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2022 Annual Report



Enterprise Metals
Limited

ABN 43 123 567 073

CORPORATE DIRECTORY

Directors

Dr Allan Trench (Non-Executive Chairman)
Mr Dermot Ryan (Non-Executive Director)
Dr Changshun Jia (Non-Executive Director)
Mr Chris Stevens (Non-Executive Director)

Share Registry

Automic Registry Services
Level 5, 126 Philip Street
Sydney NSW 2000

Principal Registered Office

Suite 4, Level 1, 7 Ventnor Ave
West Perth WA 6005
Telephone 08 6381 0392
Website: www.enterprisemetals.com.au
Telephone 08 9322 2022
Email: admin@enterprisemetals.com.au

Australian Securities Exchange

ASX code: ENT

Company Secretary

Mr Graeme Smith

Bank

ANZ
239 Murray Street
Perth WA 6000

Auditor

Pitcher Partners BA&A Pty Ltd
Level 11, 12-14 The Esplanade
Perth WA 6000
Telephone 08 9322 2022

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CHAIRMAN'S LETTER



Dear Fellow Enterprise Metals Ltd Shareholder
(hereafter, the "Company", "Enterprise" and "ENT")

Thank you for your ongoing support. It has been an exciting year with the advancement of your Company's projects on several concurrent fronts

- at Southern Cross region, in particular for lithium;
- in the Fraser Range, for nickel-copper sulphides;
- in the Murchison, for copper-gold-zinc (Volcanic Massive Sulphide, VMS) mineralisation and also for lode-gold
- in the Doolgunna region, for VMS copper-gold and sediment-hosted copper;

Your Company continues to hold control of sizeable exploration projects in Western Australia, administered by our joint venture partners, that are prospective for gold, copper and nickel sulphide mineralisation.

Additionally, Enterprise is advancing exploration in our own right, most notably for lithium at Bullfinch North in the Southern Cross region.

At Bullfinch North Enterprise has control of what may potentially become a significant pegmatite-hosted lithium discovery – but which remains at an early-stage of exploration.

As to our joint venture partners, Sandfire Resources NL (ASX: SFR) continues to explore the potential of the Enterprise-Sandfire Joint Venture tenure to host high-grade copper mineralisation at the Doolgunna project.

Similarly, Constellation Resources Ltd (ASX: CR1) remains focused on discovery – and has identified further shallow nickel mineralisation in geochemical drilling, indicative of the nickel-copper sulphide potential at the Fraser Range project. Each joint venture partner continued the search for economic discoveries during 2021-2022 at no cost to Enterprise shareholders, thanks to our free-carried joint venture interests in these projects.

Your company also has a wholly-owned sulphate of potash project in Western Australia at Perenjori, where geophysics indicates a significant drainage system prospective for potash and maintains an option to explore the Mandilla area near Widgiemooltha, prospective for gold and lithium.

As always, our corporate overheads remain among the very lowest of exploration companies listed on the Australian Stock Exchange. If you can identify an ASX-listed explorer with lower corporate overheads, then please let us know,

As a shareholder in Enterprise, I again very much look forward to the year ahead, and to outcomes from the planned drilling both by your Company and by our joint venture partners. Exploration success at any one of our projects has the clear potential to achieve a re-rating of the company's value measured in orders of magnitude not in percentiles.

I sincerely thank you all for your support of the company through 2021-2022. Finally, I would like to thank fellow board members, company secretary, joint venture partners and the professionals who have assisted the Company with exploration and administrative tasks of maintaining a public company.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Allan Trench', with a horizontal line underneath.

Dr Allan Trench – Non-Executive Chairman
30 September 2022

REVIEW OF OPERATIONS

All projects of Enterprise Metals Limited (“Enterprise” or the “Company”) and its controlled entities (the “Group”) are in Western Australia. At 30 June 2022, Enterprise held interests in six major projects (Figure 1):

- Bullfinch (gold/lithium/nickel)
– under option to acquire 100%
- Murchison (gold/copper/zinc)
– 100% owned and operated
- Doolgunna (copper/zinc/gold)
– 100% owned – exploration fully funded by earn-in joint venture partner
- Fraser Range (nickel/copper)
– 30% free-carried interest – exploration fully funded by joint venture partner
- Mandilla (gold/lithium)
– under option to acquire 100%
- Perenjori (potash)
– 100% owned and operated

