note 15.

Notes to the financial statements for the year ended 30 June 2022

Note 2 Parent information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

| | Notes | 2022 \$ | 2021 \$ |
|---|-------|------------|------------|
| Balance sheet | | | |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 2,443,671 | 1,290,045 |
| Trade and other receivables | | 81,082 | 27,145 |
| Total current assets | | 2,524,753 | 1,317,190 |
| Non-current assets | | | |
| Plant and equipment | | 18,059 | 22,068 |
| Exploration and evaluation assets | | 39,371 | - |
| Intercompany receivables | | 1,610,313 | 4,668,156 |
| Investment in subsidiaries | | 1,844,285 | 1,844,285 |
| Investments accounted for using the equity method | | 393,708 | 592,696 |
| Financial assets at fair value through profit or loss | | 250,000 | - |
| Other assets | | 37,600 | 36,100 |
| Total non-current assets | | 4,193,336 | 7,163,305 |
| Total assets | | 6,718,089 | 8,480,495 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | | 221,403 | 157,745 |
| Total current liabilities | | 221,403 | 157,745 |
| Total liabilities | | 221,403 | 157,745 |
| Net assets | | 6,496,686 | 8,322,750 |

Investments in associates

Investments in associates are accounted for at cost in the financial statements of Chase Mining Corporation Limited.

Notes to the financial statements for the year ended 30 June 2022

Note 2 Parent information (continued)

| | Notes | 2022 \$ | 2021 \$ |
|---|-------|------------------|------------------|
| Contributed equity | | 15,112,958 | 13,634,004 |
| Reserves | | | |
| Share based payment reserve | | 1,307,589 | 1,307,589 |
| Contingent consideration reserve | | 101,712 | 101,712 |
| Accumulates losses | | (10,025,573) | (6,720,555) |
| Total equity | | 6,496,686 | 8,322,750 |
| Statement of Profit or Loss and Other Comprehensive Income | | | |
| Total profit/(loss) for the year | | (3,305,018) | (1,475,718) |
| Total comprehensive income | | (3,305,018) | (1,475,718) |

Guarantees

Chase Mining Corporation Limited has not entered into any guarantees, in the current or previous reporting period, in relation to the debts of its subsidiaries.

Contingent liabilities

At 30 June 2022, Chase Mining Corporation Limited did not have any contingent liabilities (30 June 2021: Nil).

Contractual commitments

Chase Mining Corporation Limited has no contractual commitments at 30 June 2022.

Note 3 Other Income

| | Consolidated | |
|--|----------------|----------------|
| | 2022 \$ | 2021 \$ |
| Other income: | | |
| Interest received from unrelated parties | 11,333 | 3,819 |
| Government incentives – COVID 19 | - | 50,000 |
| Research and development tax incentive | 51,450 | 76,225 |
| Gain on foreign exchange | 104,343 | 23,114 |
| Total other income | 167,126 | 153,158 |

Notes to the financial statements for the year ended 30 June 2022

Note 4 Loss for the year

Loss before income tax from continuing operations includes the following specific expenses:

| | Consolidated | |
|---|---------------------|----------------|
| | 2022 | 2021 |
| | \$ | \$ |
| (a) Employee benefits expense comprised: | | |
| Employee emoluments expensed | 403,662 | 412,130 |
| Employee emoluments capitalised and expensed to exploration expenditure | (177,294) | (155,470) |
| Employee emoluments included in research and development expenditure | (7,522) | (86,597) |
| Employee emoluments included in Other expenses (note 4(b) below) | (15,900) | - |
| Employee benefits expense | <u>202,946</u> | <u>170,063</u> |
| (b) Administration expenses: | | |
| Audit fees | 45,793 | 44,457 |
| Insurance | 44,363 | 44,767 |
| Consultants | 96,582 | 61,505 |
| Compliance costs | 54,531 | 66,443 |
| Legal fees | 40,940 | 6,880 |
| Other expenses | 81,813 | 43,473 |
| | <u>364,022</u> | <u>267,525</u> |

Notes to the financial statements for the year ended 30 June 2022

Note 5 Income tax expense

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

| | Consolidated | |
|---|---------------------|-------------|
| | 2022 | 2021 |
| | \$ | \$ |
| (a) Numerical reconciliation of income tax expense to prima facie tax payable | | |
| Loss before income tax expense | (3,251,321) | (1,003,174) |
| Tax at the Australian tax rate of 25% (2021: 26%) | (812,830) | (260,825) |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Non-deductible (income)/expenses | 590,163 | (32,819) |
| Adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised | (222,667) | 293,644 |
| Income tax expense | - | - |
| (b) Tax losses | | |
| Net deferred tax asset not recognised including unused tax losses | 4,995,268 | 4,530,692 |
| Potential tax benefit @ 25% (2021: 26%) | 1,248,817 | 1,177,980 |

