

ASX Release

30 September 2022

Annual Report 2022

Attached is the Annual Report for the year ended 30 June 2022 of Resources & Energy Group Limited.

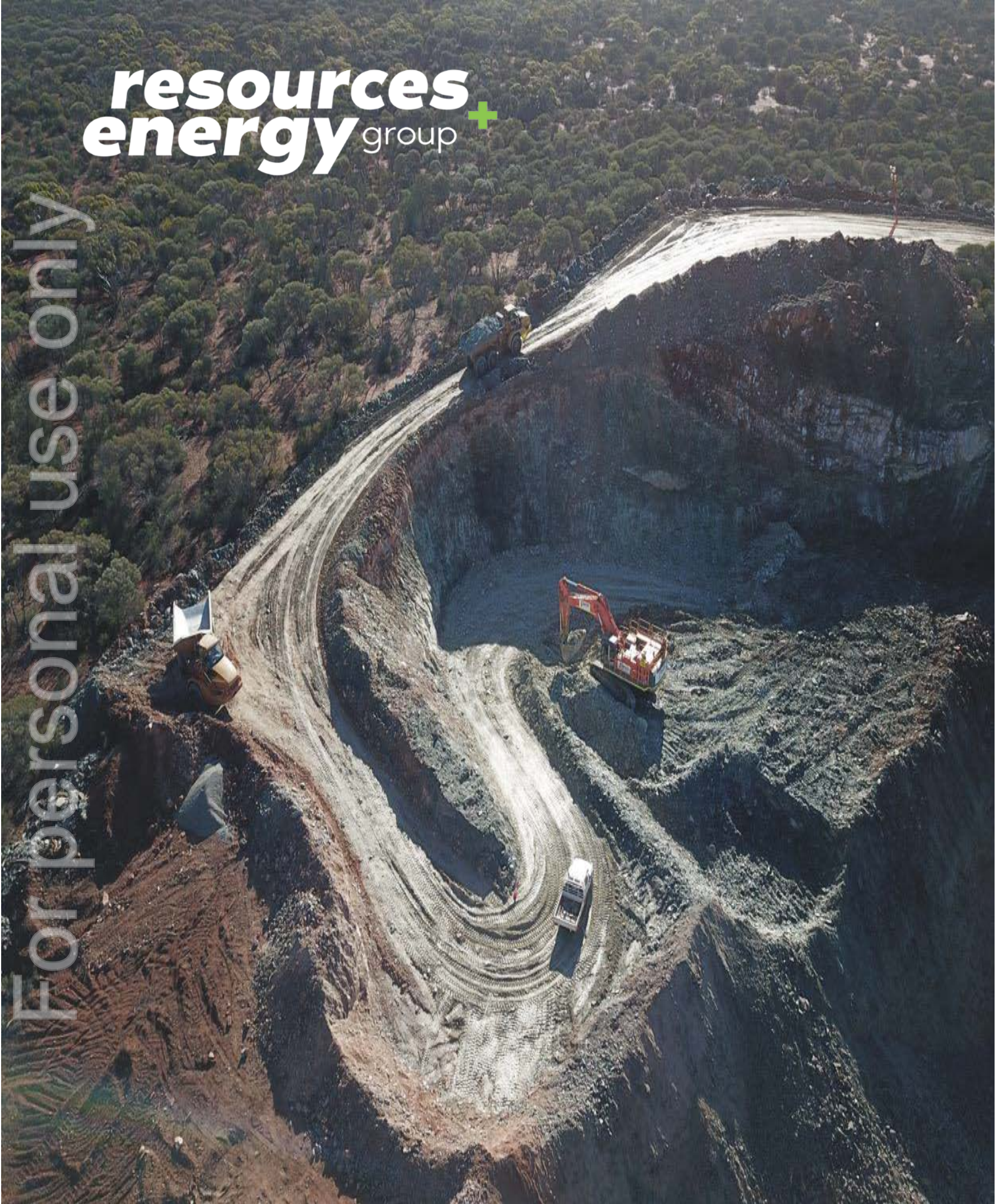
Authorised for release by the Board.



Warren Kember
Company Secretary

Investor enquiries:

Richard Poole
Executive Director
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Business Objective

Resources and Energy Group Limited (ASX:REZ) is an independent, ASX-listed mineral resources explorer, developer and producer, holding mining leases in Western Australia and Queensland. REZ aims to develop a portfolio of mining tenements through to production. REZ is currently focused on the development of the flagship East Menzies Gold Project (EMGP) 130km north of Kalgoorlie in Western Australia. EMGP represents a +100km² package of contiguous mining, exploration, and prospecting licenses, which are located within a significant orogenic lode gold province.

In Queensland, the company has a 12km² Mineral Development Licence over the Mount Mackenzie Mineral Resource and retains a further 15km² as an Exploration Permit. These Development and Exploration Licences are in the Connors-Auburn Arc and are prospective for high, intermediate, and

Cover photo

Mining operations at Granny Venn in the East Menzies Gold Project

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Corporate Directory

Directors

Gavin Rezos
Richard Poole
J Daniel Moore

Company Secretary

Warren Kember

Share Registry

Automic Group
Level 5, 126 Phillip St,
Sydney, NSW 2000
Telephone 1300 288 664/(02) 9698 5414
Email: hello@automicgroup.com.au

Auditor

RSM Australia Partners
Level 13, 60 Castlereagh Street
Sydney, NSW 2000

Stock Exchange Listing

Resources & Energy Group Limited's fully paid ordinary shares are listed on the Australian Securities Exchange (ASX:REZ)

Registered Office

Level 33 Colonial Centre
52 Martin Place
Sydney, NSW 2000

Telephone +(612) 9227 8900
Facsimile +(612) 9227 8901

ABN: 12 110 005 822

Web site: www.rezgroup.com.au

Solicitor

Steinepreis Paganin
Level 4, 16 Milligan Street
Perth, WA 6000

Bankers

National Australia Bank
255 George Street
Sydney, NSW 2000

Directors' Report

The directors present their report together with the annual Financial Report of Resources & Energy Group Limited (Company) and its controlled entities (the Group or consolidated entity) for the year ended 30 June 2022 and the Independent Audit Report thereon.

Directors

The details of directors of the Company at any time during or since the end of the financial year to the date of this report are set out below.

Names, qualifications, experience and special responsibilities

Mr Gavin Rezos

Bachelor of Laws, LLB, BA

Chairman, non-executive director, independent

Appointed: 22 April 2016

Completed years of service: 6 years

Mr Rezos has extensive Australian and international investment banking experience and is a former investment banking Director of HSBC Group with regional roles during his career in London, Sydney and Dubai. Mr Rezos has held CEO or directorship roles of companies in the technology and resources sectors in Australia, the UK and the US and was formerly Chairman of Alexium International Group Limited, a non-executive director Iluka Resources Limited and of Rowing Australia. He is currently Chairman of Vulcan Energy Resources Limited and principal of Viaticus Capital.

Non-executive director positions held during the past 3 years: Vulcan Energy Resources Limited.

Mr Richard Poole

Bachelor of Laws, Bachelor of Commerce, LLB, ASIA

Director and Chief Executive Officer, non-independent

Appointed: 12 July 2004

Completed years of service: 17 years

Mr Poole commenced his career as a lawyer specialising in mergers and acquisitions. He left the law in 1990 to build a research and development operation with operations in Japan, USA and Australia and added a manufacturing company in China in 1994. He successfully built the R&D company from its early stages to a public listed vehicle raising the necessary capital up to his departure in 1999. Since 1999 he has continued his involvement in fund raising and the development of companies. He is a principal of Arthur Phillip Pty Limited a corporate advisory firm providing investment services and he is an experienced corporate advisor and entrepreneur.

Mr J Daniel Moore

Director, independent

Appointed: 14 July 2021

Completed years of service: 1 year

Mr Moore has extensive experience working with emerging companies in natural resources. He has been involved with Resource & Energy Group's East Menzies Goldfields since 2013 when it was first listed on the ASX. Daniel is currently a Director of Marquee Resources (ASX: MQR) and a founder of Koch Metals and Centenario Lithium. Previously he held Non-Executive Director roles at iCollege (ASX: ICT), Coronado Resources now Race Oncology (ASX: RAC) and Stratum Metals now Locality Planning Energy (ASX: LPE).

Directors' Report

Company Secretary

Mr Warren Kember

Bachelor of Commerce, MBA, Dip Applied Finance

Chief Financial Officer and Company Secretary

Completed years of service: 6 years

Mr Kember is the Chief Financial Officer and Company Secretary of the Group and is responsible for directing all financial, legal and risk management. Mr Kember has significant experience in executive finance having served as Chief Financial Officer for a number of ASX listed companies in the construction, mining and technology sectors.

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of the Company were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Mr Gavin Rezos	15,258,700	8,000,000
Mr Richard Poole	67,987,302	8,000,000
Mr J Daniel Moore	12,000,000	5,000,000

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director were as follows:

	Directors' meetings	
	Eligible to attend	Attended
Mr Gavin Rezos	8	8
Mr Richard Poole	8	8
Mr J Daniel Moore	8	8

Dividends

No dividends have been paid or declared since the end of the previous financial year, nor do the directors recommend the declaration of a dividend (2020: Nil).

Principal Activities

The principal activities of the Group are to explore and develop suitable mineral deposits, including gold and silver.

