Minerals 260

ABN: 34 650 766 911

Annual Report 2022

30 JUNE 2022

Corporate Directory

Directors
Anthony James Cipriano
Chairman

David Ross Richards
Managing Director

Timothy Rupert Barr Goyder
Non-Executive Director

Craig Russell Williams
Non-Executive Director

Emma Josephine Scotney
Non-Executive Director
(appointed 1 November 2021)

Chief Financial Officer
Curtis Abbott *(appointed 1 July 2022)*

Company Secretary
Clinton McGhie

Principal Place of Business & Registered Office
Level 2, 1292 Hay Street, West Perth, Western Australia 6005

Tel: (+61 8) 6556 6020
Web: www.minerals260.com.au
Email: info@minerals260.com.au

Auditors
HLB Mann Judd (WA Partnership)

Level 4, 130 Stirling Street, Perth, Western Australia 6000

Share Registry
Automic Pty Limited

Level 5, 191 St Georges Terrace, Perth, Western Australia 6000

Tel: 1300 288 664

Home Exchange
Australian Securities Exchange Limited

Level 40, Central Park, 152- 158 St Georges Terrace, Perth, Western Australia 6000

ASX Codes
Share Code: MI6

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The work completed so far has delivered outstanding results, delineating the extensive feature that we refer to as the Moora Gravity Anomaly (MGA).

Within this broader target we have intersected significant mineralisation – including a substantial zone of gold mineralisation at Angepena (building on earlier work by Liontown) and significant zones of high-grade copper-gold mineralisation at Mynt and Zest.

Chairman's Report

Dear Fellow Shareholders,

It is a great privilege to introduce Minerals 260's 2022 Annual Report, covering our first year as a listed explorer following the Company's successful $30 million IPO in October 2021.

Minerals 260 embarked on this journey with a number of significant attributes which I believe have created the foundations for long-term success and a base from which to generate superior returns for our shareholders.

First is the quality of our asset base. The Company's foundation assets, the Moora and Koojan Joint Venture Projects in Western Australia's emerging Julimar Mineral Province, were acquired through the demerger of the non-lithium exploration assets of Liontown Resources – which has been one of the great success stories of the junior mining sector of recent years.

This allowed Minerals 260 to hold a highly strategic ~1,000km^2 ground position in the northern Julimar Province, some 90km north of Chalice Mining's world-class Julimar nickel-copper-PGE deposit.

An important asset of the Company is also the depth of its shareholder base, with Minerals 260 having received outstanding support for the IPO from Liontown shareholders, ensuring we had a high quality and loyal following from the outset. Our register includes prominent mining identity Tim Goyder, the founder of Liontown and Chalice, as our major shareholder. Tim also sits on the Minerals 260 board as a non-executive Director.

Secondly is the strength of our balance sheet. We believe in the quality of our foundational Moora and Koojan JV Projects and, as such, we wanted their value to be reflected in how we priced the IPO and to ensure we raised sufficient funds to allow the Company to progress a comprehensive and multi-pronged exploration program to unlock the value of these projects. Thanks to the support of the Liontown shareholder base, the Company raised $30 million and maintains a very strong cash balance, with over $23 million in the bank at 30 June 2022.

Third is the quality of our technical team and experienced Board. Led by our Managing Director David Richards – whose track record of success as discoverer of two major deposits in his career speaks for itself – we have an incredibly talented and hard-working geological team who have the capability to unlock the full potential of our assets. We are fortunate to have an experienced Board with a track record of finding and developing successful projects.

During the year, we embarked on our first exploration campaigns at the Moora and Koojan JV projects, adopting a multi-pronged approach that included completing two drill programs at Moora, extensive air-core programs, multiple geophysical and gravity surveys and widespread programs of soil geochemistry and mapping.

The work completed so far has delivered outstanding results, delineating the extensive feature that we refer to as the Moora Gravity Anomaly (MGA).

Within this broader target we have intersected significant mineralisation – including a substantial zone of gold mineralisation at Angepena (building on earlier work by Liontown) and significant zones of high-grade copper-gold mineralisation at Mynt and Zest.

While our work programs are still in their infancy, we know that we have a very large mineral system on our hands with significant widths and grades intersected across three highly prospective target areas. We therefore believe that the potential for a game-changing discovery at our Moora and Koojan Joint Venture Projects is high and we are very much looking forward to the major 10,000m -15,000m RC and diamond drill program that will commence in the latter part of 2022.

We have made a firm commitment to Safety and ESG as being core to our approach. A considerable amount of work has gone into evolving these areas and they will continue to remain a focus for the Company.

Because our projects are located primarily in farming country, access for exploration is subject to securing agreements with the landowners and then working in with their cropping and harvest cycles. We have been fortunate to develop positive and cooperative relationships with all of the landowners where we operate, and I would like to take this opportunity to thank them sincerely for their exceptionally positive and constructive approach.

During the year, we were delighted to welcome highly regarded business executive and lawyer Emma Scotney to our board as a non-executive Director. Emma brings an added dimension to our Board, being a commercial farmer in the surrounding Moora region, helping the Board to better understand the matters that are important to the landowners and how we interact with them.

Subsequent to year-end, Mr Craig Williams advised his intention to retire from the Company's Board at the upcoming AGM. Craig has always brought enormous insight, wisdom and positive energy both as a geologist and mining executive and, on behalf of the Board, I would like to express our sincere thanks to Craig for his significant contribution and wish him and his family all the best.

In conclusion, it would be remiss of me to finish without making a brief comment on the challenging market conditions which have been experienced in recent months. Like most businesses, our ability to operate has been impacted by supply chain related issues, be they accessing the right people and availability of field teams and drill rigs, as well as the significant backlog experienced in assay labs.

Financial markets have also experienced considerable uncertainty due to economic and geopolitical issues, creating volatility in share prices and valuations.

Rest assured, with the benefit of a strong cash position, we are doing our utmost to navigate the various supply chain issues and we know that if we can deliver the right results from our exploration activities, the share price and valuations will take care of themselves.

I believe the Company remains in excellent shape to execute its exploration strategy and, ultimately, deliver significant value for shareholders.

I would like to conclude by thanking my fellow Directors, as well as David and his technical team for their hard work, dedication and commitment during the year, as well as our shareholders for their continued support.

With a potential company-making discovery (or discoveries) beginning to take shape at Moora, a clear exploration pathway, a strong balance sheet and another major round of drilling set to commence towards the end of this year, I believe the next 12 months will be a transformational period for Minerals 260.

Anthony Cipriano
Non-executive Chairman

Directors' Report

The Directors present their report together with the financial statements of the Group consisting of Minerals 260 Limited ('Minerals 260' or 'the Company') and its controlled entities for the financial year ended 30 June 2022 and the independent auditor's report thereon.

1. Directors

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

Mr Anthony J Cipriano Independent Chairman	
Qualifications:	B.Bus, CA, GAICD
Experience:	Mr Cipriano is a Chartered Accountant with over 30 years' accounting, corporate and finance experience. Mr Cipriano was formerly a senior partner at Deloitte and at the time of his retirement he was the Deloitte National Tax Leader for Energy & Resources and leader of its Western Australian Tax Practice. Mr Cipriano has significant experience working in the resource sector, and in particular dealing with corporate, legal and financial matters. Mr Cipriano was appointed as Non-Executive Chairman on 4 June 2021.
Interests in shares and options at the date of this report:	1,752,268 ordinary shares 1,500,000 unlisted options
Special responsibilities:	Member of the Audit & Risk Committee and Chair of the Remuneration & Nomination Committee.
Directorships held in other listed entities in the last three years:	Mr Cipriano is a Non-Executive Director of Liontown Resources Limited.

Mr David R Richards Managing Director	
Qualifications:	BSc (Hons), MAIG
Experience:	Mr Richards has over 40 years' experience in mineral exploration in Australia, Southeast Asia and western USA. His career includes exploration and resource definition for a variety of gold, lithium and base metal deposit styles, and he led the team that discovered the multi-million ounce, high agrade Vera-Nancy gold deposits in North Queensland as well as the Kathleen Valley Lithium Project in Western Australia. He has held senior positions with Battle Mountain Australia Inc, Delta Gold Limited, AurionGold Limited, Glengarry Resources Limited and was Managing Director of ASX-listed Liontown Resources Limited from 2010 – 4 May 2021, transitioning to Technical Director from 5 May 2021. Mr Richards was appointed as Managing Director on 15 September 2021.
Interests in shares and options at the date of this report:	2,070,000 ordinary shares 2,000,000 unlisted options
Special responsibilities:	None
Directorships held in other listed entities in the last three years:	Mr Richards is a Non-Executive Director of Woomera Mining Limited and was previously Managing Director of Liontown Resources Limited (resigning as Technical Director 24 November 2021).

Mr Tim R B Goyder Non-Executive Director	
Experience:	Mr Goyder is an experienced mining executive with over 40 years' experience in the resource industry. He has been involved in the formation and management of a number of publicly listed companies and is currently Non-Executive Chairman of Liontown Resources Limited and DevEx Resources Limited. Mr Goyder was appointed as Non-Executive Director on 4 June 2021.
Interests in shares and options at the date of this report:	30,726,400 ordinary shares 1,500,000 unlisted options
Special responsibilities:	Member of the Remuneration & Nomination Committee.
Directorships held in other listed entities in the last three years:	Mr Goyder is currently Non-Executive Chairman of Liontown Resources Limited and DevEx Resources Limited and was previously Non-Executive Chairman of Chalice Mining Limited (formerly Chalice Gold Mines Limited).