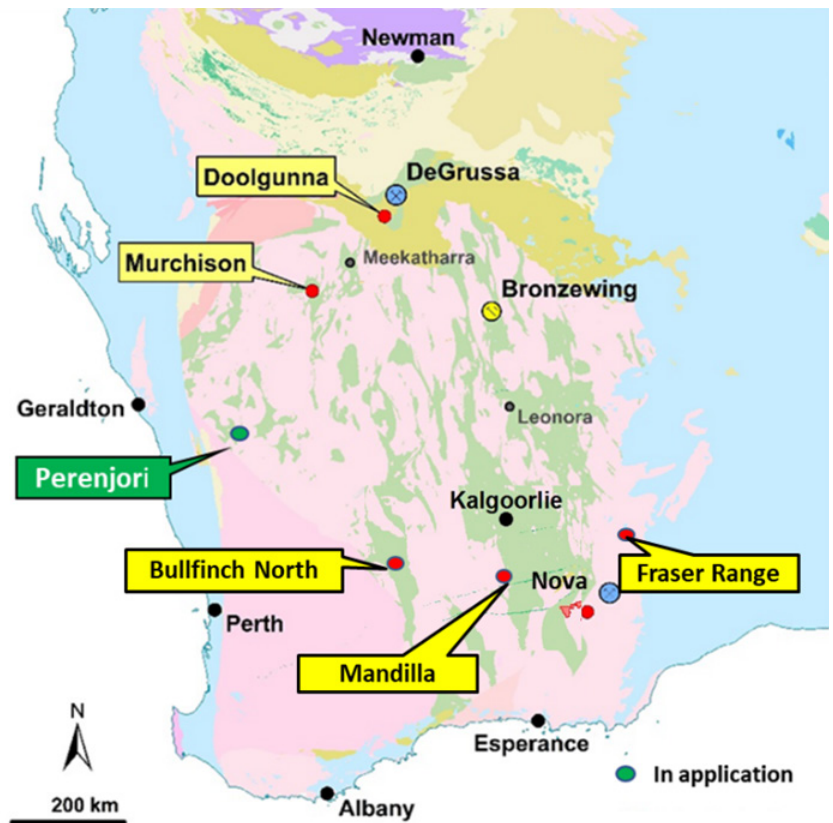


Figure 1. Location of Enterprise’s Projects



REVIEW OF OPERATIONS

BULLFINCH NORTH PROJECT:

Gold / Lithium / Nickel, ENT Option to Purchase

Enterprise holds an “Option to Purchase” 100% of the Bullfinch North Project in the Southern Cross Greenstone Belt of WA, exercisable on or before May 2024.

The project area stretches from Bullfinch in the south to Trough Well in the north and covers approximately 50 strike km's (238 km²) of granted tenements over Archaean greenstone lithologies prospective for orogenic gold deposits, pegmatite-hosted lithium, high-grade massive sulphide nickel-copper deposits and iron ore. (Figure 2)

Highlights during and after the end of the 2022 financial year include:

- Discovery of significant pegmatite occurrences identified on Bingin Peninsula immediately west of Maries Find-Bingin gold workings. Similar geological setting to pegmatite hosting high-grade Earl Grey lithium deposit in the Southern Cross Greenstone belt.
- Mapping and orientation surface sampling of pegmatites south of the Bingin Peninsula and broadly paralleling the Mt Jackson Road located over 7 km of multiple pegmatites, with 13 surface samples assaying between 60 ppm - 117ppm Li over a 2.5 km interval. (+60 ppm in soils considered generally by industry to be significant) Refer Table 1 and Figure 3.
- Enterprise extended its Option to purchase 100% of the Bullfinch project for an additional 2 years to May 2024.
- Enterprise purchased E77/2652 on the western margin of the Ennuin Granite with ENT shares, an area with potential for Lithium pegmatites.
- Consultant Terra Resources Pty identified ten High Priority Gold Exploration Targets within the Bullfinch North project.

The Southern Cross Greenstone Belt hosts more than 150 known gold deposits, which have collectively produced more than 10 million ounces of gold. The major gold deposits such as Frasers at Southern Cross, Marvel Loch, Nevoria, Great Victoria, Yilgarn Star and Copperhead (at Bullfinch) have produced the majority of these ounces: Enterprise Metals is targeting the discovery of new gold deposits of similar scale and value.