Notes to the financial statements for the year ended 30 June 2022

Note 5 Income tax expense (continued)

| | Consolidated | |
|--|--------------|-------------|
| | 2022 | 2021 |
| | \$ | \$ |
| (c) Franking credits | | |
| Franking credits available for use in subsequent financial years | 153,452 | 153,452 |
| (d) Deferred tax assets | | |
| The balance comprises temporary differences attributable to: | | |
| Tax losses | 1,768,216 | 1,720,878 |
| Employee entitlements | 31,292 | 27,119 |
| Investment in associate | 51,573 | - |
| Share issue costs | 22,102 | 28,705 |
| Other | 7,491 | 7,237 |
| Total deferred tax assets | 1,880,674 | 1,783,939 |
| Set-off of deferred tax liabilities pursuant to set-off provisions | (631,857) | (605,959) |
| Deferred tax assets not recognised | (1,248,817) | (1,177,980) |
| Net deferred tax assets | - | - |
| (e) Deferred tax liabilities | | |
| The balance comprises temporary differences attributable to: | | |
| Exploration and evaluation assets | 631,857 | 605,959 |
| Total deferred tax liabilities | 631,857 | 605,959 |
| Set-off of deferred tax liabilities pursuant to set-off provisions | (631,857) | (605,959) |
| Net deferred tax liabilities | - | - |

Unused losses which have not been recognised as an asset, will only be obtained if:

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

The Group has carried forward unused capital losses totalling \$221,710 (2021: \$221,710).

Notes to the financial statements for the year ended 30 June 2022

Note 5 Income tax expense (continued)

Offsetting within tax consolidated entity

Chase Mining Corporation Limited and its wholly-owned Australian subsidiaries have applied the tax consolidation legislation which means that these entities are taxed as a single entity. As a consequence, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

Note 6 Key Management Personnel Compensation

Refer to the remuneration report contained in the Directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2022.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

| | Consolidated | |
|------------------------------|---------------------|----------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Short-term employee benefits | 363,750 | 348,073 |
| Post-employment benefits | 33,600 | 32,806 |
| Total KMP compensation | <u>397,350</u> | <u>380,879</u> |

Short-term employee benefits

These amounts include fees and benefits paid to the executive Chairman as well as all salary, paid leave benefits and fees paid to non-executive directors.

Post-employment benefits

These amounts are the current-year's superannuation contributions made during the year.

Notes to the financial statements for the year ended 30 June 2022

Note 7 Auditor's Remuneration

| | Consolidated | |
|--|---------------|---------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Remuneration of the auditor for: | | |
| - Auditing or reviewing the financial report | 45,793 | 44,457 |
| <i>Remuneration for non-audit services</i> | | |
| - Taxation services | - | - |
| | <u>45,793</u> | <u>44,457</u> |

Note 8 Earnings per share

| | 2022 Cents | 2021 Cents |
|--|---------------------|---------------------|
| (a) Basic earnings per share | | |
| Total basic earnings per share attributable to the ordinary equity holders of the Company | <u>(0.75 cents)</u> | <u>(0.30 cents)</u> |
| (b) Diluted earnings per share | | |
| Total diluted earnings per share attributable to the ordinary equity holders of the Company | <u>(0.75 cents)</u> | <u>(0.30 cents)</u> |
| (c) Reconciliations of earnings used in calculating earnings per share | | |
| | 2022 | 2021 |
| | \$ | \$ |
| <i>Basic earnings per share</i> | | |
| Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share | <u>(3,251,321)</u> | <u>(1,003,174)</u> |
| <i>Diluted earnings per share</i> | | |
| Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share | <u>(3,251,321)</u> | <u>(1,003,174)</u> |
| (d) Weighted average number of shares used as the denominator | | |
| | 2022 | 2021 |
| | Number | Number |
| Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share | <u>431,805,706</u> | <u>339,527,661</u> |

Notes to the financial statements for the year ended 30 June 2022

Note 9 Cash and cash equivalents

| | Consolidated | |
|---------------------------------|--------------|-----------|
| | 2022 | 2021 |
| | \$ | \$ |
| Cash at bank | 2,443,545 | 1,289,925 |
| Total cash and cash equivalents | 2,443,545 | 1,289,925 |

Note 10 Trade and other receivables

| | Consolidated | |
|---|--------------|---------|
| | 2022 | 2021 |
| | \$ | \$ |
| CURRENT | | |
| GST receivable | 29,236 | 94,230 |
| Other receivables | 79,143 | 41,207 |
| Tax incentives receivable | 195,283 | 544,769 |
| Total current trade and other receivables | 303,662 | 680,206 |
| NON-CURRENT | | |
| Security deposits | 37,600 | 36,100 |
| Total non-current trade and other receivables | 37,600 | 36,100 |

Credit risk

The Group has no significant concentration of credit risk with respect to any counterparties or on a geographical basis. All receivables are expected to be recovered at their carrying value, therefore no expected credit loss has been recognised in the financial statements.