Mr Russell C (Craig) Williams Independent Non-Executive Director	
Qualifications:	BSc (Hons)
Experience:	Mr Williams is a Geologist with over 40 years' experience in mineral exploration and development. Mr Williams co-founded Equinox Minerals Limited in 1993 and was President, Chief Executive Officer and Director prior to Barrick Gold's takeover of Equinox. He has been directly involved in several significant discoveries, including the Ernest Henry Deposit in Queensland and a series of gold deposits in Western Australia. In addition to his technical capabilities, Mr Williams also has extensive corporate management and financing experience. On 2 September 2022, Mr Williams announced his intention to retire from the Minerals 260 Ltd's Board at the 2022 Annual General Meeting. Mr Williams was appointed as Non-Executive Director on 2 July 2021.
Interests in shares and options at the date of this report:	2,892,075 ordinary shares 1,500,000 unlisted options
Special responsibilities:	Member of the Audit & Risk Committee and Member of the Remuneration & Nomination Committee.
Directorships held in other listed entities in the last three years:	Mr Williams is currently Non-Executive Chairman of OreCorp Limited and Solstice Minerals Limited and Non-Executive Director of Liontown Resources Limited.

Ms Emma Josephine Scotney Independent Non-Executive Director	
Qualifications:	BA, LLB (Hons), GAICD
Experience:	Ms Scotney is a highly experienced Business Advisor and Corporate Lawyer who has over 25 years combined expertise in the property, agricultural and mining industries. She has extensive expertise in advising on corporate, financial and commercial matters, including M&A and corporate governance policy. Ms Scotney is also a member of a private company Board responsible for the operations of a large commercial livestock and cropping enterprise providing strong financial and legal oversight. Ms Scotney was appointed as Non-Executive Director on 1 November 2021.
Interests in shares and options at the date of this report:	7,767 ordinary shares 750,000 unlisted options
Special responsibilities:	Chair of the Audit & Risk Committee
Directorships held in other listed entities in the last three years:	Ms Scotney is currently Non-Executive Director of Zenith Minerals Limited.

2. Company Secretary

The names and details of the Company Secretary in office during the financial year and until the date of this report are as follows:

Mr Clinton Wade McGhie	
Qualifications:	B.Com, CA, AGIA
Experience:	Mr McGhie is an experienced Chartered Accountant and Company Secretary who commenced his career at a large international accounting firm and has since been involved with a number of ASX and AIM listed exploration and development companies operating in the resources sector. Mr McGhie is a Fellow of the Governance Institute of Australia (Chartered Secretary), and a Fellow of the Financial Services Institute of Australasia.

3. Directors’ meetings

The number of meetings of Directors (including meetings of committees of Directors) held during or in relation to the year and the number of meetings attended by each Director were as follows:

	Directors’ Meetings	Audit & Risk Committee	Remuneration & Nomination Committee
No. of meetings held:	**5**	**2**	**1**
No. of meetings attended:			
A J Cipriano	5	2	1
D R Richards	5	-	-
T R B Goyder	5	-	1
C R Williams	5	2	1
E J Scotney[(1)]	3	2	-

(1) Ms Scotney was appointed on 1 November 2021.

4. Principal Activities

The principal activities of the Company during the course of the financial year were mineral exploration and evaluation.

5. Review of operations

The Directors present the Operating and Financial Review of the Group for the year ended 30 June 2022. The information provided in this review forms part of the Director's Report and provides information to assist users in assessing the operations, financial position and business strategies of the Group.

1. Overview

Minerals 260 Limited (ASX:MI6) listed on the ASX on 12th October 2021 following an Initial Public Offering ("**IPO**") raising of $30 million.

The Company was formed to hold and advance exploration on the non-lithium, Western Australian assets of Liontown Resources Limited (ASX:LTR) including the wholly-owned Moora Project and the adjacent Koojan JV which together comprise a large (~1,000km2), contiguous land position in the emerging Julimar Mineral Province of SW Western Australia.

Since listing, the Company's exploration on the Moora Project has discovered significant mineralised zones at several prospects, all of which remain open and defined other targets that have yet to be drilled. At the Koojan JV Project, geochemical programs have confirmed and extended previously defined gold and copper anomalism providing an array of new drill targets, whilst at Dingo Rocks and Yalwest, on ground exploration activities are expected to begin imminently.

A more detailed summary of the Company's Project Portfolio is provided below:

2. Moora Gold-Copper-Nickel-PGE Project, Western Australia (100%)

The Moora Project, which is in south-west Western Australia approximately 150km north-east of Perth, comprises wholly owned tenure applied for in 2018 and 2019 and is considered prospective for precious and battery-related metals. Drilling has intersected strong gold/copper mineralisation coincident with geophysical features interpreted to be indicative of mafic-ultramafic intrusions similar to the unit that hosts the world-class Julimar discovery ***~95km*** *to the south.*

Exploration drilling by Liontown Resources prior to Minerals 260 listing on the ASX identified three significant zones of mineralisation coincident with the Mt Yule magnetic anomaly:

- **Angepena Zone (Au):** a 900m long bedrock gold zone open along strike and at depth. Up to 43m at 1.8g/t Au was intersected in drilling by Liontown;
- **Mynt Zone (Formerly the Northern Zone) (Cu-Au):** a plus 2,000m long copper-gold zone with multiple ore grade intersections. Up to 9m at 2.1% Cu and 7m at 1.03g/t Au were intersected in Liontown's drilling; and
- **Zest (Formerly SEZ) (Au/Cu):** defined by a single, shallow aircore drill hole which intersected up to 17m at 0.4g/t Au and 12m at 0.2% Cu.

Since listing, Minerals 260 has completed follow up Reverse Circulation (RC) and Diamond Core (DD) drilling programs at all three prospects comprising 35 holes/5,821m at Angepena, 14 holes/2,339m at Zest and 1 hole/186m at Mynt. Better intersections from this drilling include:

Angepena

MRDD0001	9m @ 1.1g/t Au from 100m, including 3m @ 2.7g/t Au from 102m;
MRDD0003	4m @ 1.3g/t Au from 29m, including 1m @ 4.6g/t Au from 32m; 2.45m @ 5.6g/t Au from 64m, including 1.45m @ 9.4g/t Au from 65m; 6m @ 1.1g/t Au from 124m, including 1.1m @ 5.3g/t Au from 128m; 4.32m @ 2.7g/t Au from 133m, including 1.61m @ 6.5g/t Au from 135.04m; and
MRRC0022	9m @ 2.8g/t Au from 3m, including 5m @ 4.7g/t Au from 3m

Zest

MRRC0039	12m @ 2.0g/t Au and 1.4% Cu from 72m, including 6m @ 3.5g/t Au and 2.5% Cu
MRRC0043	13m @ 3.3g/t Au and 0.2% Cu from 127m;

Mynt

MRRC0040	24m @ 1.9% Cu and 0.7g/t Au from 99m; including 14m @ 2.9% Cu and 1.1g/t Au from 100m

All the mineralised zones remain open along strike and at depth and will be followed up with further drilling in the coming year.

In addition to the drilling, Minerals 260 completed further target definition work comprising shallow reconnaissance drilling and detailed geophysical (aeromagnetic, gravity, EM and IP) and geochemical surveys which defined further targets for follow-up.

The Company is preparing for a 6,000 - 8,000m RC drill program at Moora to commence immediately following the annual crop harvest in November 2022.

3. Koojan JV Project, Western Australia (right to earn 51%)

The Koojan Project adjoins the western boundary of the Moora Project and is considered prospective for mafic/ultramafic mineralisation similar to that being targeted at Moora. Minerals 260 is in Joint Venture with Lachlan Star Limited (ASX: LSA) and has the right to earn up to 51% equity in the Project.

The Koojan JV ("KJV") is interpreted to contain the extension of several prospective trends including the adjacent Mt Yule prospects and the stratigraphy which hosts the Julimar and Yarawindah PGE-nickel-copper discoveries to the south.

Prior to the demerger of Minerals 260, Liontown completed geochemical sampling surveys which partially defined several high-order anomalies.

The KJV has been explored simultaneously with the Moora Project, with exploration activities this year comprising the same target definition work referred to above.

Results have upgraded previously defined targets and defined a number of new anomalies which will be tested by a 5,000 -7,000m RC drilling program later in 2022.

In March 2022, the Company notified Lachlan Star Limited that it had met its minimum expenditure commitment of $500,000. The Company is progressing towards its next key milestone of acquiring 30% in the joint venture by spending $1.5 million and has the option to increase to 51% ownership should it elect to and spend a further $2,500,000.

4. Dingo Rocks, Western Australia (100%)

The Dingo Rocks Project is in SE Western Australia, approximately 600km south-east of Perth and 100km south of Norseman, proximal to the southern margin of Eastern Goldfields Superterrane of the Archaean Yilgarn Block. Regional aeromagnetic data indicate the potential for mafic-ultramafic intrusions prospective for Ni-Cu-PGE mineralisation which have not be assessed by previous exploration.

A 400 x 400m, ground gravity survey comprising ~1,600 stations, was completed across the Dingo Rocks Project in November 2021 with a number of anomalies defined coincident with magnetic features that could represent prospective intrusions.

Follow up geophysical programs including ground electro magnetics and detailed magnetics are being planned to define targets for drill testing. Discussions are ongoing with the Esperance Tjaltjaak Native Title Aboriginal Corporation which represents the Traditional Owners, and a preliminary heritage survey is planned in September 2022 to ensure that proposed access for future exploration avoids significant sites and minimises environmental disturbance.