The Group had 3 employees at 30 June 2022 (2021: 4 employees).

Directors' Report

Operating Results for the Year

Financial results

The profit after tax of the Group for the year ended 30 June 2022 was \$162,157 (2021: Loss \$1,472,288). The result included other income of \$3,353,130 being the Group's 50% share of the net operating profit from an agreement with a contracting entity for the extraction and sale of gold from the East Menzies Project.

Mount Mackenzie

The Mount Mackenzie Gold Project is located 150km north west of Rockhampton, Queensland. The project includes a 28.4km² tenement package held by the Group.

Located within the Connors Magmatic Arc of the New England Fold Belt region, the broader area has produced over 50 million ounces of gold and large amounts of copper and silver. The region is acknowledged as the largest high sulphuration epithermal systems in Eastern Australia, comparable with those associated with major gold-copper porphyry systems around the world.

During the financial year further exploration work resulted in the upgrading and expanding the JORC Resource to 3.42Mt at 1.18gpt gold and 9.0gpt silver for a total of 129 oz gold and 862 oz silver. The Group released an updated scoping study confirming a potential low-cost gold project, generating 43,000 ounces of gold with a possible \$54 million in earnings before interest, tax, depreciation and amortisation from a \$13 million capital investment.

The scoping study investigated a range of production and processing options and identifies a 300,000 tonnes per annum open cut development with an onsite gold plant as the most appropriate case for the progression of the project to Feasibility Study. The processing plant is proposed to be a low-cost modular crushing, grinding and CIL circuit.

An evaluation of MMGP indicates it would be a technically low risk operation supported by strong economic performance. The scoping study has also identified opportunity for a staged increase in plant capacity to 500,000 tonnes per annum, and introducing a flotation circuit for recovery of a gold concentrate from the treatment of primary ore. This option requires further investigation but has potential to recover a larger part of the primary resource than currently envisaged.

A mineral development licence has been formally granted over the entire MMGP area, which encompasses the current project area and all land required for its development.

Planning work associated with a program of diamond and reverse circulation drilling at Mount Mackenzie has also been prepared to test weathering limits and the extent of primary mineralisation beneath the North Knoll and SW Slopes prospects. Exploration planning associated with testing mineralisation associated with the Clive Creek prospects (Quinine Gully and Sphinx) has also been completed.

East Menzies

The East Menzies Gold Project is located 130km north of Kalgoorlie, with a collective surface area of 103km² and consists of over 50 tenements, a mixture of mining leases, mining lease applications, prospecting leases and prospecting lease applications. These mining and exploration instruments are host to a 20km continuous strike of a mineralised Greenstone Belt, including the Springfield Venn Gold Corridor, and the Goodenough Syncline.

Since acquisition, a total of 194 soil samples have been collected from a number of tenements for mobile metal ion analysis which were subject to assay analysis. Work on compiling and evaluating historical exploration data has commenced, and the Company is in the process of assembling a complete data base representing all historical and recent exploration data. The database includes data from 13,895 holes, 17,090 geochemical samples and 97,502 assay intervals.

Directors' Report

An analysis of the drilling data acquired has highlighted the overall shallow tenor of previous exploration. This historical approach to drilling shallow drill holes has highlighted areas of near surface mineralisation, however, there still remains significant exploration potential for further discoveries at depth and within areas that have yet to be drill tested. A review of the open file multi element geochemical data as well as information contained within the project databases, has revealed large coincident gold, arsenic, lead and sulphur anomalies within the Menzies tenement package. Many of these have never been followed up by modern drilling. The geochemical samples when incorporated into the database show areas that have known gold deposits, such as Granny Venn-Caesar which has a very consistent and focused gold-in-soil response.

All historical projects within the Menzies region were imported into a 3D geology program and their data validated to identify missing data and data errors. The projects include Granny Venn, Caesar, Jenny Venn, Goodenough, Maranoa and Gigante Grande as well as many other smaller prospects. Each of the projects have had drilling planned to extend the known mineralisation down dip and or along strike.

During the financial year the Granny Venn Cutback venture (GVCB) was completed. The GVCB was the first mining operations to take place at the Granny Venn site since 1998. The production target forecast by the Company was exceeded with the recovery of 126kt of ore with an estimated head grade of 2.37gt/au for 9,532 oz being recovered. In late June the Company received its share of the net operating profit from the project, and a total of \$3.35 million was recorded as other income.

Tenements

Tenements held by the Group as of 30 June 2022 were as follows.

State	Project	Number	Status	REZ beneficial ownership	Expiry
Queensland	Mt Mackenzie	MDL2008	Live	100.00%	31 Oct 2024
Queensland	Mt Mackenzie	EPM10006	Live	100.00%	28 Mar 2023
Western Australia	Menzies	M29/0141	Live	100.00%	31 Jul 2033
Western Australia	Menzies	M29/0189	Live	100.00%	15 Oct 2040
Western Australia	Menzies	M29/0427	Live	100.00%	11 Feb 2040
Western Australia	Menzies	L29/0061	Live	100.00%	31 March 2041
Western Australia	Menzies	E29/2979	Live	100.00%	23 Feb 2027
Western Australia	Menzies	P29/2225	Live	100.00%	4 Sep 2020 ¹
Western Australia	Menzies	P29/2270	Live	100.00%	22 Apr 2021 ¹
Western Australia	Menzies	P29/2391	Live	100.00%	2 April 2025
Western Australia	Menzies	P29/2395	Live	100.00%	19 April 2025
Western Australia	Menzies	P29/2408	Live	100.00%	2 July 2025
Western Australia	Menzies	P29/2409	Live	100.00%	28 Sept 2025
Western Australia	Menzies	P29/2455	Live	100.00%	31 Jan 2023
Western Australia	Menzies	P29/2456	Live	100.00%	31 Jan 2023
Western Australia	Menzies	P29/2457	Live	100.00%	31 Jan 2023
Western Australia	Menzies	P29/2458	Live	100.00%	31 Jan 2023
Western Australia	Menzies	P29/2459	Live	100.00%	31 Jan 2023
Western Australia	Menzies	P29/2460	Live	100.00%	31 Jan 2023
Western Australia	Menzies	P29/2461	Live	100.00%	31 Jan 2023
Western Australia	Menzies	P29/2469	Live	100.00%	24 Mar 2024
Western Australia	Menzies	P29/2470	Live	100.00%	16 Jul 2023

Directors' Report

State	Project	Number	Status	REZ beneficial ownership	Expiry
Western Australia	Menzies	P29/2471	Live	100.00%	14 Jun 2024
Western Australia	Menzies	P29/2472	Live	100.00%	25 Mar 2024
Western Australia	Menzies	P29/2473	Live	100.00%	25 Mar 2024
Western Australia	Menzies	P29/2474	Live	100.00%	12 Mar 2024
Western Australia	Menzies	P29/2492	Live	100.00%	14 Jun 2024
Western Australia	Menzies	P29/2494	Live	100.00%	14 Jun 2024
Western Australia	Menzies	P29/2496	Live	100.00%	25 Mar 2024
Western Australia	Menzies	P29/2497	Live	100.00%	25 Mar 2024
Western Australia	Menzies	P29/2500	Live	100.00%	25 Mar 2024
Western Australia	Menzies	P29/2528	Live	100.00%	24 Oct 2023
Western Australia	Menzies	P29/2553	Live	100.00%	15 Nov 2024
Western Australia	Menzies	P29/2554	Live	100.00%	15 Nov 2024
Western Australia	Menzies	P29/2555	Live	100.00%	15 Nov 2024
Western Australia	Menzies	P29/2556	Live	100.00%	15 Nov 2024
Western Australia	Menzies	P29/2557	Live	100.00%	15 Nov 2024
Western Australia	Menzies	P29/2558	Live	100.00%	15 Nov 2024
Western Australia	Menzies	P29/2563	Live	100.00%	17 Nov 2024
Western Australia	Menzies	P29/2564	Live	100.00%	16 Nov 2024
Western Australia	Menzies	P29/2565	Live	100.00%	16 Nov 2024
Western Australia	Menzies	P29/2566	Live	100.00%	16 Nov 2024
Western Australia	Menzies	P29/2567	Live	100.00%	16 Nov 2024
Western Australia	Menzies	P29/2568	Live	100.00%	16 Nov 2024
Western Australia	Menzies	P29/2595	Live	100.00%	3 Nov 2025
Western Australia	Menzies	P29/2596	Live	100.00%	3 Nov 2025
Western Australia	Menzies	P29/2599	Live	100.00%	15 Nov 2025
Western Australia	Menzies	P29/2600	Live	100.00%	18 May 2025
Western Australia	Menzies	P29/2601	Live	100.00%	18 May 2025
Western Australia	Menzies	P29/2602	Live	100.00%	18 May 2025
Western Australia	Menzies	P29/2604	Live	100.00%	18 May 2025
Western Australia	Menzies	P29/2619	Live	100.00%	4 Nov 2025
Western Australia	Menzies	P29/2620	Live	100.00%	4 Nov 2025
Western Australia	Menzies	P29/2621	Live	100.00%	4 Nov 2025
Western Australia	Menzies	P29/2622	Live	100.00%	4 Nov 2025
Western Australia	Menzies	P29/2623	Live	100.00%	4 Nov 2025
Western Australia	Menzies	P29/2624	Live	100.00%	4 Nov 2025
Western Australia	Menzies	P29/2625	Live	100.00%	4 Nov 2025

Note 1: Mining licence application in progress, prospecting licence remains in place until granted

Directors' Report

Significant Changes in State of Affairs

During the financial year the following significant changes occurred.