Notes to the financial statements for the year ended 30 June 2022

Note 11 Interests in subsidiaries

Information about material Subsidiaries

The group's principal subsidiaries at 30 June 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

| Name of entity | Place of business/country of incorporation | Ownership interest held by the group | | Principal activities |
|-----------------------------|--|--------------------------------------|--------|--------------------------------|
| | | 2022 % | 2021 % | |
| Torrington Minerals Pty Ltd | Australia | 100% | 100% | Mineral exploration |
| TopFibre Pty Ltd | Australia | 100% | 100% | Topaz research and development |
| Zeus Minerals Pty Ltd | Australia | 100% | 100% | Mineral exploration |
| Zeus Minerals Corp. | Canada | 100% | 100% | Mineral exploration |
| Zeus Olympus Sub Corp. | Canada | 100% | 100% | Mineral exploration |

Note 12 Plant and equipment

| | Consolidated | |
|----------------------------------|---------------|---------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Field equipment | | |
| At cost | 53,151 | 53,151 |
| Accumulated depreciation | (49,866) | (49,101) |
| Total field equipment | 3,285 | 4,050 |
| Motor vehicles | | |
| At cost | 145,000 | 145,000 |
| Accumulated depreciation | (130,226) | (126,982) |
| Total motor vehicles | 14,774 | 18,018 |
| Total plant and equipment | 18,059 | 22,068 |

Notes to the financial statements for the year ended 30 June 2022

Note 12 Property, plant and equipment (continued)

Reconciliations of the carrying amount of each class of property, plant and equipment at the beginning and end of the current financial period are set out below:

| | Field equipment \$ | Motor vehicles \$ | Total \$ |
|-----------------|--------------------------|-------------------------|-------------|
| Opening balance | 4,050 | 18,018 | 22,068 |
| Depreciation | (765) | (3,244) | (4,009) |
| Closing balance | 3,285 | 14,774 | 18,059 |

Note 13 Exploration and evaluation assets

| | Consolidated | |
|--|--------------|------------|
| | 2022 \$ | 2021 \$ |
| Exploration and evaluation assets – at cost | 3,273,440 | 5,860,930 |
| The capitalised exploration and evaluation assets carried forward above have been determined as follows: | | |
| Balance at the beginning of the year | 5,860,930 | 6,361,325 |
| Expenditure incurred during the year | 317,512 | 660,993 |
| Tax incentives received | - | (544,769) |
| Disposals | (1,014,280) | - |
| Expenditure written off during the year | (1,894,968) | (613,988) |
| Exchange differences | 4,246 | (2,631) |
| Balance at the end of the year | 3,273,440 | 5,860,930 |

The recoverability of the carrying amount of the exploration and development expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the respective areas of interest.

During the year, the Group disposed of its Lorraine and Alotta assets in Quebec. Total consideration received was \$441,667 which consisted of cash \$100,000 and 8,333,333 ordinary shares in Rafaella Resources Limited (ASX: RFR). The loss on disposal recognised was \$572,613.

During the half year ended 31 December 2021, and prior to the disposal of the Quebec assets, the Group made the decision to write down the value of the Lorraine and Alotta assets and recognised an expense of \$1,830,000 during the period.

During the second half of the year, the Group made the decision to write-off the costs incurred of \$64,968 on the Prophet tenement.

Notes to the financial statements for the year ended 30 June 2022

Note 14 Investments accounted for using the equity method

| | 2022 \$ | 2021 \$ |
|-------------------------|----------------|----------------|
| Investment in Associate | <u>393,708</u> | <u>592,696</u> |

During the prior year Chase Mining Corporation acquired a 40% interest in Red Fox Resourced Pty Limited (Red Fox) for a total cash consideration of \$600,000. Red Fox is an exploration Company with a Gold and Silver-Lead-Zinc focus, owning seven granted tenements.

Set out below is the associate of the Group as at 30 June 2022 which, in the opinion of the Directors, is material to the Group. The associate has share capital consisting solely of ordinary shares, which are held directly by the Group. Red Fox Resources Pty Ltd is incorporated in Australia and has its principal place of business in Australia. The proportion of ownership interest is the same as the proportion of voting power.

On 28 June 2022 Red Fox issued further shares, with total shares on issue now 39,466,667 and reducing Chase Mining Corporations interest to 30.4%.

The Company does not have any commitments or contingent liabilities in respect of its investment in Red Fox Resources Pty Ltd.

| | 2022 \$ | 2021 \$ |
|--|-----------------|----------------|
| Balance at the beginning of the period | 592,696 | - |
| Investment acquired during the period | - | 600,000 |
| Change of interest in associate | (124,329) | - |
| Share of loss after income tax | <u>(74,659)</u> | <u>(7,304)</u> |
| Balance at the end of the period | <u>393,708</u> | <u>592,696</u> |

The table below provides summarised financial information for the associate and reflects the amounts presented in the financial statements of the associate and not Chase Mining Corporation Limited's share of those amounts.

| | 2022 \$ | 2021 \$ |
|---------------------------------|------------------|------------------|
| Summarised balance sheet | | |
| Current assets | 610,778 | 420,436 |
| Non-Current assets | <u>1,032,577</u> | <u>719,386</u> |
| Total assets | <u>1,643,355</u> | <u>1,139,822</u> |
| Current liabilities | 7,937 | 14,006 |
| Non-current liabilities | <u>-</u> | <u>-</u> |
| Total liabilities | <u>7,937</u> | <u>14,006</u> |
| Net assets | <u>1,635,418</u> | <u>1,125,816</u> |
| Loss for the year | <u>186,648</u> | <u>18,260</u> |