5. Yalwest, Western Australia (100%)

The Yalwest Project comprises two adjoining Exploration Licence (EL) located ~400km north of Perth in the Murchison Gold Province of the Archaean Yilgarn Block. The ELs were acquired to assess unexplained magnetic and gravity features that have not been subject to modern exploration.

In March 2022, the Company received notice that both Yalwest tenements had been granted and a geochemical program comprising ~1,500 soil samples was completed subsequent to the end of year with assays pending.

Corporate

In October 2021, the Company successfully listed on the Australian Securities Exchange after completing an oversubscribed Initial Public Offering raising $30.0 million (before costs) from issuing 60,000,000 shares at $0.50 per share. This accompanied the in-specie distribution of 160,000,000 shares to eligible Liontown Resources Ltd ("Liontown") shareholders who approved to proceed with the demerger of Minerals 260 Ltd from the Liontown Group.

In March 2022, the Company established a share sale facility for holders of less than marketable parcels of the Company's shares. The facility allowed smaller shareholders the opportunity to sell their shares without having to use a broker or pay brokerage. The final number of shares sold under the Facility was 1,364,533 shares held by 4,317 shareholders. The average price received for shares sold under the Facility was $0.4134. The Company also received 488 valid share retention forms from shareholders, holding 172,386 shares, who chose to retain their shares despite being eligible for the Facility.

Response to Covid

The Group's cash position provides insulation to any longer-term unforeseen impacts to funding and operating that may occur. All of Minerals 260's projects are located in Western Australia and, although the future risk from COVID-19 cannot be reliably estimated, the potential impact on Group's operations over the next 12 months does not appear significant.

In line with its commitments to safeguard the health and well-being of its employees and contractors, Minerals 260 introduced company-wide protocols consistent with the ongoing advice from the Government and health authorities. The Company continues to monitor the advice to ensure its protocols remain relevant.

Financial Performance

The Group reported an inaugural net loss from continuing operations of $88.6 million for the year.

In accordance with the Company's accounting policy, $80.0 million was expensed regards the acquisition of ERL (Aust) Pty Ltd which holds the Moora, Koojan JV, Dingo Rocks and Yalwest Projects. Following acquisition, a further $4.0 million was incurred during the period as the Company conducted exploration and evaluation activities on the Projects acquired.

Statement of Cashflows

Cash and cash equivalents as at 30 June 2022 were $23.5 million. The net increase in cash of $23.5 million is primarily due to the receipt of $30.0 million in proceeds from the IPO in exchange for the issue of 60,000,000 shares in the Company at $0.50 per share, less $3.7 million in exploration activities predominantly focussed at Moora and approximately $1.9 million in IPO/ASX listing and share issue fees.

Since admission to the ASX in October 2021 through to 30 June 2022, the Company has used its cash and assets readily convertible to cash, in a way that has been consistent with its business objectives stated in Prospectus dated 19 August 2021.

Financial Position

At balance date the group had net assets of $23.2 million and an excess of current assets over current liabilities of $23.1 million.

The Company's strong net current asset position is largely due to the successful IPO which raised a total of $30.0 million (before costs) following the Company's demerger from Liontown Resources Ltd. This places the Company in an enviable position to potentially generate significant shareholder wealth either through ongoing exploration at our existing projects, or strategically via an acquisition or other type of commercial arrangement.

6. Significant Changes in the State Of Affairs

There were no significant changes to the state of affairs other than those noted elsewhere in this financial report.

7. Dividends

No dividends were declared or paid during the period and the Directors recommend that no dividend be paid.

8. Events Subsequent to Reporting Date

On 4 July 2022 the Company announced the issue of 150,000 unlisted options exercisable at $0.355 and expiring on 30 June 2025 subject to certain vesting conditions relating period of service. The options were issued in accordance with the Company's Employee Securities Incentive Scheme.

On 11 July 2022 the Company announced it had intersected 13m at 3.3gpt gold from RC drilling at the Zest prospect, part of the 100%-owned Moora Project in WA. The intersection is 55m down dip from the initial discovery of 12m at 2.0gpt gold and 1.4% Copper (released 19 April 2022) and remains open along strike and down dip.

On 2 September 2022, Mr Williams announced his intention to retire from the Minerals 260 Ltd Board at the 2022 Annual General Meeting.

No other matters or circumstances have arisen since 30 June 2022 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

9. Likely Developments

There are no likely developments that will impact on the Company other than as disclosed elsewhere in this report.

10. Indemnification and Insurance of Directors and Officers

During the financial year, the Company paid a premium under a contract insuring all Directors and Officers of the Company against liability incurred in that capacity. Disclosure of the nature of liabilities insured and the premium is subject to a confidentiality clause under the contract of insurance.

11. Proceedings on Behalf of Company

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

12. Environmental Regulations

The Company is subject to material environmental regulation in respect to its exploration and evaluation activities. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is compliant with all environmental legislation. The Directors of the Company are not aware of any breach of environmental legislation for the period under review.

13. Non-Audit Services

During the year HLB Mann Judd, the Company's auditor, performed an Independent Limited Assurance Report and audit of Minerals 260 Ltd and its subsidiaries to accompany the Prospectus to the value of $28,180 (GST excl) and reviewed ASX Quarterly 5B announcements as part of the Company's controls over financial reporting.

Outside the above, no other non-audit services were performed during the financial year.

The Directors are satisfied that the provision of non-audit services during the year, by the auditor, is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are of the opinion that the services as disclosed above and in note 19 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

14. Options Granted Over Unissued Shares

(a) Options

At the date of this report 12,550,000 fully paid ordinary shares of the Company are under option on the following basis:

	Number
Exercisable at $0.72 each on or before 30 September 2024 (escrowed to 12 October 2023)	9,000,000
Exercisable at $0.72 each on or before 30 September 2024 (escrowed to 12 October 2022)	750,000
Exercisable at $0.69 each on or before 31 October 2024 (voluntary escrow to 12 October 2023)	750,000
Exercisable at $0.75 each on or before 3 March 2025	1,650,000
Exercisable at $0.715 each on or before 14 March 2025	250,000
Exercisable at $0.355 each on or before 30 June 2025	150,000
Total Options	**12,550,000**

15. Remuneration Report - Audited

(a) Introduction

This remuneration report for the year ended 30 June 2022 outlines remuneration arrangements in place for Directors and other members of the Key Management Personnel ("KMP") of Minerals 260 in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company. KMP's during or since year end were:

(i) Directors

- A Cipriano (Chairman)
- D Richards (Managing Director)
- T Goyder (Non-executive Director)
- C Williams (Non-executive Director)
- E Scotney (Non-executive Director) – Appointed 1 November 2021

There were no other changes to KMP after the reporting date and before the date the financial report was authorised for issue.

(b) Remuneration philosophy

The performance of the Company depends upon the quality of the Directors and executives. The philosophy of the Company in determining remuneration levels is to set competitive remuneration packages to attract and retain high calibre employees and to link a significant component of executive rewards to shareholder value creation. The size, nature and financial strength of the Company is also taken into account when setting remuneration levels so as to ensure that the operations of the Company remain sustainable.

(c) Remuneration & Nomination Committee

The Remuneration & Nomination Committee consists of Mr Cipriano (Chairman), Mr Goyder and Mr Williams (all Non-Executive Directors). The Remuneration & Nomination Committee is responsible for determining and reviewing compensation arrangements for the Directors, the Managing Director, and any Executives, and maintaining a Board that has an appropriate mix of skills and experience to be an effective decision-making body.

Details of the Remuneration & Nomination Committees Charter can be found at the Company's website www.minerals260.com.au.

Use of Remuneration consultants

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

Considering the tight labour market, the Remuneration Committee has sought some advice from external consultants in relation to remuneration benchmarking for Executives and Non-Executive Directors as well as the structure and design of incentive based remuneration. This did not involve providing the Remuneration & Nomination Committee with any remuneration recommendations as defined by the *Corporations Act 2001*. As a result, the Remuneration & Nomination Committee recommended changes as to the quantum and structure of KMP remuneration which became effective in July 2022.

(d) Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive and executive remuneration is separate and distinct.

Non-Executive Director remuneration

The Board recognises the importance of attracting and retaining talented non-executive Directors and aims to remunerate these Directors in line with fees paid to Directors of companies of a similar size and complexity in the mining and exploration industry. The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Company's Constitution and the ASX Listing Rules specify that the aggregate fees to be paid to non-executive directors for their role as a Director are to be approved by shareholders at a general meeting. On 18 August 2021, the Company approved an aggregate amount of fees up to $400,000 per year (including superannuation) payable to Non-Executive Directors.

The amount of total compensation apportioned amongst Directors is reviewed annually and the Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. The remuneration of non-executive directors consists of directors' fees, consulting fees (where applicable) and an entitlement to an additional fee of $5,000 (exclusive of statutory superannuation) per annum for members of the Audit & Risk Committee and Remuneration & Nomination Committee to recognise the additional time commitment required for those roles.

The Non-Executive Directors are not entitled to receive retirement benefits and, at the discretion of the Board, may participate in the Employee Securities Incentive Scheme ("Scheme") (refer below for further details of the Scheme), subject to approvals required by shareholders.

The Board considers it may be appropriate to issue options to Non-Executive Directors given the current nature of the Company as, until profits are generated, conservation of cash reserves remain a high priority. Any options issued to Directors will require separate shareholder approval.