During the reporting period the Company raised additional capital via an issue of ordinary shares of 68,125,000 ordinary shares at 4.0 cents each to raise \$2,725,000.

Significant Events After Balance Date

There have been no significant events occurring after the balance date which may affect either the Group's operations, results of those operations or the Group's state of affairs other than the purchase of additional tenements in the Menzies, Western Australia region from a director related entity for \$75,000.

Likely Development and Expected Results

Apart from the matters referred to above in the Operating Results for the year, other likely developments in the operations of the Group and the expected results of those operations in subsequent financial years have not been included in this report because the directors believe this could result in unreasonable prejudice to the Group.

Environmental Regulation and Performance

Exploration and development activities are subject to State and Federal laws and regulations. The Group has a policy of complying with its environmental performance obligations as a minimum, and during the reporting period, there has been no known breach of the environment regulations. The Group is committed to ensuring the activities of its business are conducted in a way so as to minimise adverse impacts on the environment and local communities.

Unissued Shares Under Securities

There were 91,000,056 share options on issue as at 30 June 2022 that can convert to ordinary shares in the ratio of one fully paid ordinary share for each share option. No share options have been issued subsequent to the end of the financial year to the date of this report.

Option class	Vesting conditions	Grant date	Expiry date	Exercise price	Number of share options
Class L	Vested	18/12/2017	15/12/2022	\$0.140	1,000,000
Class M	Vested	18/12/2017	15/12/2022	\$0.140	1,000,000
Class N	Vested	11/10/2019	11/10/2022	\$0.080	15,000,000
Class P	Vested	14/10/2020	30/09/2025	\$0.050	15,000,000
Class Q	Vested	2/11/2020	31/10/2022	\$0.200	11,000,056
Class R	Vested	15/07/2021	31/08/2026	\$0.080	8,000,000
Class S	Vested	14/09/2021	31/08/2026	\$0.080	21,000,000
Class T	Vested	15/09/2021	31/08/2026	\$0.080	11,000,000
Class U	Vested	27/10/2021	31/08/2026	\$0.080	8,000,000
Share options on issue at 30 June 2022					91,000,056

No shares were issued during the financial year as a result of the exercise of options

Directors' Report

Indemnification and Insurance of Officers and Directors

REZ's constitution indemnifies, to the extent permitted by law, officers of the Group when acting in their capacity in respect of:

- liability to third parties (other than related entities) when acting in good faith; and
- costs and expenses of successfully defending legal proceedings and ancillary matters.

The Directors and the Company Secretary named earlier in this report have the benefit of the indemnity together with any other person in or who takes part in the management of the Group.

During the year REZ did not pay any premiums of insurance in respect of contracts insuring Directors, Company Secretary or other members of management against liabilities incurred in their capacity as Director or officers of the Group.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Proceedings on Behalf of the 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 party for the purpose of taking responsibility for the company for all or any part of those proceedings. The Company and Group were not party to any such proceedings during the financial year.

Auditor Independence

A copy of the external auditor's declaration under Section 370C of the Corporations Act in relation to the audit for the financial year is attached to the Financial Statements.

Non-audit services

No non-audit services were provided during the current year by the auditor.

Remuneration Report (Audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, including executive and non-executive directors.

During the financial year ended 30 June 2022, KMP consisted of:

Mr Gavin Rezos	Non-executive director and Chairman
Mr Richard Poole	Executive Director
Mr J Daniel Moore	Non-executive director
Mr Warren Kember	Chief Financial Officer and Company Secretary

Directors' Report

Principles used to determine the nature and amount of remuneration

In order for the Company and Group to prosper and enhance shareholder value, the Group must be able to attract and retain the highest calibre of executives. At this stage of the Group's development, a framework has not been developed that links performance and KMP remuneration. The responsibilities of the Remuneration Committee, which have been assumed by the full Board, include reviewing the remuneration of KMP and determining the nature and amount of emoluments of KMP on an annual basis. In conducting this review reference is made to market and industry conditions. Remuneration packages, can consist of base salary, fringe benefits, incentive schemes (including performance related bonuses), superannuation, and entitlements upon retirement or termination, are reviewed with due regard to performance and other relevant factors.

Where appropriate, share-based remuneration is provided to encourage KMP to focus on improving shareholder value and also to reduce cash costs during the Group's development phase.

The aggregate amount of non-executive director fees is limited to \$200,000 per annum as per a resolution of shareholders. For further information, please refer to our corporate governance plan and annual governance statement on our web site at www.rezgroup.com.au.

Short-term incentives and long-term incentives

Due to the current size of the Group and the extent of its operations limited short-term incentives, such as performance based bonuses or longer term incentives, were provided to KMP other than as shown below.

Details of remuneration

Amounts paid or owing to KMP during the financial year ended 30 June 2022 are set out below.

Year ended 30 June 2022	Short-term benefits	Post employment	Share-based payments	Total	Percentage of remuneration in form of share based payments
	Salary & fees	Superannuation	Equity settled		
	\$	\$	\$	\$	%
Directors					
Mr Gavin Rezos	50,800	-	148,800	199,600	75%
Mr Richard Poole (i)	33,000	-	148,800	181,800	82%
Mr J Daniel Moore	154,550	-	93,000	247,550	38%
Management					
Mr Warren Kember (i)	-	-	83,600	83,600	100%
	238,350	-	474,200	712,550	67%

(i) Remuneration forms part of the fees charged by a director related entity. Details of the nature of the engagement and the amount of fees charged are provided in Note 20 of the financial statements.

Amounts paid or owing to KMP during the financial year ended 30 June 2021 are set out below.

Directors' Report

Year ended 30 June 2021	Short-term benefits	Post employment	Share-based payments	Total	Percentage of remuneration in form of share based payments
	Salary & fees	Superannuation	Equity settled		
	\$	\$	\$	\$	%
Directors					
Mr Gavin Rezos	48,000	-	-	48,000	0%
Mr Richard Poole	33,000	-	-	33,000	0%
Ms Virginia Bruce	33,000	-	-	33,000	0%
Management					
Mr Warren Kember (i)	-	-	-	-	0%
	114,000	-	-	114,000	0%

(i) Remuneration forms part of the fees charged by a director related entity. Details of the nature of the engagement and the amount of fees charged are provided in Note of the financial statements.

Service agreements

The non-executive directors did not enter into any service agreements with the Group. The responsibilities of the Nomination Committee, which have been assumed by the full board, includes reviewing the appointment and retirement of Non-Executive Directors on a case by case basis. Currently all directors are required to be re-elected at least every three years and at least one-third of directors must retire at each Annual General Meeting.

Share options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of KMP in the prior, current or future financial years are as follows:

Option class/Holder	Number of share options	Grant date	Expiry date	Exercise price	Fair value per option at grant date
Class F Mr Gavin Rezos	5,000,000	20/06/2016	31/03/2021	\$0.12	\$0.03
Class G Mr Gavin Rezos	2,500,000	20/06/2016	31/03/2021	\$0.12	\$0.03
Class I Mr Christian Price	250,000	6/12/2016	31/03/2021	\$0.12	\$0.03
Class J Mr Christian Price	250,000	6/12/2016	31/03/2021	\$0.14	\$0.02
Class L Mr Christian Price	1,000,000	18/12/2017	15/12/2022	\$0.14	\$0.03
Class M Mr Christian Price	1,000,000	18/12/2017	15/12/2022	\$0.14	\$0.03
Class S Mr Gavin Rezos	8,000,000	14/09/2021	31/08/2026	\$0.08	\$0.02
Class S Mr Richard Poole	8,000,000	14/09/2021	31/08/2026	\$0.08	\$0.02
Class S Mr J Daniel Moore	5,000,000	14/09/2021	31/08/2026	\$0.08	\$0.02
Class T Mr Warren Kember	4,000,000	15/09/2021	31/08/2026	\$0.08	\$0.02
	35,000,000				

Share options carry no entitlement to dividends or right to vote. No share options were exercised, cancelled or lapsed during the current or prior financial year. No person entitled to exercise share options had or has any right by virtue of the options to participate in any share issue of any other body corporate.

Directors' Report

Movements in Shares held by Key Management Personnel

2022	Balance at the start of the year	Granted as compensation	Net other change	Balance at the end of the year
Mr Gavin Rezos	14,603,700	-	655,000	15,258,700
Mr Richard Poole	67,987,302	-	-	67,987,302
Mr J Daniel Moore	12,000,000	-	-	12,000,000
Mr Warren Kember	625,000	-	-	625,000

Movements in Share Options held by Key Management Personnel

2022	Balance at the start of the year	Granted as compensation	Net other change	Balance at the end of the year
Mr Gavin Rezos	-	8,000,000	-	8,000,000
Mr Richard Poole	-	8,000,000	-	8,000,000
Mr J Daniel Moore	-	5,000,000	-	5,000,000
Mr Warren Kember	-	4,000,000	-	4,000,000

End of remuneration report

Signed in accordance with a resolution of the directors.



Mr Gavin Rezos, Chairman
Sydney, 30 September 2022

Mineral Resources and Ore Reserves

Group mineral resources as at 30 June 2022 were estimated at 4.4 million tonnes at 1.37g/t Au for 183,000 ounces AU and 862,000 ounces AG. Mineral resource figures have been prepared in accordance with the requirements of 2012 Edition of the 'Australasian Code for Reporting of Exploration Results'.