Notes to the financial statements for the year ended 30 June 2022

Note 14 Investments accounted for using the equity method (continued)

Reconciliation to carrying amounts:

| | | |
|---------------------------|------------------|------------------|
| Opening Net assets | 1,481,740 | 1,500,000 |
| Loss for the period | (186,648) | (18,260) |
| Closing net assets | 1,295,092 | 1,481,740 |
| Group's share in % | 30.4% | 40% |
| Group's share in \$ | 393,708 | 592,696 |
| Carrying amount | 393,708 | 592,696 |

Note 15 Financial assets at fair value through profit or loss

(i) Classification of financial assets at fair value through profit or loss

The group classifies equity investments for which it has not elected to recognise fair value gains and losses through OCI as financial assets at fair value through profit or loss (FVPL).

Financial assets mandatorily measured at FVPL include the following:

| | Consolidated | |
|-------------------------------------|---------------------|-------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Australian listed equity securities | 250,000 | - |

In May 2022, Chase Mining Corporation Limited sold its Alotta and Lorraine Claims in Quebec, Canada, to Rafaella Resources Limited (ASX: RFR). The sale price consisted of 8,333,333 new fully paid ordinary shares in RFR at \$0.03 per share and AUD \$100,000 cash.

(ii) Amounts recognised in profit or loss

During the year a loss of \$91,667 associated with FVPL assets was recognised in the profit or loss.

(iii) Fair value hierarchy

Australian listed equity securities are classified as a Level 1 financial instrument under the accounting standards. The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

Notes to the financial statements for the year ended 30 June 2022

Note 15 Financial assets at fair value through profit or loss (continued)

The following table presents the changes in level 1 instruments during the financial year:

| | Australian listed equity securities \$ |
|--------------------------------------|---|
| Balance at the beginning of the year | - |
| Additions during the year: | |
| Consideration settled in shares | 341,667 |
| Consideration settled in cash | (91,667) |
| | <hr/> |
| Balance at the end of the year | 250,000 |

(iv) *Valuation techniques used to determine fair values*

The recoverable amount of the RFR Investment is based on the use of quoted market prices.

Note 16 Trade and other payables

| | Consolidated | |
|--|--------------|---------|
| | 2022 | 2021 |
| | \$ | \$ |
| CURRENT | | |
| Trade payables | 98,162 | 14,060 |
| Sundry payables and accrued expenses | 125,166 | 145,115 |
| | <hr/> | <hr/> |
| Total trade and other payables classified as financial liabilities at amortised cost | 223,328 | 159,175 |

Notes to the financial statements for the year ended 30 June 2022

Note 17 Issued capital

| | 2022 Shares | 2021 Shares | 2022 \$ | 2021 \$ |
|--------------------------|----------------|----------------|------------|------------|
| (a) Share capital | | | | |
| Ordinary shares | | | | |
| Fully paid | 468,132,761 | 370,007,761 | 15,112,958 | 13,634,004 |

(b) Movements in ordinary share capital

| Date | Details | Note | Number of Shares | Issue Price | \$ |
|------------------|------------------------|------|---------------------|----------------|------------|
| 1 July 2020 | Opening balance | | 318,702,401 | | 12,866,373 |
| 28 January 2021 | Placement | (c) | 47,805,360 | \$0.016 | 764,886 |
| 9 April 2021 | Placement to directors | (c) | 3,500,000 | \$0.016 | 56,000 |
| | Share issue expenses | | - | | (53,255) |
| 30 June 2021 | Balance | | 370,007,761 | | 13,634,004 |
| 2 November 2021 | Placement shares | (d) | 56,250,000 | \$0.016 | 900,000 |
| 22 November 2021 | Share purchase plan | (d) | 35,625,000 | \$0.016 | 570,000 |
| 17 December 2021 | Director placements | (d) | 6,250,000 | \$0.016 | 100,000 |
| | Share issue expenses | | - | - | (91,046) |
| 30 June 2022 | Closing balance | | 468,132,761 | | 15,112,958 |

(c) Issue to sophisticated investors

The issue of 47,805,360 fully paid ordinary shares to sophisticated investors at an issue price of \$0.016 cash and the issue of 3,500,000 fully paid ordinary shares to directors, following shareholder approval, at an issue price of \$0.016 cash.

(d) Issue to sophisticated investors and Share purchase Plan

The issue of a total of 91,875,000 fully paid ordinary shares to existing shareholders and sophisticated investors at an issue price of \$0.016 cash. A further 6,250,000 fully paid ordinary shares were issued to Directors following receipt of Shareholder approval at the 2021 Annual General Meeting.

(e) Capital Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group includes equity attributable to equity holders, comprising of issued capital, reserves and accumulated losses. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the company.

Notes to the financial statements for the year ended 30 June 2022

Note 17 Issued capital (continued)

The Group monitors capital on the basis of cash flow requirements for operational, and exploration and evaluation expenditure. The Group will continue to use capital market issues to satisfy anticipated funding requirements.

The Group has no externally imposed capital requirements. The Group's strategy for capital risk management is unchanged from prior years.