Use of Non-Executive Directors as consultants

Apart from their duties as Directors, some Non-Executive Directors may undertake work for the Company on a consultancy basis pursuant to the terms of any consultancy services agreement. The nature of the consultancy work may vary depending on the expertise of the relevant Non-Executive Director. Under the terms of any consultancy agreements Non-Executive Directors would receive a daily rate or a monthly retainer for the work performed at a rate comparable to market rates that they would otherwise receive for their consultancy services.

During the year, no fees were paid to other Non-Executive Directors under consultancy services agreements.

Executive remuneration

The Company's executive remuneration strategy is designed to attract, motivate and retain high performance individuals and align the interests of executives and shareholders. Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed remuneration

Fixed remuneration is reviewed on an annual basis by the Remuneration & Nomination Committee and the Board and generally consists of a review of relevant comparative remuneration in the market and, where appropriate, external advice is sought on policies and practices.

Variable remuneration

Variable remuneration is reviewed on an annual basis by the Remuneration & Nomination Committee and the Board and generally consists of a review of relevant comparative remuneration in the market and, where appropriate, external advice is sought on policies and practices.

Short-term incentive schemes

The Company currently does not have any short term incentives in place however, it may issue equity securities (i.e., options, service rights or performance rights) under the Employee Securities Incentive Scheme ("Scheme") to attract, motivate and retain Directors, employees and consultants of the Company and to provide an opportunity to participate in the growth of the Company. The Scheme was adopted on 18 August 2021.

Under the Scheme, the Company can issue either share options or rights, and generally, the Company believes that the issue of share options or rights in the Company aligns the interests of Directors, employees and shareholders alike. In addition to vesting service periods, performance hurdles may be set on performance rights issued to Executives in certain circumstances. No performance hurdles are set on options issued to executives, other than vesting service periods in certain circumstances, however the Company believes that as options are issued at a price in excess of the Company's current share price at the date of issue of those options, there is an inherent performance hurdle as the share price of the Company's shares has to increase before any reward can accrue to the executive.

Short-term performance rights will vest to the extent the Board, using its discretion, determines that the short-term incentive criteria have been satisfied.

Long-term incentive Schemes

The Company may issue equity securities (i.e., options or performance rights) under the Employee Securities Incentive Scheme ("Scheme") to attract, motivate and retain Directors, employees and consultants of the Company and to provide an opportunity to participate in the growth of the Company. The Scheme was adopted on 18 August 2021.

Under the Scheme, the Company can issue either share options or rights, and generally, the Company believes that the issue of share options or rights in the Company aligns the interests of Directors, employees and shareholders alike. In addition to vesting service periods, performance hurdles may be set on performance rights issued to executives in certain circumstances.

Long-term performance rights will vest to the extent the Board, using its sole discretion, determines that the long-term incentive criteria have been satisfied.

Link between performance and executive remuneration

The focus of executive remuneration over the financial year was fixed remuneration and options under the Scheme (i.e., growing the value of Company as reflected through share price) which seeks to ensure that executive remuneration is appropriately aligned with the Business strategy and shareholder interests.

The Company currently has no formal performance related remuneration policy which governs the payment of annual cash bonuses upon meeting pre-determined performance targets. However, the Board may consider performance related remuneration in the form of cash or share based payments when they consider these to be warranted. There were no bonuses paid to or received by executives in the years ended 30 June 2022 and 30 June 2021.

(e) Remuneration of Key Management Personnel

The table below shows the fixed and variable remuneration for key management personnel.

2022	Short-term benefits		Post-employment benefits	Long term incentives	Total	Proportion of remuneration performance based
Directors	Salary & fees	Other amounts[3]	Superannuation	Options[4]		
	$	$	$	$	$	%
A Cipriano	58,871	4,426	5,887	406,500	475,684	85
D Richards	224,238	11,046	20,625	542,000	797,909	68
T Goyder	33,226	4,426	3,323	406,500	447,475	91
C Williams[1]	36,559	4,426	3,656	406,500	451,141	90
E Scotney[2]	30,000	4,426	3,000	186,750	224,176	83
Total	**382,894**	**28,750**	**36,491**	**1,948,250**	**2,396,385**	**-**

**Minerals 260 Ltd listed in October 2021. As such, salary & fees and superannuation amounts reflect the period October 21 to 30 June 22.*

[1] Mr Williams commenced as Non-Executive Director on 2 July 2021.

[2] Ms Scotney commenced as Non-Executive Director on 1 November 2021.

[3] Other amounts, where applicable, includes the cost to the Company of providing time off in lieu, annual leave, long service leave, fringe benefits and the attributable non-cash benefit applied by virtue of the Company's Directors and Officers Liability policy.

[4] The fair value of the options is calculated using a Black-Scholes valuation model and allocated to each reporting period starting from grantdate to vesting date.

(f) Key Management Personnel Shareholdings

The relevant interest of each of the key management personnel in the share capital of the Company was:

	Balance upon ASX listing	On exercise of options	Net Acquisitions/ (Disposals) [3]	Balance 30 June 2022
	No. shares	No. shares	No. shares	No. shares
Directors				
A Cipriano	1,752,268	-	-	1,752,268
D Richards	1,997,137	-	72,863	2,070,000
T Goyder	30,726,400	-	-	30,726,400
C Williams[1]	2,892,075	-	-	2,892,075
E Scotney[2]	7,767	-	-	7,767

[1] Mr Williams commenced as Non-Executive Director on 2 July 2021.

[2] Ms Scotney commenced as Non-Executive Director on 1 November 2021.

[3] Acquisitions/ Disposals refer to shares purchased and sold on the open market.

(g) Share based Payments

As outlined in the Remuneration Report, Directors, key employees and consultants may be eligible to participate in equity-based compensation schemes via the Employee Securities Incentive Plan ("Scheme").

Options

Under the terms and conditions of the Scheme, options issued allow the holder the right to subscribe to one fully paid ordinary share. Any option not exercised before expiry will lapse on the expiry date.

During the reporting period, 8,000,000 options were granted to Directors and other KMP and those options have been valued using the Black-Scholes option valuation method.

The following table lists the inputs to the model:

Option class:	Director MI6OPT	Director MI6OPT02
Grant and vesting date	1 October 2021	1 November 2021
Dividend yield	Nil	Nil
Expected volatility	100%	100%
Risk-free interest rate	0.195%	0.58%
Expected life of options (years)	3	3
Exercise price	$0.72	$0.69
Grant date share price	$0.50	$0.465
Expiry date	30 September 2024	31 October 2024
Number	6,500,000	750,000
Fair value at grant date	$0.271	$0.249

There are no participating rights or entitlements inherent in the options and the holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. All shares allotted upon the exercise of options will rank pari passu in all respect with other shares.

The below table shows a reconciliation of the number of options held by each KMP during the year:

2022	Balance 1 July 2021	Granted prior to ASX Quotation	Granted as remuneration	Grant date	Options Exercised	Balance 30 June 2022	Vested
	No.	No.	No.		No.	No.	%
Directors							
A Cipriano[3]	-	1,500,000	-	1/10/2021	-	1,500,000	100%
D Richards[3]	-	2,000,000	-	1/10/2021	-	2,000,000	100%
T Goyder[3]	-	1,500,000	-	1/10/2021	-	1,500,000	100%
C Williams[1][3]	-	1,500,000	-	1/10/2021	-	1,500,000	100%
E Scotney[2][3]	-	-	750,000	1/11/2021	-	750,000	100%

(1) Mr Williams commenced as Non-executive Director on 2 July 2021.

(2) Ms Scotney commenced as Non-executive Director on 1 November 2021.

(3) Options are subject to escrow to 12 October 2023.

(h) Employment Contracts

Remuneration arrangements for KMP are generally formalised in employment agreements. Details of these contracts are provided below.

Name and job title	Employment contract duration	Notice period	Termination provisions
D Richards (Managing Director)	Unlimited	3 months by the Company and employee	12 months in the event of a change of control event

(i) Other Transactions with Key Management Personnel

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Group during any given reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

The Group receives database management and field services from related parties of the Managing Director, Mr Richards. Amounts paid are on normal commercial terms. The total amount incurred during the period was $78,911 (2021: $Nil).

Liontown Resources Ltd, a Company of which Messrs Cipriano, Goyder and Williams are Directors and beneficial shareholders, was paid or is payable $1,434,266 (net of GST) (2021: $Nil) toward the IPO and for the provision of serviced office facilities, corporate, project and administration services as per a Shared Service Agreement ("SSA") for the 12 months period ended 30 June 2022. The amounts owed are payable in arrears, with no fixed term. The SSA can be terminated by either party with one month's notice. A total of $36,114 (including GST) is payable to and $31,967 (including GST) receivable from Liontown at the end of the reporting period.

Amounts payable to key management personnel at reporting date arising from related party transactions was $ Nil (30 June 2021: $ Nil). This is the end of the audited information.

16. Auditor's Independence Declaration

The auditor's independence declaration is set out on page 24 and forms part of the Directors' Report for the year ended 30 June 2022.

17. Corporate Governance

The Directors of the Group support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability.

Please refer to the Company website at http://www.minerals260.com.au/corporate-governance.