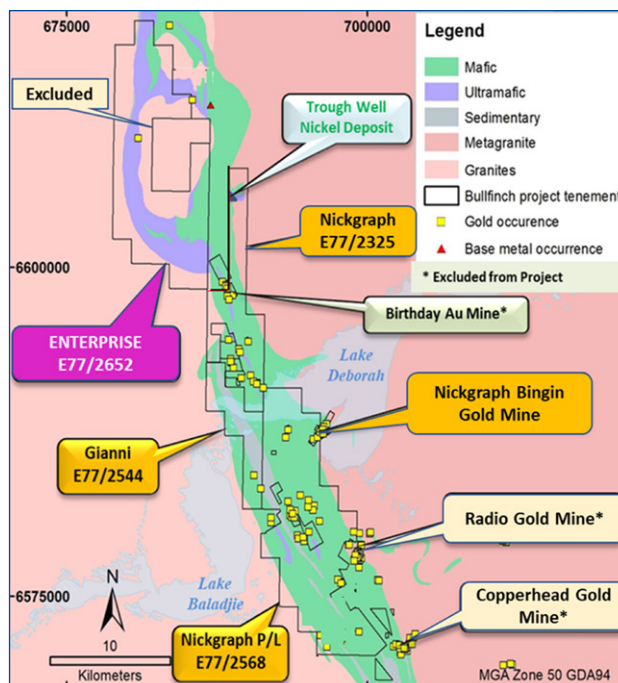


Figure 2. Bullfinch North Project, Optioned Tenements over Geology

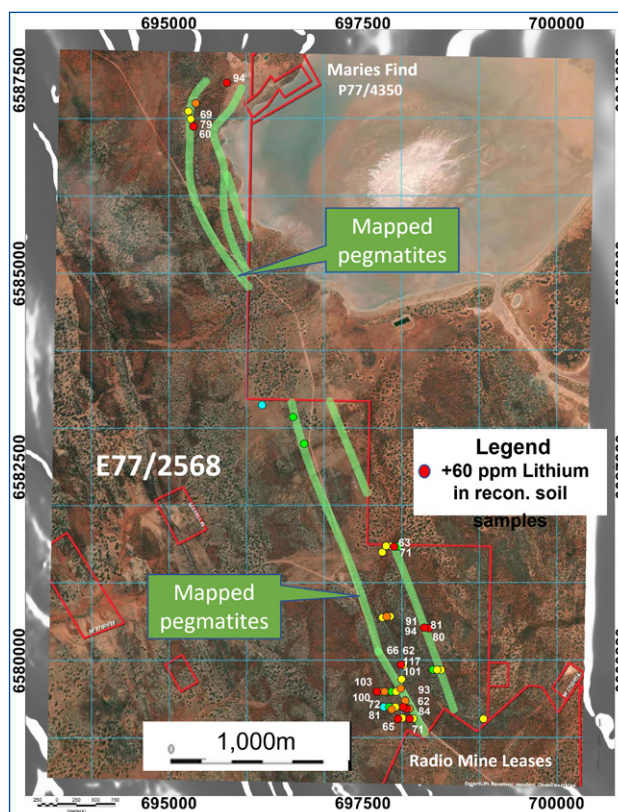


Figure 3. Bullfinch North, Mapped Pegmatite Occurrences with Li ppm

REVIEW OF OPERATIONS

**Table 1. Anomalous -80# Soil Sample Results +60ppm Li
Labwest Ultrafine Chemical Analysis (L-C-T Elements only)**

| Sample No. | GDA94 East | GDA94 East | Li ppm | Be ppm | Cs ppm | Ga ppm | Nb ppm | Rb ppm | Sn ppm | Ta ppm | Tl ppm |
|------------|------------|------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|
| AS100283 | 697990 | 6579949 | 117 | 0.99 | 5.63 | 8.59 | 0.88 | 35.6 | 1.33 | 0.009 | 0.212 |
| AS100141 | 697680 | 6579600 | 103 | 3.75 | 96.3 | 19.2 | 0.81 | 422 | 2.68 | 0.004 | 2.82 |
| AS100229 | 698292 | 6580427 | 93.9 | 2.87 | 17 | 22.5 | 3.08 | 222 | 4.52 | 0.016 | 1.25 |
| AS100147 | 698020 | 6579400 | 92.9 | 6.13 | 28.9 | 16.5 | 0.72 | 164 | 4.97 | 0.01 | 0.846 |
| AS100286 | 698020 | 6579400 | 84.3 | 6.55 | 23.7 | 22.3 | 0.72 | 216 | 4.18 | 0.009 | 0.721 |
| AS100228 | 698350 | 6580419 | 80.5 | 4.14 | 8.73 | 26.7 | 3.39 | 164 | 4.7 | 0.013 | 0.736 |
| AS100287 | 695315 | 6586900 | 79.1 | 3.12 | 22 | 17.9 | 1.01 | 75.4 | 1.3 | 0.01 | 0.491 |
| AS100238 | 698102 | 6579246 | 72.4 | 9.55 | 22.2 | 18 | 1.17 | 79.3 | 4.71 | 0.008 | 0.939 |
| AS10088 | 697903 | 6581473 | 71.4 | 3.13 | 9.06 | 24.1 | 1.89 | 116 | 3.66 | 0.008 | 0.587 |
| AS100185 | 697990 | 6579949 | 66.2 | 3.66 | 17.2 | 10.5 | 0.7 | 91.6 | 2.95 | 0.006 | 0.649 |
| AS100235 | 697953 | 6579249 | 65 | 4.25 | 16.2 | 22 | 0.59 | 78 | 3.04 | 0.007 | 0.569 |
| AS100148 | 698065 | 6579380 | 61.5 | 6.73 | 22.4 | 16 | 0.5 | 185 | 3.36 | 0.006 | 0.603 |
| AS100160 | 695315 | 6586900 | 60.4 | 2.04 | 20.6 | 16.3 | 1.28 | 149 | 1.45 | 0.007 | 0.564 |



REVIEW OF OPERATIONS

MURCHISON PROJECT:

Gold / Copper / Zinc, ENT 100%