Mineral Resources

Project	Type	Cut off (g/t)	Indicated					Inferred					Total				
			Tonnes (kt)	Gold grade (g/t)	Gold metal (koz)	Silver grade (g/t)	Silver metal (koz)	Tonnes (kt)	Gold grade (g/t)	Gold metal (koz)	Silver grade (g/t)	Silver metal (koz)	Tonnes (kt)	Gold grade (g/t)	Gold metal (koz)	Silver grade (g/t)	Silver metal (koz)
30 June 2022																	
Mount Mackenzie	Open Cut																
Oxide		0.35	500	1.09	18.0	8.0	136	700	0.96	21.0	4.0	87	1,200	1.01	39.0	6.0	223
Primary		0.55	1,200	1.25	48.0	13.0	482	1,030	1.28	42.0	5.0	157	2,230	1.26	90.0	9.0	639
Menzies																	
Goodenough	Open Cut	1.00	634	1.84	38.0			82	1.99	5.2			716	1.86	43.0		
Granny Venn	Open Cut							41	2.14	2.9			41	2.14	2.9		
Maranoa	Open Cut	1.00						46	5.70	8.0			46	5.70	8.0		
			2,334	1.38	104.0	7.4	618	1,899	1.32	79.1	3.7	244	4,233	1.35	182.9	5.7	862
30 June 2021																	
Mount Mackenzie	Open Cut																
Oxide		0.35	500	1.09	18.0	8.0	136	700	0.96	21.0	4.0	87	1,200	1.01	39.0	6.0	223
Primary		0.55	1,200	1.25	48.0	13.0	482	1,030	1.28	42.0	5.0	157	2,230	1.26	90.0	9.0	639
Menzies																	
Goodenough	Open Cut	1	634	1.84	38.0			82.0	1.99	5.2			716	1.86	43.0		
Granny Venn	Open Cut	1	134	2.03	9.0			41.0	2.14	2.9			175	2.06	12.0		
Maranoa	Open Cut	1						46.0	5.7	8.0			46	5.70	8.0		
			2,468	1.41	113.000	6.8	618	1,899	1.32	79.1	3.7	244	4,367	1.37	192.0	5.4	862

Competent Persons Statement and Consent

The information in this release that relates to mineral resources is based on and fairly represents information compiled by Mr. Michael Johnstone and Mr Todd Axford and who are members of the Australasian Institute of Mining and Metallurgy, and Principal Consultants for Minerva Geological Services (MGS) and Geko-Co (GKC) respectively. MGS and GKC have been contracted by Resources & Energy Group Limited (the Company) to provide exploration management, advice and guidance to the company. Both Mr. Axford and Mr Johnstone have sufficient technical experience that is relevant to the reporting of exploration results to qualify as a competent person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Axford and Mr Johnstone consent to the inclusion in this release of the matters based on their information in the form and context in which it appears.

This presentation contains information provided in releases made by the Company to the ASX on 26 February 2016, 21 June 2016 and 19 May 2020 concerning the Mt Mackenzie Resource and 11 June 2020, 3 November 2020, 14 January 2021, 22 March 2021 and 4 May 2021 concerning Menzies. The Company is not aware of any new information or data that materially affects the information included in previous ASX announcements and that all material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Continuing operations			
Other income	4(a)	3,353,131	-
Corporate and other administration costs		(348,070)	(639,207)
Director fees		(247,353)	(118,800)
Exploration and evaluation costs expensed		(221,614)	(338,995)
Employee benefits expense	4(b)	(86,023)	(55,184)
Finance costs	4(c)	6	(5,617)
Depreciation		(1,334)	(1,040)
Amortisation of exploration and evaluation costs	10	(1,236,892)	-
Share-based payments expense	17	(828,905)	(139,966)
Insurance		(45,383)	(39,325)
Other expenses		(175,407)	(134,153)
Profit/(loss) before income tax		162,157	(1,472,288)
Income tax benefit	5	-	-
Profit/(loss) after tax from continuing operations		162,157	(1,472,288)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		162,157	(1,472,288)
Total comprehensive income/(loss) is attributable to:			
- shareholders of Resource & Energy Group Limited		163,790	(1,472,191)
- non- controlling interests		(1,634)	(97)
		162,157	(1,472,288)
Earnings/(loss) per share (cents per share) – basic	15	0.03	(0.35)
Earnings/(loss) per share (cents per share) – diluted	15	0.03	(0.35)

This consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	6	3,839,241	1,016,448
Trade and other receivables	7	335,331	64,381
Other assets	8	20,000	20,000
Total current assets		4,194,572	1,100,829
Non-current Assets			
Property, plant and equipment	9	32,555	33,889
Exploration and evaluation assets	10	9,525,406	8,933,030
Total non-current assets		9,557,961	8,966,919
Total assets		13,752,533	10,067,748
Liabilities			
Current liabilities			
Trade and other payables	11	660,771	333,567
Provisions	12	15,255	14,131
Total current liabilities		676,026	347,698
Non-current liabilities			
Provisions	12	341,642	515,898
Total non-current liabilities		341,642	515,898
Total liabilities		1,017,668	863,596
Net assets		12,734,864	9,204,153
Equity			
Issued capital	13	36,811,242	34,388,392
Reserves	14	1,709,695	763,990
Accumulated losses		(28,149,570)	(28,313,361)
Total equity attributable to the shareholders of Resources & Energy Group Limited		10,371,366	6,839,021
Non-controlling interests		2,363,498	2,365,132
Total equity		12,734,864	9,204,153

This consolidated statement of financial position should be read in conjunction with the notes to the financial statements

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers		3,353,131	-
Payments to suppliers and employees		(1,066,464)	(1,480,690)
Net cash flows used in operating activities	6(b)	2,286,667	(1,480,690)
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(4,000)
Exploration and evaluation costs capitalised		(2,003,524)	(2,200,521)
Proceeds from sale of mining tenements		-	400,000
Net cash flows used in investing activities		(2,003,524)	(1,804,521)
Cash flows from financing activities			
Repayment of borrowings		-	(116,296)
Share placement		2,725,000	3,300,000
Transaction costs on issue of shares		(185,350)	(238,312)
Net cash flows provided by financing activities		2,539,650	2,945,392
Net decrease in cash and cash equivalents		2,822,793	(339,819)
Cash and cash equivalents at beginning of period		1,016,448	1,356,267
Cash and cash equivalents at end of period	6(a)	3,839,241	1,016,448

This consolidated statement of cash flow should be read in conjunction with the notes to the financial statements

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	Issued capital \$	Share option reserve \$	Accumulated losses \$	Non- controlling interests \$	Total \$
Balance at 1 July 2020	31,326,704	624,023	(26,841,170)	2,365,229	7,474,786
Total comprehensive income for the year	-	-	(1,472,190)	(97)	(1,472,288)
Issue of shares	3,300,000	-	-	-	3,300,000
Capital raising cost	(238,312)	-	-	-	(238,312)
Share-based payment	-	139,967	-	-	139,967
Balance at 30 June 2021	34,388,392	763,990	(28,313,361)	2,365,132	9,204,153
Balance at 1 July 2021	34,388,392	763,990	(28,313,361)	2,365,132	9,204,153
Total comprehensive income for the year	-	-	163,790	(1,634)	162,157
Issue of shares	2,725,000	-	-	-	2,725,000
Capital raising cost	(302,150)	-	-	-	(302,150)
Share-based payment	-	945,705	-	-	945,705
Balance at 30 June 2022	36,811,242	1,709,695	(28,149,570)	2,363,498	12,734,864

This consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements

Notes to the Financial Statements

For the year ended 30 June 2022

1 Corporate information

Resources & Energy Group Limited (the "Company") is a listed public company incorporated and domiciled in Australia. The consolidated financial statements for the year ended 30 June 2022 comprise the Company and its controlled entities (together referred to as the "Group").

The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

The consolidated financial statements were approved by the Board of Directors on 30 September 2022.

The principal accounting policies are set out below. These policies have been consistently applied unless otherwise noted.

2 Summary of significant accounting policies

a Basis of preparation

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

For the purposes of preparing the consolidated financial statements, the Company is a for-profit listed public entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The consolidated financial statements have been prepared on the basis of historical cost, except where assets or liabilities are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars.

b New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

c Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2022

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

d Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimate uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Carrying value of exploration, evaluation and development assets

The Group capitalises expenditure relating to exploration, evaluation and mine development where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

The Group reclassifies exploration and evaluation expenditure to mine development assets when the Board assess that the mine has reached a point where it is certain that extraction of ore will commence in the immediate future.

Capitalised expenditure for exploration and evaluation is carried at the end of the reporting period at \$9,525,406 (2021: \$8,933,030).

Determination of mineral resources and ore reserves

The Group estimates its Mineral Resources and Ore Reserves in accordance with the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves ("the JORC Code"). The information on mineral resources and ore reserves is prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented in the statement of Mineral Resources and Ore Reserves are determined under the JORC Code where information is available. When a resource or reserve amount prepared in accordance with the JORC Code for a particular mine is not available, then no amounts are disclosed. For the purposes of impairment testing of assets the Board applies JORC Code verified information when it is available, or otherwise management estimates of potential resources.