This report is made with a resolution of the Directors:

David Richards
Managing Director

Dated at Perth the 14th day of September 2022

Auditor's Independence Declaration

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Minerals 260 Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Perth, Western Australia	**D I Buckley**
14 September 2022	**Partner**

hlb.com.au

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Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $	2021 $
Continuing Operations			
Exploration and evaluation expenditure expensed	5(a)	(84,021,644)	-
Listing & IPO expenses		(517,910)	-
Corporate and administrative expenses	5(b)	(1,077,597)	(1,124)
Share based payments	8	(3,029,859)	-
Interest income		56,829	-
Loss before income tax		**(88,590,181)**	**(1,124)**
Income tax expense		-	-
Net loss after tax		**(88,590,181)**	**(1,124)**
Other comprehensive income/(loss), net of tax		-	-
Total comprehensive loss		**(88,590,181)**	**(1,124)**
Loss per share from operations	7		
Basic loss per share (dollar per share)		(0.54)	(1.12)
Diluted loss per share (dollar per share)		(0.54)	(1.12)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	2022 $	2021 $
Current assets			
Cash and cash equivalents	9	23,471,130	-
Trade and other receivables	10	94,294	1,000
Prepayments		8,771	-
Security deposits		50,000	-
Total current assets		**23,624,195**	**1,000**
Non-current assets			
Property, plant and equipment		105,475	-
Total non-current assets		**105,475**	**-**
Total assets		**23,729,670**	**1,000**
Current liabilities			
Trade and other payables	11	425,577	1,124
Employee benefits	12	84,350	-
Total current liabilities		**509,927**	**1,124**
Non-Current liabilities			
Employee benefits	12	59,363	-
Total non-current liabilities		**59,363**	**-**
Total liabilities		**569,290**	**1,124**
Net assets		**23,160,380**	**(124)**
Equity			
Share capital	13	108,721,826	1,000
Accumulated losses		(88,591,305)	(1,124)
Reserves	14	3,029,859	-
Total equity		**23,160,380**	**(124)**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Issued capital $	Accumulated losses $	Share based payments reserve $	Total equity $
Balance at Incorporation date 4 June 2021	**1,000**	**-**	**-**	**1,000**
Loss for the period	-	(1,124)	-	(1,124)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the period	**-**	**(1,124)**	**-**	**(1,124)**
Transactions with Owners in their capacity as Owners:				
Issue of shares (net of costs)	-	-	-	-
Share based payments	-	-	-	-
Balance at 30 June 2021	**1,000**	**(1,124)**	**-**	**(124)**
Balance at 1 July 2021	**1,000**	**(1,124)**	**-**	**(124)**
Loss for the period	**-**	(88,590,181)	**-**	(88,590,181)
Other comprehensive loss	-	-	-	**-**
Total comprehensive loss for the period	**-**	**(88,590,181)**	**-**	**(88,590,181)**
Transactions with Owners in their capacity as Owners:				
Issue of shares (net of costs)	108,720,826	-	-	108,720,826
Share based payments	-	-	3,029,859	3,029,859
Balance at 30 June 2022	**108,721,826**	**(88,591,305)**	**3,029,859**	**23,160,380**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	2022 $	2021 $
Cash flows from operating activities		
Cash paid to suppliers and employees	(852,225)	-
Payments for exploration and evaluation	(3,687,927)	-
Payments for IPO & ASX listing	(517,910)	-
Interest received	33,190	-
Interest paid	(766)	-
Security deposit paid	(50,000)	-
Net cash (used in) operating activities	**(5,075,638)**	**-**
Cash flows from investing activities		
Payments in relation to new tenements	(1,660)	-
Payments for plant and equipment	(100,365)	-
Net cash (used in) investing activities	**(102,025)**	**-**
Cash flows from financing activities		
Proceeds from issue of shares	30,000,000	-
Payments for share issue costs	(1,351,207)	-
Net cash from financing activities	**28,648,793**	**-**
Net increase in cash and cash equivalents	23,471,130	-
Effects of exchange rate fluctuations on cash held	-	-
Cash and cash equivalents at 1 July	-	-
Cash and cash equivalents at 30 June	**23,471,130**	**-**

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

BASIS OF PREPARATION

This section of the financial report sets out the Group's (being Minerals 260 Limited and its controlled entities) accounting policies that relate to the Consolidated Financial Statements as a whole. Where an accounting policy is specific to one Note, the policy is described in the Note to which it relates.

The Notes include information which is required to understand the Financial Statements and is material and relevant to the operations and the financial position and performance of the Group.

Information is considered relevant and material if:

- The amount is significant due to its size or nature
- The amount is important in understanding the results of the Group
- It helps to explain the impact of significant changes in the Group's business
- It relates to an aspect of the Group's operations that is important to its future performance.

1. CORPORATE INFORMATION

The consolidated financial report of Minerals 260 Limited for the year ended 30 June 2022 was authorised for issue on 14 September 2022.

Minerals 260 Limited (the 'Company' or 'Minerals 260') is a for-profit company limited by shares, whose shares are publicly traded on the ASX. The Company and its subsidiaries were incorporated and domiciled in Australia. Refer to note 16 for details of subsidiaries and country of incorporation. The registered office and principal place of business of the Company is Level 2, 1292 Hay Street, West Perth, WA 6005.

The nature of the operations and principal activities are disclosed in the Directors' Report.

2. REPORTING ENTITY

The Financial Statements are for the Group consisting of Minerals 260 Limited and its subsidiaries. A list of the Group's subsidiaries is provided at Note 16.

3. BASIS OF PREPARATION

These general purpose Financial Statements have been prepared in accordance with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

These Financial Statements have been prepared under the historical cost convention except where certain financial assets and liabilities are required to be measured at fair value.

(a) Basis of consolidation

Subsidiaries are all 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 deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

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

(b) Significant accounting judgements and key estimates

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Key estimates and assumptions may have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period.

Specific key estimates and assumptions are described in the relevant notes.

In preparing this report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2021, except for the impact of the new Standards and Interpretations effective 1 July 2021 as disclosed in note 3(e).

(c) Functional and Presentation currency

The functional and presentation currency of the Group is Australian dollars.

(d) Goods and Services Tax ('GST')

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australia Taxation Office ('ATO') is included as a current asset or liability in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Adoption of new and revised Accounting Standards

In the year ended 30 June 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. It has been determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company.

Standards and Interpretations in issue not yet effective

In the year ended 30 June 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations for future annual reporting periods. It has been determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company.

(f) Going concern

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

PERFORMANCE FOR THE YEAR

This section provides additional information about those individual line items in the consolidated statement of profit or loss and other comprehensive income that the Directors consider most relevant in the context of the operations of the entity.

4. SEGMENT REPORTING

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. The operating segments are identified by management based on the allocation of costs, whether they are corporate related costs or exploration and evaluation costs. Results of both segments are reported to the Board of Directors at each Board meeting.

	Exploration and Evaluation	Corporate	Total
	2022	2022	2022
	$	$	$
Exploration and evaluation expenditure expensed	(84,021,644)	-	(84,021,644)
Listing & IPO expenses	-	(517,910)	(517,910)
Corporate and administrative expenses	-	(1,077,597)	(1,077,597)
Share based payments	-	(3,029,859)	(3,029,859)
Net financing income	-	56,829	56,829
Loss before income tax	**(84,021,644)**	**(4,568,537)**	**(88,590,181)**

	2022	2021	2022	2021	2022	2021
	$	$	$	$	$	$
Segment assets	77,340	-	181,199	1,000	258,540	1,000
Unallocated assets					23,471,130	-
Total assets					**23,729,670**	**1,000**
Segment liabilities	322,728	-	246,562	1,124	569,290	1,124
Total Liabilities					**569,290**	**1,124**
Property Plant & Equipment Additions	82,051	-	29,820	-	111,871	-
Non Current Assets		-		-		-
Revenue		-		-		-

5. EXPENSES

(a) Corporate and administration expenses

Corporate and administrative expenses	2022 $
Depreciation and amortisation	(1,685)
Insurance	(34,726)
Legal fees	(10,913)
Office costs	(193,323)
Personnel expenses (5(b))	(579,848)
Promotions and investor relations	(46,653)
Conferences and travel	(43,308)
Regulatory and compliance	(161,437)
Business development	(5,828)
Other	124
	(1,077,597)

(b) Personnel expenses

Personnel expenses	2022 $
Directors' fees, wages and salaries to staff	(529,646)
Annual leave and long service leave	(50,203)
	(579,848)

(c) Exploration and evaluation expenditure

Exploration and evaluation expenditure	2022 $
Australia	
- Acquisition costs of project portfolio below*	(79,999,500)
- Moora	(2,714,431)
- Koojan	(1,090,960)
- Dingo Rocks	(184,871)
- Other	(31,882)
	(84,021,644)

*Minerals 260 Ltd acquired ERL (Aust) Pty Ltd for consideration of 159,999,000 shares at a fair value of $0.50 per share at the date control was obtained. This asset acquisition has been accounted for under AASB 2 Share Based Payments.

Accounting Policy

Costs incurred in the exploration and evaluation stages of specific areas are expensed in the consolidated statement of profit or loss and other comprehensive income as incurred. All exploration and evaluation expenditure, including general permit activity, geological and geophysical costs, project generation and drilling costs, are expensed as incurred. In addition, costs associated with acquiring interests in new exploration licences and study related costs are also expensed. Once the technical feasibility and commercial viability of extracting a mineral resource is demonstrable in respect to an area of interest, development expenditure is capitalised to the consolidated statement of financial position.