The Covid 19 pandemic has not impacted on the Group's ability to raise capital as evidenced by the capital raising in November 2021 where \$1,470,000 was raised through a placement to sophisticated investors and a Share Purchase Plan. Based on this, the Group's strategy for capital risk management is unchanged from prior years.

Note 18 Reserves

| | Note | Consolidated | |
|--------------------------------------|------|------------------|------------------|
| | | 2022 | 2021 |
| | | \$ | \$ |
| Share-based payment reserve | (a) | 1,316,089 | 1,307,589 |
| Contingent consideration reserve | (b) | 101,712 | 101,712 |
| Foreign currency translation reserve | (c) | (73,944) | (11,747) |
| | | <u>1,343,857</u> | <u>1,397,554</u> |

(a) Share-based payment reserve

| | Consolidated | |
|-----------------------------|------------------|------------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Share-based payment reserve | <u>1,316,089</u> | <u>1,307,589</u> |
| Movements: | | |
| Balance 1 July | 1,307,589 | 1,307,589 |
| Share based payments | <u>8,500</u> | <u>-</u> |
| Balance 30 June | <u>1,316,089</u> | <u>1,307,589</u> |

The share-based payment reserve records items recognised as expenses on valuation of director, employee and contractor options and performance rights.

Notes to the financial statements for the year ended 30 June 2022

Note 18 Reserves (continued)

| (b) Contingent consideration reserve | Consolidated | |
|--------------------------------------|--------------|---------|
| | 2022 | 2021 |
| | \$ | \$ |
| Contingent consideration reserve | 101,712 | 101,712 |

There have been no movements in the reserve during the current or prior financial years.

The contingent consideration reserve arises from valuing the contingent share-based consideration associated with the purchase of the Torrington Tungsten and Topaz Project.

| (c) Foreign currency translation reserve | Consolidated | |
|--|--------------|----------|
| | 2022 | 2021 |
| | \$ | \$ |
| Foreign currency translation reserve | (73,944) | (11,747) |

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(r) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Note 19 Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographic basis that is the location of the respective areas of interest (tenements) in Australia and Canada. Operating segments are determined on the basis of financial information reported to the Board, which is at the Group level. The Group does not have any products/services where it derives revenue.

Notes to the financial statements for the year ended 30 June 2022

Note 19 Operating segments (continued)

Basis of accounting for purposes of reporting by operating segments

a. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

b. Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

c. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

d. Unallocated items

The following items for revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest income
- Corporate administrative and other expenses
- Income tax expense
- Corporate share-based payments
- Corporate marketing and project development expenses
- Research and development tax incentive

e. Segment information

Segment performance

| | Australia | Canada | Unallocated | Total |
|--|-----------|-------------|-------------|-------------|
| 2022 | \$ | \$ | \$ | \$ |
| Interest revenue | - | - | 11,333 | 11,333 |
| Other income | - | 104,343 | 51,450 | 155,793 |
| Total group income | - | 104,343 | 62,783 | 167,126 |
| Segment net profit / (loss) before tax | (436,633) | (2,363,530) | (451,158) | (3,251,321) |

Notes to the financial statements for the year ended 30 June 2022

Note 19 Operating segments (continued)

| 2021 | Australia \$ | Canada \$ | Unallocated \$ | Total \$ |
|---|-----------------|--------------|-------------------|-------------|
| Interest revenue | - | - | 3,818 | 3,818 |
| Other income | 50,000 | 23,114 | 76,226 | 149,340 |
| Total group income | 50,000 | 23,114 | 80,044 | 153,158 |
| Segment net profit / (loss) before tax | (97,464) | (605,356) | (300,354) | (1,003,174) |

Segment assets

| | Australia \$ | Canada \$ | Unallocated \$ | Total \$ |
|--------------|-----------------|--------------|-------------------|-------------|
| 30 June 2022 | 3,972,807 | 222,455 | 2,524,752 | 6,720,014 |

| | Australia \$ | Canada \$ | Unallocated \$ | Total \$ |
|--------------|-----------------|--------------|-------------------|-------------|
| 30 June 2021 | 3,073,881 | 3,436,637 | 1,971,407 | 8,481,925 |

Segment liabilities

| | Australia \$ | Canada \$ | Unallocated \$ | Total \$ |
|--------------|-----------------|--------------|-------------------|-------------|
| 30 June 2022 | - | 1,425 | 221,903 | 223,328 |

| | Australia \$ | Canada \$ | Unallocated \$ | Total \$ |
|--------------|-----------------|--------------|-------------------|-------------|
| 30 June 2021 | - | 1,430 | 157,745 | 159,175 |

Geographical Segments

For the purposes of segment reporting, all segment activities relating to Topaz and Tungsten Exploration and Evaluation is carried out in Australia and all segment activities relating to Nickel-Copper Exploration and Evaluation is carried out in Canada.