Notes to the Financial Statements

For the year ended 30 June 2022

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation which may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact depreciation and amortisation rates, asset carrying values and impairment assessments.

Share based payments

The costs of the share-based payments are calculated on the basis of the fair value of the equity instrument at grant date. Determining the fair value assumes choosing the most suitable valuation model for these equity instruments, by which the characteristics of the grant have a decisive influence. This assumes also the input into the valuation model of some relevant judgments, like the estimated expected life of the share option and the market volatility of the Company's ordinary shares. No share-based payments were issued during the year.

The judgments made and the model used are further detailed in Note 17.

e Revenue recognition

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. identifying the contract with a customer;
2. identifying the performance obligations;
3. determining the transaction price;
4. allocating the transaction price to the performance obligations; and
5. recognising revenue when/as performance obligation(s) are satisfied.

Sale of goods

Revenue from sales of gold is recognised when control of the goods has transferred, being the point in time when the goods have been shipped to the customer. Revenue is only recognised where it is highly probable that a significant reversal of revenue will not occur and control gets completely passed on to the customers.

Costs to obtain a contract

Costs incurred that would have been incurred regardless of whether the contract was won are expensed, unless those costs are explicitly chargeable to the customer in any case (whether or not the contract is won).

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

f Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Notes to the Financial Statements

For the year ended 30 June 2022

g Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand, short-term deposits and highly liquid investments with a maturity of three months or less.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

h Financial Instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets. Assets measured at amortised cost are financial assets where the business model is to hold assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding. The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost. When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Impairment of trade and other receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

Notes to the Financial Statements

For the year ended 30 June 2022

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method. The financial liabilities of the Group comprise trade and other payables, borrowings and finance lease liabilities.

(i) Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition based on the nature and purpose of a financial asset.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in the income statement in finance costs for loans or other operating expenses for receivables.

(iii) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

(iv) Financial liabilities

Financial liabilities are classified as trade and other payables, loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 139 are satisfied. The Group has not designated any financial liability as, at fair value through profit or loss.

(v) Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Notes to the Financial Statements

For the year ended 30 June 2022

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

i Income tax

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss.

Deferred tax items are recognised in correlation to the underlying transaction either in other

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Notes to the Financial Statements

For the year ended 30 June 2022

j Goods and services tax (GST)

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

when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

receivables and payables, which are stated with the amount of GST included.

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

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

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

k Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated using a combination of straight-line and diminishing-value basis over the estimated useful life of all assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Property, plant and equipment are depreciated over periods of three to five years.

l Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, including gold and copper, and includes assessing all available geophysical data including gravity, magnetic and seismic and collation of additional data; exploratory drilling; determining and examining the volume and grade of the resource; and cost of acquisition of exploration tenements.

Notes to the Financial Statements

For the year ended 30 June 2022

Administration costs that are not directly attributable to a specific exploration area are charged to the profit or loss. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit. Exploration and evaluation expenditure is capitalised in respect of each identifiable area of interest as the exploration and evaluation activity has not reached a stage which permits a reasonable assessment of the existence of commercially recoverable gold deposits that are of sufficient scale to support the project concept.

As the asset is not available for use, it is not depreciated. All capitalised exploration and evaluation expenditure is monitored for indication of impairment. Where a potential impairment is indicated, assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash generating unit) to which the exploration is attributed. When production commences, the assets for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Accumulated exploration and evaluation expenditure in relation to an abandoned area are written-off in full in profit and loss in the period in which the decision of abandon the area is made.

m Site restoration

Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with the requirements of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology.

Costs of site restoration are recognised in full at present value as a non-current liability. An equivalent amount is capitalised as part of the cost of the asset when an obligation arises to decommission or restore a site to a certain condition after abandonment as a result of bringing the assets to its present location. In determining the costs of site restoration there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

n Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU's") fair value less costs to sell and its value-in-use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the income statement in expenses.

Notes to the Financial Statements

For the year ended 30 June 2022

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

o Share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of either a binominal or Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Further details on how the fair value of equity-settled share-based transactions has been determined can be found in Note 17. No share-based payments were issued during the year.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date, with any changes in fair value recognised in profit or loss for the year.

p Employee benefits provision

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other short-term employee benefits are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

q Contributed equity

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

Notes to the Financial Statements

For the year ended 30 June 2022

r Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

s New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

3 Segment information

As at the date of this report, the Group has two operating segments: gold mine exploration and development and other activities (primarily corporate costs). The Group has identified its operating segments based on internal reports that are reviewed and used by the chief operating decision maker in assessing performance. The accounting policies and amounts reported for internal reporting are consistent with the financial information in this financial report.

	Gold \$	Corporate \$	Total \$
2022			
Segment revenue			
Other income	3,353,131	-	3,353,131
Segment expenses			
Administration and employment costs	3,188,012	-	3,188,012
Depreciation, impairment and amortisation	1,334	-	1,334
Finance costs (net interest income)	-	(6)	(6)
	3,189,346	-	3,189,340
Income tax benefit	-	-	-
Income/(loss) after tax from continuing operations	163,784	6	163,790
Segment assets	9,557,961	4,194,572	13,752,533
Segment liabilities	676,026	341,642	1,017,668
2021			
Segment revenue			
Revenue	-	-	-
Segment expenses			
Administration and employment costs	-	1,465,533	1,465,533
Depreciation, impairment and amortisation	1,040	-	1,040
Finance costs (net interest income)	-	5,617	5,617
	1,040	1,471,150	1,472,190
Income tax benefit	-	-	-
Loss after tax from continuing operations	(1,040)	(1,471,150)	(1,472,190)
Segment assets	8,966,919	1,100,829	10,067,748
Segment liabilities	347,696	515,898	863,594

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
4 Other income and expenses			
(a) Other Income			
Share of net operating profit from ore extraction agreement		3,353,131	-
(b) Employee benefits expense			
Wages and salaries		61,346	40,341
Superannuation benefits		24,677	14,842
Total employee benefits expense		86,023	55,184
(c) Finance costs			
Interest expense - Project Development Notes		-	-
Interest expense - borrowings		(4)	5,803
Less: interest income		(2)	(186)
Finance costs (net)		(6)	(5,700)

5 Income tax

Income tax expense - tax benefit written off

-

The Group has estimated tax losses as at the 30 June 2022 of \$20,986,371 (2021: \$18,927,013). The benefit relating to these and the current year losses has not been recognised in the financial report at 30 June 2022 as it is not probable that future taxable profit will be available against which the Group would be able to utilise these losses.

Tax returns for the Group for the year ended 30 June 2022 are in progress at the date of this report.

Current and prior year tax losses will only be available to offset against future profits if:

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

The Company and its wholly owned entities have not formed a consolidated income tax group as of 30 June 2022.

6 Cash and cash equivalents

(a) Cash and bank balances	3,839,241	1,016,448
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Cash at bank earns interest at floating rates based on daily bank deposit rates.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

(b) Reconciliation from the net profit after tax to the net cash flows from operations

Profit/(loss) from continuing operations after tax	162,157	(1,472,288)
<i>Adjustments for:</i>		
Depreciation and amortisation	1,235,558	(1,040)
Share-based payments	828,905	139,966
Other	2,669	2,081
<i>Changes in operating assets and liabilities, net of effects from purchase of controlled entity</i>		
Decrease/(increase) in receivables	(270,950)	(42,630)
(Decrease)/increase in payables	327,204	(86,032)
(Decrease)/increase in other liabilities	1,124	(20,748)
Net cash used in operating activities	2,286,667	(1,480,690)

7 Trade and other receivables

Trade receivable	335,331	-
GST refundable	-	64,381
	335,331	64,381

Trade receivable is the residual amount owing of the net operating profit from an extraction program

8 Other assets

Deposits	20,000	20,000
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Deposits of \$20,000 (2021: \$20,000) are subject to a charge refer Note 18.

9 Property, plant and equipment

	Freehold land	Plant and equipment	Total
At 30 June 2022			
Cost	30,000	17,610	47,610
Accumulated depreciation	-	(15,055)	(15,055)
Net carrying amount	30,000	2,555	32,555
Movement in property, plant and equipment			
Carrying amount at the beginning of the year	30,000	3,889	33,889
Depreciation charge for the year	-	(1,334)	(1,334)
Carrying amount at the end of the year	30,000	2,555	32,555

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	Freehold land	Plant and equipment	Total
At 30 June 2021			
Cost	30,000	17,610	47,610
Accumulated depreciation	-	(13,721)	(13,721)
Net carrying amount	30,000	3,889	33,889
Movement in property, plant and equipment			
Carrying amount at the beginning of the year	30,000	929	30,929
Additions - other	-	4,000	4,000
Depreciation charge for the year	-	(1,040)	(1,040)
Carrying amount at the end of the year	30,000	3,889	33,889

10 Exploration and evaluation assets

	Total
At 30 June 2022	
Cost	10,762,298
Accumulated amortisation and impairment ¹	(1,236,892)
Net carrying amount	9,525,406
Movement in exploration and evaluation assets	
Carrying amount at the beginning of the year	8,933,030
Additions - other	2,003,524
Remeasurement of rehabilitation provision	(174,256)
Amortisation ¹	(1,236,892)
Carrying amount at the end of the year	9,525,406