6. INCOME TAX

Numerical reconciliation between tax expense and pre-tax net loss:

	2022 $	2021 $
Loss before tax	(88,590,181)	(1,124)
Income tax benefit using the domestic corporation tax rate of 30% (2021: 26%)	(26,577,055)	(292)
Decrease in income tax benefit due to:		
Permanent Differences	24,885,152	-
Movement in Deferred Tax Assets not brought to account	481,845	-
Movement in losses forgone by Junior Minerals Exploration Incentive	1,210,058	-
Deferred Tax Assets/Liabilities transferred to Parent entity before tax	-	292
Income tax benefit on loss before tax	-	-

Income tax in the consolidated statement of profit or loss and other comprehensive income comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on all temporary differences at balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

Unrecognised deferred tax assets and liabilities for the Group are attributable to the following:

	2022 $	2021 $
Assets		
Deferred tax assets	905,355	-
	905,355	-
Liabilities		
Deferred tax liabilities	(39,907)	-
	(39,907)	-

Deferred tax liabilities have not been recognised in respect of these taxable temporary differences as the entity is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current and deferred amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own. The Company recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

7. LOSS PER SHARE

The calculation of basic loss per share at 30 June 2022 is based on the loss attributable to ordinary shareholders of the parent entity and a weighted average number of ordinary shares outstanding during the year ended 30 June 2022.

The weighted average number of ordinary shares outstanding during the financial years comprised the following:

	2022	2021
Loss attributable to ordinary shareholders for basic earnings	($88,590,181)	($1,124)
Weighted average number of ordinary shares on issue at the end of the year	163,123,543	1,000
Basic and diluted loss per share (dollars per share)	($0.54)	($1.12)

Diluted loss per share has not been shown as the impact from options and performance rights is anti-dilutive.

Accounting Policy

Basic earnings/loss per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/loss per share is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

SHARE BASED PAYMENTS

This section of the Notes includes information that must be disclosed to comply with accounting standards and other pronouncements relating to the provision of services and remuneration of employees and consultants of the Group, but that is not immediately related to individual line items in the Financial Statements.

8. SHARE BASED PAYMENTS

The total expenditure recognised in the consolidated statement of profit and loss and comprehensive income is $3,029,859 (2021: $ Nil).

	2022
Share Based Payments	**$**
Employee Securities Incentive Scheme	200,859
Other Share Based Payments	2,829,000
	3,029,859

Employee Securities Incentive Scheme ("EIS")

The Company provides benefits to employees (including Directors) in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The Company currently provides benefits under an Employee Securities Incentive Scheme ("Scheme"), as approved by Shareholder resolution on 18 August 2021.

Under the terms of the Scheme, the Board may offer equity securities (i.e. options, performance or service rights) at no consideration to full-time or part-time employees (including persons engaged under a consultancy agreement) and Executive and Non-Executive Directors.

Options issued under Employee Securities Incentive Scheme

Each option entitles the holder, on exercise, to one ordinary fully paid share in the Company. There is no issue price for the options. The exercise price for the options is such price as determined by the Board. An option may only be exercised after that option has vested and any other conditions imposed by the Board on exercise are satisfied. The Board may determine the vesting period, if any.

There are no voting or dividend rights attached to the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

The following EIS unlisted options were in place at the end of the year:

Series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $	Final Vesting date
MI6OPT03	1,650,000	04/03/2022	03/03/2025	0.75	0.296	01/07/24
MI6OPT04	250,000	15/03/2022	14/03/2025	0.715	0.264	01/07/24
TOTAL	**1,900,000**					

The number and weighted average exercise prices of EIS share options under the Scheme is as follows:

	Weighted average exercise price 2022 $	Number of options 2022
Outstanding at beginning of the year	-	-
Granted during the period	0.745	1,900,000
Exercised during the period	-	-
Lapsed/expired during the period	-	-
Outstanding at the end of the year	0.745	1,900,000
Exercisable at the end of the year	0.745	1,900,000

The weighted average contractual life remaining as at 30 June 2022 is 2.68 years (2021: Nil years).

The weighted average fair value of options granted during the year was $0.292 (2021: $Nil).

Non-market performance conditions are not taken into account in the grant date fair value measurement of the services received.

The fair value of the EIS options is estimated at the grant date using a Black Scholes option-pricing model taking into account the terms and conditions upon which the options were granted. Refer to the table below for weighted average inputs to the Black Scholes option-pricing model:

	2022
Share price at grant date (weighted average)	$0.533
Exercise price (weighted average)	$0.745
Expected volatility (weighted average)	100%
Expected life (weighted average years)	3
Vesting period (weighted average years)	2.32
Expected dividends	Nil
Risk-free interest rate (weighted average)	1.88%

Refer to the table below for inputs to the Black Scholes option-pricing model for EIS options granted during the year:

Series	MI6OPT03	MI6OPT04
Grant Date	04/03/2022	15/03/2022
Dividend yield (%)	-	-
Expected volatility (%)	100%	100%
Risk-free interest rate (%)	1.88%	1.88%
Expected life of option (years)	3	3
Exercise price (cents)	0.75	0.715
Grant date share price	0.54	0.49

Other Share Based Payments ("Non-EIS")

Options

During the financial year the company issued 10,500,000 (2021: nil) unlisted (Non-EIS) share options.

The Company issued 9,000,000 share options (MI6OPT) to the Minerals 260 and Liontown Directors as part of their remuneration and in consideration of the work undertaken on development of the Projects prior to the demerger. These options have an exercise price of $0.72, expire 30 September 2024 and are subject to 24 months escrow from 12 October 2021. The Company Secretary was issued 750,000 (MI6OPT01) on similar terms but are subject to 12 months escrow from 12 October 2021. On 1 November 2021 the Company issued 750,000 share options (MI6OPT02) to Ms Emma Scotney upon her appointment. These options have an exercise price of $0.69, expire 31 October 2024 and are subject to 24 months voluntary escrow from 12 October 2021.

Each option entitles the holder, on exercise, to one ordinary fully paid share in the Company. There is no issue price for the options. The exercise price for the options is determined by the Board. An option may only be exercised after that option has vested and any other conditions imposed by the Board on exercise are satisfied. The Board may determine the vesting period, if any.

There are no voting or dividend rights attached to the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

A summary of Non-EIS unlisted options in place at the end of the year is presented below:

Series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $	Final Vesting date
MI6OPT	9,000,000	01/10/21	30/09/24	0.72	0.271	01/10/21
MI6OPT01	750,000	01/10/21	30/09/24	0.72	0.271	01/10/21
MI6OPT02	750,000	01/11/21	31/10/24	0.69	0.249	01/11/21
TOTAL	**10,500,000**					

The number and weighted average exercise prices of Non-EIS options is as follows:

	Weighted average exercise price 2022 $	Number of options 2022
Outstanding at beginning of the year	-	-
Granted during the period	0.718	10,500,000
Exercised during the period	-	-
Outstanding at the end of the year	0.718	10,500,000
Exercisable at the end of the year*	0.718	10,500,000

*Subject to escrow periods noted above.

The weighted average contractual life remaining as at 30 June 2022 is 2.26 years (2021: Nil years).

Non-market performance conditions are not taken into account in the grant date fair value measurement of the services received.

The fair value of the Non-EIS options is estimated at the grant date using a Black Scholes option-pricing model taking into account the terms and conditions upon which the options were granted. Refer to the table below for weighted average inputs to the Black Scholes option-pricing model:

	2022
Share price at grant date (weighted average)	$0.498
Exercise price (weighted average)	$0.718
Expected volatility (weighted average)	100%
Expected life (weighted average years)	3
Vesting period (weighted average years)	-
Expected dividends	-
Risk-free interest rate (weighted average)	0.22%

Series	MI6OPT	MI6OPT01	MI6OPT02
Grant Date	01/10/21	01/10/21	01/11/21
Dividend yield (%)	-	-	-
Expected volatility (%)	100%	100%	100%
Risk-free interest rate (%)	0.195%	0.195%	0.58%
Expected life of option (years)	3	3	3
Exercise price (cents)	0.72	0.72	0.69
Grant date share price	0.50	0.50	0.465

Accounting Policy

The cost of equity-settled transactions with Employees, Directors and those providing similar services is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, account is taken of any performance conditions, conditions linked to the price of the shares of the Company ('market conditions') and non-market conditions. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

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

(i) the extent to which the vesting period has expired; and
(ii) the number of awards that, in the opinion of the Directors, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

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

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

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

The dilutive effect, if any, of outstanding options and rights is reflected as additional share dilution in the computation of earnings per share.

Significant accounting judgements and key estimates

The Group measures the cost of equity-settled share based payments at fair value at the grant date using a Black Scholes option-pricing model or another appropriate valuation methodology taking into account the terms and conditions upon which the instruments were granted and the assumptions outlined in this Note.

The expected life of the share based payments is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The accounting estimates and assumptions relating to equity-settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

ASSETS

This section provides additional information about those individual line items in the consolidated statement of financial position that the Directors consider most relevant in the context of the operations of the entity.

9. CASH AND CASH EQUIVALENTS

	2022 $	2021 $
Cash at bank	3,462,596	-
Cash on Term Deposit	20,008,534	-
	23,471,130	-

Reconciliation of loss after income tax to net cash flows from operating activities:

	2022 $	2021 $
Loss for the period	(88,590,181)	(1,124)
Acquisition costs of ERL expensed	79,999,500	-
Share based payments	3,029,859	-
Depreciation and amortisation – Corporate and Exploration	6,395	-
Tenement application fees	1,660	-
Other	(124)	-
	(5,552,891)	(1,124)
Changes in operating assets and liabilities:		
(Increase) in trade and other receivables	(80,531)	-
Increase/(decrease) in trade and other payables	447,085	1,124
Increase in provisions	110,699	-
Net operating cash flows	(5,075,638)	-

Accounting Policy

Cash and cash equivalents comprise cash balances and term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. The carrying value of cash and cash equivalents is considered to approximate fair value.