Notes to the financial statements for the year ended 30 June 2022

Note 20 Cash flow information

(a) Reconciliation of profit after income tax to net cash outflow from operating activities

| | Consolidated | |
|--|-----------------|------------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Profit / (loss) for the year | (3,251,321) | (1,003,174) |
| Adjustments for | | |
| Depreciation expense | 4,009 | 4,931 |
| Exploration written off | 1,894,968 | 613,988 |
| Exploration expensed | 67,206 | - |
| Share based payments expense | 8,500 | - |
| Loss on disposal of assets | 572,613 | - |
| Share of loss of associate | 198,988 | 7,304 |
| Impairment losses on financial assets at fair value through profit or loss | 91,667 | - |
| Foreign exchange translation | (103,356) | (22,214) |
| Change in operating assets and liabilities: | | |
| (Increase)/decrease in other assets | 381,197 | 79,744 |
| Increase/(decrease) in trade and other creditors | 35,466 | (76,222) |
| Increase/(decrease) in provisions | 20,862 | 20,861 |
| Net cash inflow (outflow) from operating activities | (79,201) | (374,782) |

(b) Cash and cash equivalents shown in the Statement of cashflows comprises the following:

| | | Consolidated | |
|---------------------------|---|------------------|------------------|
| | | 2022 | 2021 |
| | | \$ | \$ |
| Cash and cash equivalents | 9 | 2,443,545 | 1,289,925 |
| | | <u>2,443,545</u> | <u>1,289,925</u> |

(c) Net debt reconciliation

The Company does not have any debt on its balance sheet and therefore no net debt reconciliation has been provided.

(d) Non-Cash investing and financing activities

There were no non-cash investing and financing activities during the financial year.

Notes to the financial statements for the year ended 30 June 2022

Note 21 Events after the reporting date

Since the end of the financial year the Group has:

- a) Varied the terms under which the Company has agreed to purchase Green Critical Minerals (GCM) which holders earn-in rights for up to 80% of the advanced ultra-high purity McIntosh Graphite Project. Under the varied terms the Company will issue 245,879,849 ordinary shares, 122,936,424 options exercisable at \$0.022 and expiring three years from issue, and 245,872,849 performance rights that vest subject to the achievement of certain vesting conditions linked to resource definition;
- b) Announced a non-renounceable rights issue of 11 new ordinary shares for every 20 ordinary shares held at an issue price of \$0.012, with 1 new option (exercise price \$0.022, expiring 3 years from issue) for every 2 new shares issued;
- c) Announced, subject to shareholder approval, a placement of up to 83,333,333 new ordinary shares at an issue price of \$0.012 per share, with 1 new option (exercise price \$0.022, expiring 3 years from issue) for every 2 new shares issued.
- d) Been granted the first three Exploration Licenses (EL 33128, 33129 and 33,130) that comprise the Barkly North project in the Northern Territory.

There have been no other events that have occurred subsequent to year end that are material or unusual in nature that are likely to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Note 22 Related party transactions

During the financial year the Group paid GTT Ventures Pty Ltd, a company of which Charles Thomas is a director, a fee of \$60,000 for professional and consulting fees associated with the November 2021 share placement. The fee represented 6% of the funds raised.

During the financial year the Group paid \$25,000 to Atkinson Corporate Law, a company of which Julian Atkinson is the principal, for legal services on normal commercial terms and conditions.

During the financial year the Group paid \$12,000 of salary and wages to Ms L Osborne, who is the spouse of Dr L Pretorius.

There were no transactions with other related parties during the year and no balances held with other related parties at year end.

Notes to the financial statements for the year ended 30 June 2022

Note 23 Commitments

(a) Exploration commitments

| Notes | Consolidated | |
|---|--------------|---------|
| | 2022 | 2021 |
| | \$ | \$ |
| Commitments for payments under exploration permits in existence at the reporting date but not recognised as liabilities payable | 464,129 | 520,000 |

So as to maintain current rights to tenure of various exploration tenements, the Group will be required to outlay amounts in respect of tenement exploration expenditure commitments. These outlays, which arise in relation to granted tenements are noted above. The outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished.

Exploration commitments are calculated on the assumption that each of these tenements will be held for its full term. But, in fact, commitments will decrease materially as exploration advances and ground that is shown to be un-prospective is progressively surrendered. Expenditure commitments on prospective ground will be met out of existing funds and new capital raisings.

As at 30 June 2022 the company has met all of its minimum expenditure commitments on its tenements.

Notes to the financial statements for the year ended 30 June 2022

Note 24 Financial risk management

The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The totals for each category of financial instruments measured as detailed in the accounting policies to these financial statements, are as follows:

| | Notes | Consolidated | |
|------------------------------------|-------|------------------|------------------|
| | | 2022 \$ | 2021 \$ |
| Financial assets | | | |
| Cash and cash equivalents | 9 | 2,443,545 | 1,289,925 |
| Trade and other receivables | 10 | 280,464 | 654,367 |
| Total financial assets | | <u>2,724,009</u> | <u>1,944,292</u> |
| Financial liabilities | | | |
| Trade and other payables | 16 | <u>223,328</u> | <u>159,175</u> |
| Total financial liabilities | | <u>223,328</u> | <u>159,175</u> |

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises primarily from cash and cash equivalents and deposits with banks and financial institutions. For bank and financial institutions, only independently rated parties with a minimum rating equivalent of that of the big 4 Australian banks is accepted.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. No finance facilities were available to the Group at the end of the reporting period.