Exploration costs are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

	Total
At 30 June 2021	
Cost	8,933,030
Accumulated amortisation and impairment	-
Net carrying amount	8,933,030
Movement in exploration and evaluation assets	
Carrying amount at the beginning of the year	6,732,509
Additions - other	2,200,521
Carrying amount at the end of the year	8,933,030

Exploration licenses are carried at cost of acquisition less impairment losses. The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. The recoverable amount of development expenditure is determined as the higher of its fair value less costs to sell and its value in use.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

11 Trade and other payables

	2022 \$	2021 \$
Amounts owed to director	22,000	11,000
Other payables	638,771	322,567
	660,771	333,567

12 Provisions

	2022 \$	2021 \$
Current		
Employee entitlements	15,255	14,131
Non-Current		
Rehabilitation provision	341,642	515,898
Total provisions	356,897	530,029

Movement in provisions

	Employee benefits	Rehabilitation	Total
At 30 June 2022			
Carrying amount at the beginning of the year	14,131	515,898	530,029
Remeasurement of provision	1,124	(174,256)	(173,132)
Carrying amount at the end of the year	15,255	341,642	356,897
	Employee benefits	Rehabilitation	Total
At 30 June 2021			
Carrying amount at the beginning of the year	14,131	515,898	530,029
Remeasurement of provision	-	-	-
Carrying amount at the end of the year	14,131	515,898	530,029

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

13 Issued capital

				2022		2021	
				\$		\$	
499,805,789 fully paid ordinary shares (2021: 431,680,789)				36,811,242		34,388,392	
Movements in fully paid ordinary shares							
		2022			2021		
Date	\$/share	Number	\$	\$/share	Number	\$	
Balance at the beginning of the financial year		431,680,789	34,388,392		387,680,770	31,326,704	
Placement	2/11/2020	-	-	0.075	44,000,019	3,300,000	
Placement	10/11/2021	0.040	68,125,000	2,725,000	-	-	
Cost of equity issues		-	(302,150)		-	(238,312)	
Balance at the end of the financial year		499,805,789	36,811,242		431,680,789	34,388,392	

14 Reserves

		2022	2021
		\$	\$
Share option reserve			
Balance at the beginning of the financial year		763,990	624,023
Share based payment		945,705	139,967
Balance at the end of the financial year		1,709,695	763,990

- (i) Reserve arises on the issue of options in payment for services or fees. Further information on options issued is shown in Note 17 to the financial statements.

15 Asset backing and earnings per share

		2022	2021
		cents per share	cents per share
Basic and diluted earnings per share		0.03	(0.35)
Basic and diluted assets per share		2.68	2.21
The following reflects the income and share data used in the basic and diluted per share calculations:		2022	2021
		\$	\$
Loss attributable to shareholders of the Company used in the calculation of basic and diluted earnings per share		163,790	(1,472,191)

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	2022 Number	2021 Number
Weighted average number of ordinary shares for basic earnings per share	474,982,159	416,612,289
Effect of dilution of share options on issue (i)	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	474,982,159	416,612,289

- (i) Share options on issue that have been assessed as being dilutive for the purpose of calculating earnings per share have been excluded from the calculation of earnings per share as the Group has incurred a loss after tax. In that circumstance the inclusion of share options would reduce the earnings per share (loss) and present a misleading result.

16 Financial instruments

(a) Financial risk management objectives

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans, convertible instruments and derivatives. The main purpose of non-derivative financial instruments is to raise finance for Group operations. The directors consider that the limited risks mean there is no need to enter into risk management strategies involving derivative instruments.

The Group is exposed to credit risk, liquidity risk and interest rate risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The Group manages liquidity risk by a combination of maintaining cash reserves, banking facilities and continuously monitoring forecast and actual cash flows. Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. Risks are managed through sensitivity analysis to model the impact of changes upon the Group's profits.

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

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(c) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

(d) Categories of financial instruments

The following table details the carrying amounts and fair values of the Group's financial assets and financial liabilities. The directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair values.

	Note	2022 \$	2021 \$
Financial assets			
Cash and cash equivalents	6	3,839,241	1,016,448
Trade and other receivables		335,331	64,381
		4,174,572	1,080,829
Financial liabilities			
Liabilities measured at amortised cost:			
Trade and other payables		660,771	333,567
		660,771	333,567

(i) Financial instruments that are measured subsequent to initial recognition at fair value, are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 - fair value measurements are those derived from quoted sources (unadjusted) in active markets for identical assets or liabilities.

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of derivative instruments is significantly affected by movements in interest rates. Sensitivity of the valuation of the derivative liabilities to changes in these factors is shown below at item (j).

(e) Credit risk exposures

Credit risk arises principally from the Group's receivables and cash and bank balances. Credit risk is kept continually under review and managed to reduce the incidence of material losses being incurred by the non-receipt of monies due. The Group's financial assets include trade and other receivables and loans to related entities.

The maximum exposure to credit risk on financial assets of the Group which has been recognised on the balance sheets is generally the carrying amount, net of any provisions for doubtful debts. The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties. The Group's financial assets are limited to credit risk exposures to Australia on a geographical basis. Trade and other receivables that are neither past due nor impaired are limited to a few counterparties which are considered credit worthy.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

2022	Interest rates	Contractual	6mths or	6-12 mths	1-5 years
		repayment amount	less		
Cash and cash equivalents	2.0%	3,839,241	3,839,241	-	-
Receivables	na	335,331	335,331	-	-
2021					
		Contractual	6mths or	6-12 mths	1-5 years
		repayment amount	less		
Cash and cash equivalents	2.0%	1,016,448	1,016,448	-	-
Receivables	na	64,381	64,381	-	-

(f) Liquidity risk management

The board has put in place liquidity risk management policies for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by having a combination of:

- continuously monitoring forecast and actual cash flows;
- having in place loan facilities structured to grow as the size of the business increases; and
- arranging issues of securities as required.

To the extent possible maturity profiles of financial assets and liabilities are matched.

The board reviews the capital structure on a regular basis. The board does not have a set debt level target however the level of borrowings is in line with expectations.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group could be required to pay. The table includes principal and interest cash flows at the face value of the amount owing and therefore the figures differ from those shown in the financial statements.

2022	Interest rate	Contractual repayment amount	Less than 1 year	1-5 years
Trade payables	-	660,771	660,771	-
2021				
	Interest rate	Contractual repayment amount	Less than 1 year	1-5 years
Trade payables	-	333,567	333,567	-

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

The table below reflects an undiscounted view of the contractual maturity for financial liabilities and cash flows expected to be realised from financial assets. Actual timing may differ from that disclosed. The timing of the cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

	Within 1 Year		1 to 5 Year		Total	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Group financial liabilities due for payment						
Trade payables	660,771	333,567	-	-	660,771	333,567
Total contractual and expected outflows	660,771	333,567	-	-	660,771	333,567
Group financial assets - cash flows realisable						
Cash	3,839,241	1,016,448	-	-	3,839,241	1,016,448
Receivables	335,331	64,381	-	-	335,331	64,381
Total	4,174,572	1,080,829	-	-	4,174,572	1,080,829
Net outflow/(inflows)	(3,513,801)	(747,263)	-	-	(3,513,801)	(747,263)

(g) Interest rate risk management

The Group has borrowed funds at fixed rate of interest and therefore currently has limited exposure to movements in interest rates.

(h) Foreign currency risk management

At its current stage of development the Group is indirectly exposed to foreign currency risk, in respect of the market price for gold which is based in US dollars.

(i) Commodity price risk management

At its current stage of development the Group is indirectly exposed to commodity price risk, in respect of the market price for gold.

(j) Sensitivity analysis of risk factors

At 30 June 2022, the effect on profit and equity as a result of changes in interest rates, with all other variables remaining constant, would not have a material impact.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

17 Share-based payments

The Company has the following share options outstanding under share based plans:

	2022		2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at the beginning of the financial year	44,117,556	\$0.127	26,117,500	\$0.127
Granted	48,000,000	\$0.080	26,000,056	-
Expired	(1,117,500)	\$0.075	(8,000,000)	\$0.050
Balance at the end of the financial year	91,000,056	\$0.091	44,117,556	\$0.127
Exercisable at the end of the financial year	91,000,056	\$0.091	44,117,556	\$0.127

Share options outstanding at the end of the year have the following expiry date and exercise prices

Class	Vesting Conditions	Grant date	Expiry date	Exercise price	Number of share options	Number of share options
					2022	2021
Class L	Vested	18/12/2017	15/12/2022	\$0.140	1,000,000	1,000,000
Class M	Vested	18/12/2017	15/12/2022	\$0.140	1,000,000	1,000,000
Class N	Vested	11/10/2019	11/10/2022	\$0.080	15,000,000	15,000,000
Class O	Vested	11/10/2019	28/06/2022	\$0.075	-	1,117,500
Class P	Vested	14/10/2020	30/09/2025	\$0.050	15,000,000	15,000,000
Class Q	Vested	2/11/2020	31/10/2022	\$0.200	11,000,056	11,000,056
Class R	Vested	15/07/2021	31/08/2026	\$0.080	8,000,000	-
Class S	Vested	14/09/2021	31/08/2026	\$0.080	21,000,000	-
Class T	Vested	14/09/2021	31/08/2026	\$0.080	11,000,000	-
Class U	Vested	27/10/2021	31/08/2026	\$0.080	8,000,000	-
					91,000,056	44,117,556

Details of share options granted during the year:

	Class R	Class S	Class T	Class U
Grant date	15/07/2021	14/09/2021	14/09/2021	27/10/2021
Expiry date	31/08/2026	31/08/2026	31/08/2026	31/08/2026
Exercisable from	15/07/2021	14/09/2021	14/09/2021	27/10/2021
Exercise price	\$0.08	\$0.08	\$0.08	\$0.08
Number of options issued	8,000,000	21,000,000	11,000,000	8,000,000
Fair value at grant date	\$113,600	\$390,600	\$229,900	\$116,800
Fair value at grant date per option	\$0.0142	\$0.0186	\$0.0209	\$0.0146
Vesting conditions	na	na	na	na

(i) Options vest either upon being engaged for 24 months or if the Company's ordinary shares have a volume weight average price above 15 cents over a 30 day during the period 12 months from the date of issue.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

The fair values of the share options were determined using the following parameters:

	Class R	Class S	Class T	Class U
Expected volatility of ordinary shares %	85.00%	85.00%	85.00%	62.00%
Risk free interest rate %	0.64%	0.62%	0.59%	3.09%
Underlying share price at valuation date \$/share	\$0.030	\$0.040	\$0.050	\$0.042
Weighted average life of option years	5.1	5.0	5.0	4.8
Exercise price \$/share	\$0.08	\$0.08	\$0.08	\$0.08
Valuation method	Binomial	Binomial	Binomial	Binomial

Details of share options granted during the prior year:

	Class P	Class P	Class Q
Grant date	14/10/2020	14/10/2020	2/11/2020
Expiry date	30/09/2025	30/09/2025	31/10/2022
Exercisable from	14/10/2021	14/10/2021	2/11/2020
Exercise price	\$0.05	\$0.05	\$0.20
Number of options issued	7,500,000	7,500,000	11,000,056
Fair value at grant date	\$249,000	\$249,000	na
Fair value at grant date per option	\$0.033	\$0.033	na
Vesting conditions	Engaged for 12 months	Engaged for 24 months(i)	na

(i) Options vest either upon being engaged for 24 months or if the Company's ordinary shares have a volume weight average price above 15 cents over a 30 day during the period 12 months from the date of issue.

The fair values of the share options were determined using the following parameters:

	Class P	Class P
Expected volatility of ordinary shares %	109.67%	109.67%
Risk free interest rate %	0.29%	0.29%
Underlying share price at valuation date \$/share	\$0.030	\$0.030
Weighted average life of option years	5.0	5.0
Exercise price \$/share	\$0.05	\$0.05
Valuation method	Binomial	Binomial

The movement of performance rights outstanding under share based plan during the financial year were:

	2022		2021	
	Number of performance rights	Weighted average exercise price	Number of performance rights	Weighted average exercise price
Balance at the beginning of the financial year	-	-	12,000,000	\$0.000
Granted	-	-	-	\$0.000
Cancelled ¹	-	-	(12,000,000)	\$0.000
Balance at the end of the financial year	-	-	-	\$0.000
Exercisable at the end of the financial year	-	-	-	\$0.000

Note 1: 12,000,000 performance rights were cancelled upon resignation.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

Share-based payments expense

	2022 \$	2021 \$
Current year expense	734,100	139,966
Expense of instruments issued in prior period	94,805	-
	828,905	139,966

18 Contingent liabilities

	2022 \$	2021 \$
Corporate and management fees	493,364	493,364

Amounts invoiced by a director related entity (refer Note 20) in prior years are not payable unless and until the Group has a proven mineral resources of gold or the equivalent value of another mineral as follows:

- a) \$246,682 when the Company has announced a resource of 400,000 ounces of gold; and
- b) \$246,682 when the Company has announced a resource of 600,000 ounces of gold.

Bank guarantees

20,000	20,000
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Bank guarantees are issued on behalf of the Group by its bankers. The guarantees provide that the financier will honour the Group's obligations under specific agreements and are secured against monies held on deposit of \$20,000 (2021: \$20,000) (refer Note 8). No material losses are expected.

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

19 Tenement lease commitments

	2022 \$	2021 \$
<i>Minimum expenditure commitment on tenement leases</i>		
The Group held exploration mineral licences in relation to its mines located at Mount Mackenzie, Queensland and East Menzies, Western Australia for which minimum expenditure is required to comply with license conditions. Amounts committed but not provided for and payable:		
Within one year	1,104,431	777,598
One year or later and no later than for five years	3,053,746	1,576,995
	4,158,177	2,354,593

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

20 Key management personnel disclosures

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel consists of the directors of the Company and senior management of the Group as defined in the Remuneration Report section of the Directors' Report.

(a) Compensation of Key Management Personnel

The aggregate compensation made to key management personnel of the Group is set out below (i). The remuneration shown includes all amounts incurred for the year. Further details of the compensation of key management personnel is contained in the Directors' Report in the Remuneration Report section.

(i) Mr Kember was appointed on 8 August 2016 and his remuneration forms part of the fees charged by a director related entity. Details of the nature of the engagement and the amount of fees charged are provided below.

	2022 \$	2021 \$
Short-term	238,350	114,000
Share-based payments	474,200	-
Post employment	-	-
	712,550	114,000

(b) Shareholdings

The number of ordinary shares in the Company held during the financial year by a director of the Company or senior management of the Group, including their personally related parties, are set out below.

2022	Balance at the start of the year	Granted as compensation	Net other change	Balance at the end of the year
Mr Gavin Rezos	14,603,700	-	655,000	15,258,700
Mr Richard Poole	67,987,302	-	-	67,987,302
Mr J Daniel Moore	12,000,000	-	-	12,000,000
Mr Warren Kember	625,000	-	-	625,000
2021	Balance at the start of the year	Granted as compensation	Net other change	Balance at the end of the year
Mr Gavin Rezos	14,603,700	-	-	14,603,700
Mr Richard Poole	67,987,302	-	-	67,987,302
Ms Virginia Bruce	550,000	-	-	550,000
Mr Warren Kember	625,000	-	-	625,000

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

(c) Share option holdings

The number of share options in the Company held during the financial year by a director of the Company or senior management of the Group, including their personally related parties, are set out below.

Details of share options granted during the year are provided at Note 17.

2022	Balance at the start of the year	Granted as compensation	Net other change	Balance at the end of the year
Mr Gavin Rezos	-	8,000,000	-	8,000,000
Mr Richard Poole	-	8,000,000	-	8,000,000
Mr J Daniel Moore	-	5,000,000	-	5,000,000
Mr Warren Kember	-	4,000,000	-	4,000,000

2021	Balance at the start of the year	Granted as compensation	Net other change	Balance at the end of the year
Mr Gavin Rezos	7,500,000	-	(7,500,000)	-

(d) Other transactions with key management personnel

Richard Poole

Transactions with, or with persons or entities associated with, Mr Richard Poole, a director and the chief executive officer of the Company, during the financial year were as follows:

The Company has entered into a Corporate Advisory and Business Development Mandate (Agreement) with entities ultimately controlled by interests associated with Mr Richard Poole (Arthur Phillip). The Agreement provides for the payment of fees for the raising of debt or equity capital and the charging of costs associated with the administration of the Group.

Arthur Phillip invoiced fees and expenses for the provision of management, accounting, office administration, consulting and company secretarial services to the Company, amounting to \$411,800 (2021: \$276,136), consisting of:

	2022 \$	2021 \$
Directors fees	33,000	33,000
Share-based payment	148,800	-
Office rent	33,000	33,000
Accounting and company secretarial services	76,000	78,136
Management services	121,000	132,000
	411,800	276,136

At the end of the financial year an amount of \$493,364 for fees owing in prior years, which is subject to performance conditions, is included as a contingent liability (refer Note 18).

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

21 Related party disclosures

The consolidated financial statements include the financial statements of the Company and its controlled entities listed in the following table. The Company is the ultimate Australian parent entity and the ultimate parent of the Group.

Name	Country of incorporation	% Equity interest	
		2022	2021
Mount Mackenzie Pty Limited	Australia	100.00%	100.00%
Radio Gold Pty Limited (formerly Brightsun Enterprises Pty Limited)	Australia	100.00%	100.00%
Resource & Energy Operations Pty Limited	Australia	100.00%	100.00%
Menzies Goldfield Pty Limited	Australia	100.00%	100.00%
Deep Energy Pty Limited	Australia	51.85%	51.85%

22 Auditors' remuneration

	2022 \$	2021 \$
Fees charged by the auditor of the Company for auditing or reviewing the financial report	60,000	55,000

23 Parent entity financial information

(a) Summary financial information

The individual financial statements for the Company (parent entity) show the following aggregate amounts:

	2022 \$	2021 \$
Balance Sheet		
Current Assets	580,108	1,033,420
Total Assets	14,350,360	10,250,134
Current Liabilities	(100,450)	(76,297)
Total Liabilities	(100,450)	(76,297)
Net Assets	14,249,910	10,173,837
Shareholders' contributed equity	36,919,243	34,388,393
Reserves	1,950,795	763,990
Accumulated Losses	(24,620,128)	(24,978,545)
	14,249,910	10,173,837
Profit or Loss for the year		
Total comprehensive income/(loss) for the year	(1,529,972)	(1,340,779)

(b) Contingent Liabilities of the Parent

The Company did not have any contingent liabilities as at 30 June 2022 or in the prior financial year.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

24 Dividend

No dividend has been declared or paid during the financial year or the prior period. The directors do not recommend the payment of a dividend for the year ended 30 June 2022.