10. TRADE AND OTHER RECEIVABLES

Current	2022 $	2021 $
Trade Debtors	28,400	1,000
GST Receivables	42,255	-
Interest Accrued	23,639	-
	94,294	1,000

There was no expected credit loss at balance date.

Accounting Policy

Trade and other receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method, less any expected credit loss. Trade receivables are generally due for settlement within periods ranging from 30 to 60 days. Any expected credit loss is provided for.

EQUITY AND LIABILITIES

11. TRADE AND OTHER PAYABLES

	2022 $	2021 $
Trade payables	204,672	1,124
Accrued expenses	217,584	-
GST liability	3,321	-
	425,577	1,124

Accounting Policy

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

12. EMPLOYEE BENEFITS

	2022 $	2021 $
Current		
Annual leave entitlements	51,336	-
PAYG obligations	33,014	-
	84,350	-
Non-Current		
Provision for long service leave	59,363	-
	59,363	-

Accounting Policy

Liabilities for employee benefits for annual leave and other current entitlements represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date, including related on-costs.

The Group's obligation in respect of long-term employee benefits such as long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value using corresponding government bond yields as a discount rate.

13. CAPITAL AND CAPITAL MANAGEMENT

Ordinary shares on issue:

	12 months to 30 June 22		Year to 30 Jun 21	
	No.	$	No.	$
On issue at the beginning of the year	1,000	1,000	-	-
Issued on Incorporation[1]	-	-	1,000	1,000
Issue of shares to acquire ERL (Aust) Pty Ltd	159,999,000	79,999,500	-	-
Issue of shares in IPO	60,000,000	30,000,000	-	-
Less share issue costs	-	(1,278,674)	-	-
Movement during the period	**219,999,000**	**108,720,826**	**1,000**	**1,000**
Balance at end of period	**220,000,000**	**108,721,826**	**1,000**	**1,000**

[2] *Minerals 260 Limited was incorporated on 4 June 2021.*

Accounting Policy

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

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

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

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders.

14. RESERVES

Nature and purpose of reserves:

Share based payments

	2022 $
Balance at beginning of the financial year	-
Share based payments expensed during the year	3,029,859
	3,029,859

The share based payments reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration and other parties as part of their compensation for services. Refer to note 8 for further details of share based payment plans.

FINANCIAL INSTRUMENTS

15. FINANCIAL INSTRUMENTS

(a) Capital risk management

The capital structure of the Group consists of equity attributable to equity holders, comprising issued capital, reserves and accumulated losses as disclosed in notes 13 and 14, and in the consolidated statement of financial position.

The Board reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues as well as the issue of debt (where appropriate), if the need arises.

(b) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, equity prices and interest rates will affect the Group's income or value of its holdings of financial instruments.

The Group currently has exposure to both equity price risk and interest rate risk. The Board reviews the exposure to these risks on a regular basis to ensure that the Group is not adversely affected by movements in these exposures.

(c) Foreign exchange rate risk

The Group undertakes certain transactions denominated in foreign currencies, hence has exposure to exchange rate fluctuations. The Group does not currently hedge this exposure. The Group currently has no significant exposure to foreign exchange rates.

(d) Interest rate risk

Interest rate risk is the risk that changes in bank deposit rates affect the consolidated entity's income and future cash flow from interest income. The exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	Interest maturing in:					
2022	<1 year $	1-5 years $	Floating interest $	Non-interest bearing $	Total $	Weighted average interest rate %
Financial assets						
Bank balances	20,008,534	-	3,399,890	62,706	23,471,130	1.01
Trade and other receivables	-	-	-	94,294	94,294	-
Prepayments	-	-	-	8,771	8,771	-
Security deposits	50,000	-	-	-	50,000	0.57

2022	Interest maturing in: <1 year $	1-5 years $	Floating interest $	Non-interest bearing $	Total $	Weighted average interest rate %
Financial liabilities						
Trade and other payables	-	-	-	(425,577)	(425,577)	-

2021	Interest maturing in: <1 year $	1-5 years $	Floating interest $	Non-interest bearing $	Total $	Weighted average interest rate %
Financial assets						
Net financial receivables	-	-	-	(124)	(124)	-

A change of 100 basis points in interest rates (other than where a decrease would result in negative interest rates) on bank balances and term deposits over the reporting period would have reduced the Group's loss by $267,356 (2021: $Nil) and increased the Group's loss by $51,912 (2021: $Nil).

(e) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations., The consolidated entity's exposure to credit risk is not significant and currently arises principally from sundry receivables which represent an insignificant proportion of the Group's activities and cash and cash equivalents.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the notes to the financial statements.

(f) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board actively monitors the Group's ability to pay its debts as and when they fall due by regularly reviewing the current and forecast cash position based on the expected future activities.

The Group has non-derivative financial liabilities which include trade and other payables of $425,577 (2021: $1,124) all of which are due within 60 days.

(g) Net fair values of financial instruments

The carrying amount of all financial assets and liabilities approximate their net fair values.

GROUP COMPOSITION

This section of the Notes includes information that must be disclosed to comply with accounting standards and other pronouncements relating to the structure of the Group, but that is not immediately related to individual line items in the Financial Statements.

16. LIST OF SUBSIDIARIES

	Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Parent entity			
Minerals 260 Limited [(1)]	Australia		
Subsidiaries			
ERL (Aust) Pty Ltd [(2)]	Australia	100%	-

[(1)] *Incorporated on 4 June 2021 as part of the Liontown Resources Ltd Group. Liontown Resources Ltd shareholders approved the demerger of Minerals 260 Ltd on 22 September 2021.*

[(2)] *ERL (Aust) Pty Ltd became a subsidiary of Minerals 260 Ltd on 22 September 2021 after the successful demerger of Minerals 260 Ltd from the Liontown Resources Ltd Group.*

17. PARENT ENTITY INFORMATION

The financial information for the parent entity, Minerals 260 Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries are accounted for at cost less impairment in the parent entity's financial statements.

	2022 $	2021 $
Statement of profit or loss and other comprehensive income		
Loss for the year	(84,568,038)	(1,124)
Total comprehensive loss	(84,568,038)	(1,124)
Statement of financial position		
Assets		
Current assets	23,624,195	1,000
Non-current assets	3,941,435	-
Total assets	27,565,630	1,000
Liabilities		
Current liabilities	323,743	1,124
Non-current liabilities	59,363	-
Total liabilities	383,106	1,124
Net assets	27,182,524	(124)
Equity		
Share capital	108,721,826	1,000
Reserves	3,029,859	-
Accumulated losses	(84,569,161)	(1,124)
Total equity	27,182,524	(124)

OTHER INFORMATION

This section of the Notes includes other information that must be disclosed to comply with accounting standards and other pronouncements, but that is not immediately related to individual line items in the Financial Statements.

18. CONTINGENT ASSETS AND LIABILITIES

For the year ended 30 June 2022, there are no contingent assets (30 June 2021: $ Nil).

For the year ended 30 June 2022, there were no contingent liabilities (30 June 2021: $ Nil).

19. REMUNERATION OF AUDITORS

Audit and review services	2022 $	2021 $
HLB Mann Judd – 2022 Audit and Half Year Review of Minerals 260 Ltd	29,000	-
HLB Mann Judd – Audits of Minerals 260 Ltd & its subsidiaries for the purposes of the Minerals 260 Ltd Prospectus	17,170	-
HLB Mann Judd – Independent Limited Assurance Repo–t - Prospectus	10,100	-
HLB Mann Judd – Review of Quarterly Cashflow	910	-
	57,180	-

20. COMMITMENTS

In order to maintain current rights of tenure to exploration tenements the Group, together with its joint venture partners, is required to perform exploration work to meet the minimum expenditure requirements specified by various State governments. These amounts are subject to negotiation when application for a lease application and renewal is made and at other times. The approximate minimum level of expenditure to retain current tenements which are not provided for in the consolidated financial statements are detailed below:

	2022 $
Within 1 year	666,000
2-5 years	2,425,200
	3,091,200

In relation to the commitment expenditure above:

- Only granted exploration leases have been accounted for, those in application have not.
- The Koojan Project JV minimum expenditure commitment of $500,000 was achieved in March 2022. Minerals 260 continues to commit costs to progress toward its initial Joint Venture interest of 30% by spending up to $1,500,000 and has the option to increase to 51% ownership should it elect to and spend a further $2,500,000.

To the extent that expenditure commitments are not met, tenement areas may be reduced, and other arrangements made in negotiation with the relevant State and Territory government departments on renewal of tenements to defer expenditure commitments or partially exempt the Company.

21. RELATED PARTY TRANSACTIONS

(a) Key management personnel

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Directors

- A Cipriano
- D Richards
- T Goyder
- C Williams
- E Scotney (appointed as Non Executive Director on 1 November 2021)

The key management personnel compensation is as follows:

	2022 $
Short-term employee benefits	411,644
Post-employment benefits	36,491
Share based payments	1,948,250
	2,396,385

(b) Loans made to key management personnel and related parties

No loans were made to key management personnel and their related parties.

(c) Other transactions with key management personnel

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The Group receives database management and field services from related parties of the Managing Director, Mr Richards. Amounts paid are on normal commercial terms. The total amount incurred during the period was $78,911 (2021: $ Nil).