Enterprise's Murchison Project is centred 30km north of Cue and 35km north-east of the Big Bell Gold Mine and forms a semi-contiguous landholding of approximately 760km² over a buried Archaean greenstone belt.

The Project area is prospective for Archaean orogenic gold deposits and sits within a well-endowed region, with major gold deposits such as Big Bell (5.3 Moz production, operated by Westgold Resources Ltd) and the nearby historical Day Dawn mine (2.6 Moz production). Historic exploration has indicated potential for volcanic hosted massive sulphide (VHMS) copper/zinc deposits. (Figure 4).

Highlights during and after the end of the 2022 financial year include:

- Big Bell Shear Zone (BBSZ) intersected in Evolution diamond hole: **3m at 2.28g/t Au** from 201m (MURDD0003) in altered dolerite with elevated path finders arsenic, antimony and tungsten. Further drilling is required to follow up this intersection.
- Enterprise resumed 100% control from Evolution of 830 km² of prospective Murchison Greenstone Belt northeast of Big Bell.
- A detailed low-level helicopter borne electromagnetic (EM) survey was completed over the Eastern Volcaniclastic sequence north of Cue, which contains the Wattagee and Emily Well copper-zinc horizons. Results are currently awaited.

Evolution Mining Limited (ASX: EVN) entered into an earn-in joint venture agreement (Murchison EJV) with Enterprise over the Project on 1 June 2019 and was focussed on exploring the northward continuations of the Big Bell and Cuddingwarra Shear Zones. On 17 January 2022 Evolution formally withdrew from the earn-in joint venture agreement and Enterprise regained 100% control over the project.

Work undertaken by Evolution included:

- 6,118 gravity stations over the entire JV area
- 17.5 line km of 50m spaced Passive Seismic surveying
- 262 aircore (AC) drill holes (total 19,132m) targeting shear zones along strike to the NE of the Big Bell Gold Mine and Cuddingwarra Mining Centres
- 6 reverse circulation/diamond core (RC/DD) holes (total 1,937.6m) targeting the Big Bell Shear Zone