25 Events after balance sheet date

There have been no significant events occurring after the balance date which may affect either the Group's operations, results of those operations or the Group's state of affairs other than the purchase of additional tenements in the Menzies, Western Australia region from a director related entity for \$75,000.

Directors' Declaration

In accordance with a resolution of the directors of Resources & Energy Group Limited, the directors declare that:

- (a) The financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001, including compliance with International Financial Reporting Statements as issued by the International Accounting Standards Board as stated in Note 2 of the financial statements.
- (b) The Chief Executive Officer has declared that:
 - (i) the financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
 - (ii) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (iii) the financial statements and notes for the financial year give a true and fair view.
- (c) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Mr Gavin Rezos
Chairman

Sydney, 30 September 2022

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Resources & Energy Group 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:

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



RSM AUSTRALIA PARTNERS



C J Hume
Partner

Sydney, NSW
Dated: 30 September 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Resources & Energy Group Limited and its controlled subsidiaries

Opinion

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

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

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

Basis for Opinion

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

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

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

Key Audit Matter	How our audit addressed this matter
Carrying value of capitalised exploration and evaluation Refer to Note 10 in the financial statements	
<p>As disclosed in note 10, the Group held capitalized exploration and evaluation expenditure of \$9,525,406 as at 30 June 2022 which represents a significant asset of the Group.</p> <p>We consider the carrying amount of these assets under <i>AASB 6 Exploration for and Evaluation of Mineral Resources</i> to be a key audit matter due to the significant management judgments involved, including:</p> <ul style="list-style-type: none"> • whether the exploration and evaluation spend can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest • the Group's ability and intention to continue to explore the area • which costs should be capitalised • the existence of any impairment indicators (such as the potential that mineral reserves and resources may not be commercially viable for extraction, or that the carrying value of the assets may not be recovered through sale or successful development) - and if so, those applied to determine and quantify any impairment loss • whether exploration activities have reached the stage at which the existence of an economically recoverable reserve may be determined 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Considering the Group's right to explore in the relevant exploration area which included obtaining and assessing supporting documentation such as obtaining independent searches of the company's tenement holdings; • Considering the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area which included an assessment of the Group's future cash flow forecasts and enquired of management and the Board of Directors as to the intentions and strategy of the Group; • Assessing recent exploration activity in a given exploration license area to determine if there are any negative indicators that would suggest a potential impairment of the capitalized exploration and evaluation expenditure; • Assessing the commercial viability of results relating to exploration and evaluation activities carried out in the relevant license area; and • Assessing the ability to finance any planned future exploration and evaluation activity.
Provision for site restoration obligations Refer to Note 12 in the financial statements	
<p>The Consolidated Statement of Financial Position of the Group includes a provision for site restoration of \$341,642 as at 30 June 2022. The group has obligations to restore the land on which it has conducted drilling activities. The provision is for future costs associated with the rehabilitation activities and requires significant judgement in respect of asset lives, timing of restoration being undertaken and environmental legislation requirements.</p> <p>This is considered as a key audit matter due to the significant judgement involved and the materiality of the balance.</p>	<p>Our audit procedures in relation to provision for site restoration obligations included:</p> <ul style="list-style-type: none"> • Understanding management's process to determine the provision for restoration and ensuring it was consistent with our understanding of the activities associated with those tenements; • Reviewing the cost elements used in the estimation of rehabilitation of related tenements and ensuring that appropriate supporting documents were available to support the cost estimates; • Checking the mathematical accuracy of the model used to calculate the provision; • Reviewing the reasonableness of the inflation rate, discount rate and timing of the rehabilitation cashflows assumptions used in the model;

Key Audit Matter	How our audit addressed this matter
	<ul style="list-style-type: none"> Ensuring the movement in the provision has been accounted for in accordance with Australian Accounting Standards; and Assessing the appropriateness of the disclosures in the financial report.
Share Based Payments Refer to Note 17 in the financial statements	
<p>During the year, the Group entered into the following share-based payment arrangements:</p> <ul style="list-style-type: none"> 21,000,000 options were issued to the Directors 11,000,000 options were issued to the employees of the Company 16,000,000 options were issued to advisors of the Company <p>Management have accounted for these arrangements in accordance with AASB 2 Share-Based Payments. We consider this to be a key audit matter because of:</p> <ul style="list-style-type: none"> the complexity of the accounting required to value the instruments the judgmental nature of inputs into the valuation models, including the likelihood of vesting conditions being met, and the appropriate valuation methodology to apply the variety of conditions associated with each instrument the non-routine nature of the transactions 	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> Making enquiries of management, about the nature of and the rationale behind the instruments issued; Reviewing the terms and conditions of the instruments issued; Review the valuation methodology and inputs into the models to ensure it is in compliance with AASB 2; Verifying the mathematical accuracy of the underlying model; Critically evaluating the key assumptions used, considering the market, the grant-date share price and current-date share price, the expected volatility in the share price, the vesting period, and the number of instruments expected to vest; Recalculating the value of the share-based payment expense to be recognised and the reserve balance, for accuracy, factoring in any cancellations, modifications, expiry, or vesting; and Reviewing the adequacy of the relevant disclosures, including the disclosures in respect of judgments made, in the financial statements.

Other Information

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 the 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.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 12 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Resources & Energy Group 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.



C J Hume
Partner

RSM Australia Partners

Sydney, NSW
30 September 2022

Security Holders' Information

Additional information included in accordance with the Listing Rules of the Australian Securities Exchange Ltd. The information provided is current as of 7 September 2022.

1. Ordinary share holders

(a) Top 20 shareholders

The names of the 20 largest holders of ordinary shares as shown in the Company's share register are listed below.

Name	Number of Shares	% of Issued Shares
HSBC Custody Nominees (Australia) Limited	68,916,342	13.8%
Fontelina Pty Limited	39,920,000	8.0%
JP Morgan Nominees Australia Pty Ltd	35,024,774	7.0%
Arthur Phillip Nominees Pty Ltd	45,260,255	9.1%
Citicorp Nominees Pty Limited	17,628,747	3.5%
BNP Paribas Nominees Pty Ltd	14,862,208	3.0%
Vivien Enterprises Limited	14,353,700	2.9%
Vanavo Pty Limited	9,171,905	1.8%
CS Fourth Nominees Pty Limited	6,923,580	1.4%
Mrs Emma Bacci	6,497,150	1.3%
Mrs Natalie Risinger	6,497,150	1.3%
Hestian Pty Limited	5,400,000	1.1%
Sanjur Pty Limited	5,596,747	1.1%
Mr John Hancock	4,750,000	1.0%
Guildfords Funds Management Pty Limited	4,162,611	0.8%
Sharky Holdings Limited	4,000,000	0.8%
Minerva Geological Services Pty Limited	3,995,385	0.8%
Melty Pty Limited	3,015,088	0.6%
Mr Lincoln James Topham & Mrs Pauline Margery Topham	3,005,700	0.6%
Elton Holdings Pty Limited	3,000,000	0.6%
Total top 20 holders	301,981,342	60.4%
Other holders	197,824,447	39.6%
Total ordinary shares on issue	499,805,789	100.0%

(b) Shareholder analysis

An analysis of the numbers of ordinary share holders by size of holding is shown below

Size of holding range	Number of holders	Percentage of holders	Units held
1 - 1,000	40	2.8%	8,122
1,001 - 5,000	153	10.6%	462,912
5,001 - 10,000	169	11.7%	1,503,991
10,001 - 100,000	702	48.6%	28,328,690
100,001 and Over	379	26.3%	469,502,074
	1,443	100.0%	499,805,789

There were 511 shareholders that held less than a marketable parcel of ordinary shares.

Security Holders' Information

(c) Substantial shareholders

Holders of more than 5% of the ordinary shares who have lodged substantial shareholder notices are listed below.

Name of shareholder	Ordinary shares held	Percentage of total ordinary shares on issue
Richard Poole and family	67,987,302	13.6%
Gaffwick Pty Limited	68,213,334	13.6%

(d) Voting rights

There are no restrictions on voting rights attached to the ordinary shares. On a show of hands every member present in person shall have one vote and upon a poll, every member present or by proxy shall have one vote every share held.

(e) Share buyback

There were no share buybacks during or subsequent to the end of the financial year.

2 Share options

The names of holders of more than 20% of each class of unlisted share options are shown below. Share options do not have voting rights until converted into ordinary shares.

Class	Name of holder	Number of holders	Share options issued	Percentage held of each class
L	Employee options	1	1,000,000	100.0%
M	Employee options	1	1,000,000	100.0%
N	3VL Pty Ltd	1	4,862,464	32.4%
	Mr Mark Sandford	1	4,097,421	27.3%
	Others less than 20%	7	6,040,115	40.3%
P	Holders all less than 20%	75	11,000,056	100.0%
Q	Employee options	1	15,000,000	100.0%
R	Barclay Pearce Capital Pty Ltd	1	8,000,000	100.0%
S	Employee & director options	3	21,000,000	100.0%
T	Employee & director options	3	11,000,000	100.0%
U	Guildfords Funds Management P	1	4,000,000	50.0%
	Karantzias Investments Pty Ltd	1	2,000,000	25.0%
	Spak Plus Pte Ltd	1	2,000,000	25.0%
Total share options on issue			<u>91,000,056</u>	