Liontown Resources Ltd, a Company of which Messrs Cipriano, Goyder and Williams are Directors and beneficial shareholders, was paid or is payable $1,434,266 (net of GST) (2021: $ nil) toward the IPO of the Company and for the provision of serviced office facilities, corporate and administration services as per a Shared Service Agreement ("SSA") for the period ended 30 June 2022. The amounts owed are payable in arrears, with no fixed term. The SSA can be terminated by either party with one month's notice. A total of $36,114 (including GST) is payable to and $31,967 (including GST) receivable from Liontown at the end of the reporting period.

Amounts payable to key management personnel at reporting date arising from related party transactions was $ Nil (2021: $ Nil).

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

	2022 $
Corporate service charge and provision of KMP services	1,434,266
Database management and field services	78,911
	1,513,177

22. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 4 July 2022 the Company announced the issue of 150,000 unlisted options exercisable at $0.355 and expiring on 30 June 2025 subject to certain vesting conditions relating to period of service. The options were issued in accordance with the Company's Employee Securities Incentive Scheme.

On 11 July 2022 the Company announced it had intersected 13m at 3.3gpt gold from RC drilling at the Zest prospect, part of the 100%-owned Moora Project in WA. The intersection is 55m down dip from the initial discovery of 12m at 2.0gpt gold and 1.4% Copper (released 19 April 2022) and remains open along strike and down dip.

On 2 September 2022, Mr Williams announced his intention to retire from the Minerals 260 Ltd Board at the 2022 Annual General Meeting.

No other matters or circumstances have arisen since 30 June 2022 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Minerals 260 Limited ('the Company'):

   (a) the financial statements, notes and additional disclosures of the Group are in accordance with the *Corporations Act 2001* including:

      i. giving a true and fair view of the financial position of the Group as at 30 June 2022 and of its performance for the year then ended; and

      ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

   (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; and

   (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.

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

David Richards

David Richards

Managing Director

Dated this 14th day of September 2022

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT
To the Members of Minerals 260 Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Minerals 260 Limited ("the Company") and its controlled entities ("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:

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

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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.

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HLB MANN JUDD
ADVISORY AND ACCOUNTING

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Accounting treatment of the acquisition of ERL Pty Ltd Note 5(c)	
The acquisition of ERL Pty Ltd has been treated as an asset acquisition under AASB 2 *Share-based Payment* principles. Our audit focussed on the accounting treatment of the acquisition of ERL Pty Ltd in accordance with the Group's accounting policy for asset acquisitions and exploration and evaluation, as the transaction is material to the financial statements.	Our procedures included but were not limited to: – Obtained an understanding of the transaction through analysis of the Demerger Implementation Deed; – Ensured the Group had appropriately recognised the transaction under AASB 2; and – Assessed the adequacy of disclosures in respect of the transaction.

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

HLB MANN JUDD
ADVISORY AND ACCOUNTING

Auditor's Responsibilities for the Audit of the Financial Report

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

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.

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, related safeguards.

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.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Minerals 260 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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D Buckley

D I Buckley
Partner

Perth, Western Australia
14 September 2022

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report applicable as at 1 September 2022 is set out below.

Shareholdings

Substantial shareholders

The number of shares held by substantial shareholders and their associated interests were:

Shareholder	Number of ordinary shares held	Percentage of capital held %
Mr Timothy Goyder	30,726,400	13.97

Voting Rights

With reference to article 6.8 of the Companies constitution:

"Subject to the Companies Constitution, the Corporations Act, article 6.17 and any rules prescribed by the Directors pursuant to article 6.15 and to any rights or restrictions for the time being attached to any class or classes of shares:

(a) on a show of hands, each Member present in person and each other person present as proxy, attorney or Representative of a Member has one vote; and

(b) on a poll:

  i. each Member present in person has one vote for each fully paid share held by the Member;

  ii. each person present as proxy, attorney or Representative of a Member has one vote for each fully paid share held by the Member that the person represents; and

  iii. each Member who has duly lodged a valid direct vote in respect of the relevant resolution under article 6.15 has one vote for each fully paid share held by the Member.

A Member is not entitled to vote at a general meeting in respect of shares which are the subject of a current Restriction Deed for so long as any breach of that agreement by the Member subsists."

Restricted Securities

There are no restricted ordinary shares on issue.

A total of 750,000 unlisted options are subject to escrow until 12 October 2022 and a total of 9,750,000 unlisted options are subject to escrow (voluntary or otherwise) until 12 October 2023.

On-Market Buy-Back

There are no current on-market buy-back of securities.

Distribution of equity security holders

Distribution	Number of Shareholders	Number of Shares	% of Shares
1 – 1,000	488	167,013	0.08
1,001 – 5,000	2,717	7,057,898	3.20
5,001 – 10,000	1,078	7,933,262	3.61
10,001 – 100,000	1,735	53,839,619	24.47
100,001 and over	326	151,002,208	68.64
Total	**6,344**	**220,000,000**	**100.00**

The Company has 12,550,000 unlisted options, 2,050,000 were issued under the Employee Securities Incentive Scheme. No one holder owns greater than 20% of the unlisted options.

Marketable Parcel

The number of shareholders holding less than a marketable parcel was 1,204.

TWENTY LARGEST ORDINARY FULLY PAID SHAREHOLDERS

Name	Number of ordinary shares held	Percentage of capital held %
MR TIMOTHY RUPERT BARR GOYDER	30,726,400	13.97%
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	7,717,591	3.51%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,169,004	2.35%
GKCF SUPER PTY LTD <GRAHAM KLUCK DRILLI S/F A/C>	3,942,233	1.79%
MR CRAIG R WILLIAMS	2,892,075	1.31%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,460,746	1.12%
THE UNIVERSAL ZONE PTY LTD <KLUCK PROPERTY A/C>	2,440,165	1.11%
CLEMENT PTY LTD <D&M GOYDER FAMILY S/FUND A/C>	2,238,618	1.02%
BNP PARIBAS NOMS PTY LTD <DRP>	2,111,696	0.96%
MR DAVID ROSS RICHARDS	2,070,000	0.94%
CITICORP NOMINEES PTY LIMITED	2,017,224	0.92%
LUJETA PTY LTD <MARGARET A/C>	1,782,798	0.81%
MR ANTHONY CIPRIANO	1,752,268	0.80%
ZIZIPHUS PTY LTD	1,565,457	0.71%
MR DAVID JOHN BARR GOYDER <THE BARR FAMILY A/C>	1,544,596	0.70%
MR MARIO GIOSUE FRANCO & MRS IMMACOLATA FRANCO & MR MICHAEL FRANCO <MARIO FRANCO SUPER FUND A/C>	1,275,000	0.58%
GREMLYN PTY LTD <GREMLYN SUPER FUND A/C>	1,200,000	0.55%
KENMA INVESTMENT ADVISORS PTY LIMITED <KENMA SUPER FUND A/C>	1,129,093	0.51%
MRS ELIZABETH JANE SODERHOLM & MR THOMAS EGAN SODERHOLM	1,078,339	0.49%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	1,069,880	0.49%
Total Top 20	**76,183,183**	**34.63**
Others	143,816,817	65.37
Total	**220,000,000**	**100.00**

Corporate Governance Statement

Minerals 260 has adopted a Corporate Governance Manual which forms the basis of a comprehensive system of control and accountability for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

In establishing the Company's corporate governance framework, to the extent they are applicable to the Company, the Board has referred to the recommendations set out in the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 4th Edition'.

The Company's Corporate Governance Statement 2022, which explains how Minerals 260 complies with the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 4th Edition' in relation to the year ended 30 June 2022, is available in the Corporate Governance section of the Company's website, http://www.minerals260.com.au/corporate-governance and will be lodged with ASX together with an Appendix 4G at the same time that this Annual Report is lodged with ASX.

COMPETENT PERSONS STATEMENTS

The Information in this Report that relates to Exploration Results is extracted from:

- *Minerals 260 Limited ASX announcement titled "Multiple gold zones intersected at Moora" released on 3 February 2022;*
- *Minerals 260 Limited ASX announcement titled "Wide Copper-Gold Zone Confirmed at Moora" released on 4 March 2022;*
- *Minerals 260 Limited ASX announcement titled "Second significant copper-gold zone discovered at Moora" released on 19 April 2022; and*
- *Minerals 260 Limited ASX announcement titled "Outstanding new intercept of 13m @ 3.3g/t gold at Moora"; and*
- *the Minerals 260 Limited Prospectus dated 19 August 2021*

which are available on www.minerals260.com.au

and

- *Liontown Resources Limited ASX announcement titled "Strong PGE and gold anomalism confirmed at the Koojan JV Project, WA" released on 14 July 2021*

which is available on www.ltresources.com.au

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates or production targets or forecast financial information derived from a production target (as applicable) in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Forward Looking Statement

This announcement contains forward-looking statements which involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

TENEMENT SCHEDULE

The following tenement information is provided in accordance with ASX Listing Rule 5.20 (a) and represents those tenements held directly or beneficially by the Company.

Country	Project	Tenement No.	Registered Holder	Nature of interests
Australia	Moora	E70/5217	ERL (Aust) Pty Ltd	100%
		E70/5286		
		E70/5287		
	Koojan JV	E70/5312	Coobaloo Minerals Pty Ltd	0% - right to earn 51% secured by JV Agreement
		E70/5337		
		E70/5429		
		E70/5450		
		E70/5515		
		P70/1743		
	Dingo Rocks	E63/2070	ERL (Aust) Pty Ltd	100%
	Yalwest	E59/2541	ERL (Aust) Pty Ltd	100%
		E59/2604		
	Willow Well	E57/1211	ERL (Aust) Pty Ltd	0% - Pending Application

Minerals 260

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