All financial liabilities mature within one year and are carried at their contractual cashflow value.

Notes to the financial statements for the year ended 30 June 2022

Note 24 Financial risk management (continued)

Market risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group in Rafaella Resources Limited (ASX: RFR) and classified on the statement of financial position as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk.

If the share price of Rafaella Resources Limited had increased / decreased by 25% from balance date fair value, with all other variables held constant, the Group's post-tax profit for the year would have been \$62,500 lower/higher (2021: N/A).

Foreign currency risk

Exposure to foreign currency risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the Canadian dollar may impact on the Group's financial results.

The following table shows the foreign currency risk as on the financial assets and liabilities of the Group's operations denominated in currencies other than the functional currency of the operations. The Group did not have foreign currency risk in the prior year. There is no foreign currency risk in the books of the parent entity in the current year.

The group's exposure to foreign currency risk at the end of the reporting period was as follows:

| | 2022 CND \$ | 2021 CND \$ |
|-----------------------------|-------------------|-------------------|
| Trade and other receivables | 222,580 | 652,451 |
| Trade payables | 1,425 | 1,430 |

Cash flow and fair value interest rate risk

As the Group has interest-bearing cash assets, the Company's income and operating cash flows are exposed to changes in market interest rates. The Company manages its exposure to changes in interest rates by using fixed term deposits.

At 30 June 2022, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been \$24,435 lower/higher (2021: \$12,899), as a result of higher/lower interest income from cash and cash equivalents.

Fair Value

The carrying value of all financial assets and financial liabilities approximate their fair value due to their short-term nature.

Notes to the financial statements for the year ended 30 June 2022

Note 25 Contingencies

There were no contingent liabilities as at 30 June 2022 (2021: nil).

Note 26 Share based payments

OPTIONS

A summary of movements of all options issued is as follows:

| | Number | Weighted average exercise price |
|--|-------------------|---------------------------------|
| Options outstanding as at 30 June 2020 | 22,000,000 | \$0.02 |
| Granted | - | |
| Forfeited | - | |
| Expired | - | |
| Options outstanding as at 30 June 2021 | 22,000,000 | \$0.02 |
| Vested options outstanding as at 30 June 2021 | | |
| Granted | 10,000,000 | \$0.02 |
| Forfeited | - | |
| Expired | - | |
| Options outstanding as at 30 June 2022 | 32,000,000 | \$0.02 |
| Vested options outstanding as at 30 June 2022 | 22,000,000 | \$0.02 |

The weighted average remaining contractual life of options outstanding at year end was 0.5 years (2021: 1.5 years).

On 14 February 2022 10,000,000 options were awarded to a contractor. The terms of the options are set out in the table below. The options hold no voting or dividend rights and are not transferable. The options vest on the Company committing to Stage 2 of its Binding Term Sheet with Auburn Resources Limited. The vesting dates in the table below represent the current estimate of when the vesting condition will be met.

The fair value of these options was \$20,000. This value was calculated using the Black & Scholes option pricing model by applying the following inputs:

| | |
|--------------------------|------------------|
| Grant date | 14 February 2022 |
| Expiry date | 31 December 2022 |
| Vesting date | 31 December 2022 |
| Volatility | 660%* |
| Dividend yield | 0% |
| Risk-free interest rate | 0.72% |
| Fair value at grant date | \$0.002 |

* Volatility has been determined by looking at the historical volatility over the same period as the expected life of the option, long term average level of volatility, the length of time an entity's shares have been publicly traded, and the appropriate interval for price observations.

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 28 to 68 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Executive Chairman and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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



Leon Pretorius
Executive Chairman and CEO
Brisbane, 13 September 2022

Independent Auditor's Report to the Members of Chase Mining Corporation Limited

Report on the Audit of the Financial Report

Opinion

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

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report which describes the event and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Nexia Brisbane Audit Pty Ltd

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Independent Auditor's Report to the Members of Chase Mining Corporation Limited (continued)

Key Audit Matters

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

| Key audit matter | How our audit addressed the key audit matter |
|---|--|
| <p>Carrying Value of Exploration and Evaluation Assets</p> <p>Refer to note 13 Exploration and Evaluation Assets</p> <p>As at 30 June 2022 the carrying value of exploration and evaluation assets is \$3,273,440. As the carrying value of these Exploration and Evaluation Assets represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. In particular:</p> <ul style="list-style-type: none"> • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment. | <p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Obtaining evidence as to whether the rights to tenure of the areas of interest remained current at balance date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future; • Obtain evidence of the future intentions for the areas of interest, including making enquiries of management, assessing future budgeted expenditure and related work programs; • Obtained an understanding of the status of ongoing exploration programs, for the areas of interest; • Reviewed ASX announcements and directors' minutes to ensure that the Group had not decided to discontinue activities in applicable areas of interest and to assess whether there are any other facts or circumstances that existed to indicate impairment testing was required. |

Independent Auditor's Report to the Members of Chase Mining Corporation Limited (continued)

| Key audit matter | How our audit addressed the key audit matter |
|---|--|
| <p>Accounting and Valuation of Investment in Associates</p> <p><i>Refer Note 14 Investments Accounted for using the Equity Method</i></p> <p>At 30 June 2022, the carrying value of the investment in associate using the equity method of accounting is \$393,708. The Group's accounting policy in respect of this is outlined in Note 1.</p> <p>This is a key audit matter given the significant judgement required in determining the appropriate accounting treatment.</p> | <p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Review managements classification and accounting treatment of the investment at the end of the reporting period; • Review the carrying value of the investment based on internal and external factors; • Determine if the Group's share of the Associate's loss and diminution in the investment had been appropriately recognised; • Determine that there is adequate disclosure in the financial report. |

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 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 the 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using

Independent Auditor's Report to the Members of Chase Mining Corporation Limited (continued)

the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report to the Members of Chase Mining Corporation Limited (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in pages 19 to 24 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Chase Mining Corporation Limited for the year ended 30 June 2022 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.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd



Gavin Ruddell
Director

Level 28, 10 Eagle Street
Brisbane, QLD, 4000

Date: 13 September 2022

Shareholder information

The shareholder information set out below was applicable as at 5 September 2022.

A Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

| | Class of equity security |
|------------------|--------------------------|
| | Ordinary shares |
| 1 - 1,000 | 63 |
| 1,001 – 5,000 | 67 |
| 5,001 – 10,000 | 100 |
| 10,001 – 100,000 | 569 |
| 100,001 and over | 367 |
| | 1,166 |

There were 474 holders of less than a marketable parcel of ordinary shares.

B Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

| Name | Ordinary shares | |
|--|--------------------|--------------------|
| | Number held | % of issued shares |
| Syracuse Capital Pty Ltd | 35,600,000 | 7.60% |
| BNP Paribas Nominees Pty Ltd ACF Clearstream | 34,412,027 | 7.35% |
| Dr Leon Pretorius | 29,194,260 | 6.24% |
| Alissa Bella Pty Ltd <The C&A Tassone SF No 2 A/C> | 14,496,402 | 3.10% |
| Mr Sean Llewelyn | 13,150,000 | 2.81% |
| Southern Reaches Pty Ltd | 12,366,535 | 2.64% |
| Syracuse Capital Pty Ltd | 11,700,000 | 2.50% |
| Murdoch Capital Pty Ltd | 10,750,000 | 2.30% |
| Alissa Bella Pty Ltd <The C&A Tassone Super A/C> | 8,387,500 | 1.79% |
| Lovell & Co Pty Ltd | 7,875,000 | 1.68% |
| Nalbarra Station Pty Ltd | 7,500,000 | 1.60% |
| Hustler Investments Pty Ltd | 7,500,000 | 1.60% |
| Mounts Bay Investments Pty Ltd | 7,440,000 | 1.59% |
| Nalmor Pty Ltd | 7,130,614 | 1.52% |
| Mr Cam Ashley Risstrom | 6,627,272 | 1.42% |
| Cryptodome Pty Ltd | 5,525,000 | 1.18% |
| Boomslang Capital Pty Ltd | 5,488,788 | 1.17% |
| Bedel & Sowa Corp Pty Ltd | 5,000,000 | 1.07% |
| Mr Vincenzo Brizzi & Mrs Rita Lucia Brizzi | 4,875,000 | 1.04% |
| Sunranger Enterprises Pty Ltd | 4,488,334 | 0.96% |
| Mounts Bay Investments Pty Ltd | 4,125,000 | 0.88% |
| Total | 243,631,712 | 52.04% |

Unquoted equity securities

| | Number of issue | Number of holders |
|---------|------------------------|--------------------------|
| Options | 32,000,000 | 5 |

Holders of more than 20% of unquoted options on issue

| | Number held | % of total on issue |
|----------------|--------------------|----------------------------|
| Leon Pretorius | 10,000,000 | 31% |
| Ascry Pty Ltd | 10,000,000 | 31% |

C Substantial holders

Substantial holders in the company are set out below:

| | Number held | Percentage |
|--------------------------|--------------------|-------------------|
| Ordinary shares | | |
| Syracuse Capital Pty Ltd | 35,600,000 | 7.60% |
| Dr Leon Pretorius | 29,194,260 | 6.24% |

D Voting rights

The voting rights attaching to each class of equity securities are set out below:

- (a) Ordinary shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) Options: No voting rights

Additional Information – Tenement List

The table below sets out the Company's interest in Exploration tenements as at the date of this report.

| Project | Tenement. No. | % Interest | Expires | Location |
|------------------|---------------|------------|------------|--------------------|
| AUSTRALIA | | | | |
| Torrington 1 | EL 8258 | 100% | 16/04/2023 | NSW Australia |
| Torrington 2 | EL 8355 | 100% | 18/03/2024 | NSW Australia |
| North Barkly | EL 33128 | 100% | 23/08/2028 | Northern Territory |
| North Barkly | EL 33129 | 100% | 23/08/2028 | Northern Territory |
| North Barkly | EL 33130 | 100% | 24/08/2028 | Northern Territory |