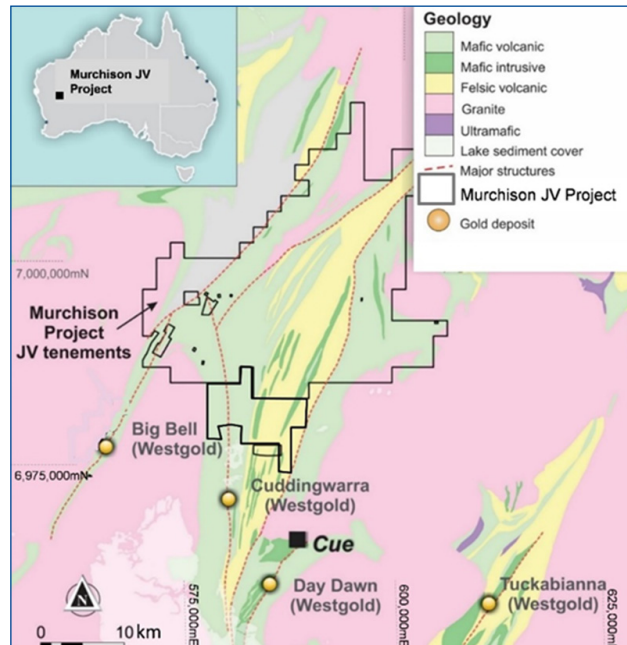


Figure 4. Murchison Project, Geology & Enterprise Landholdings

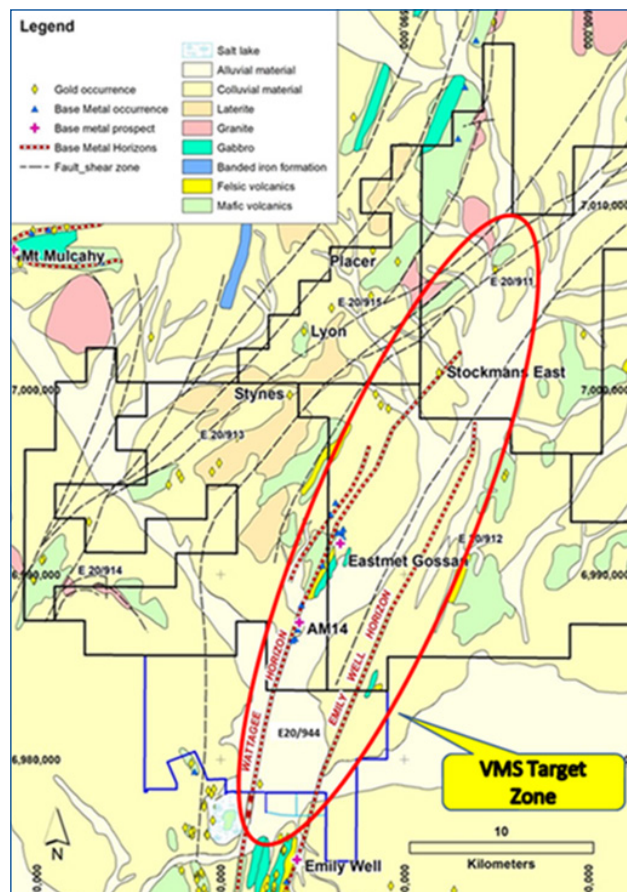


Figure 5. Geology of Enterprise's Murchison Project with VMS Horizons and EM Target Area

REVIEW OF OPERATIONS



Figure 6. NRG's Airbus AS350B3 Squirrel Helicopter with Towed EM Array



Figure 7. Aircore drilling by Evolution Mining Ltd along Big Bell Shear Zone



Figure 8. Diamond drilling by Evolution Mining Ltd along Big Bell Shear Zone

REVIEW OF OPERATIONS

DOOLGUNNA PROJECT:

Copper / Zinc / Gold, ENT 100%, SFR Farm-In (SFR have right to earn 75%)

Enterprise's Doolgunna Project is highly prospective for copper-zinc-gold deposits and covers over 60km of strike of the southern boundary of the Bryah Basin and the northern part of the Yerrida Basin. The southern Bryah Basin contains the Karalundi Formation which hosts the DeGrussa and Monty copper-gold deposits. (Figure 9.)

Sandfire Resources NL (ASX: SFR) entered into a farm-in agreement with Enterprise Metals in October 2016 to earn a 75% interest in the project by sole funding exploration to define a JORC (2012) compliant mineral resource of at least 50,000 tonnes of contained copper or copper equivalent.

Sandfire have announced that a program of 60 AC drill holes is planned for the September Quarter to cover the southwestern extent of the Mount Leake Formation within E51/1303. Sandfire considers that the Mount Leake Formation in this area may be overlying a portion of the highly prospective Karalundi Formation.

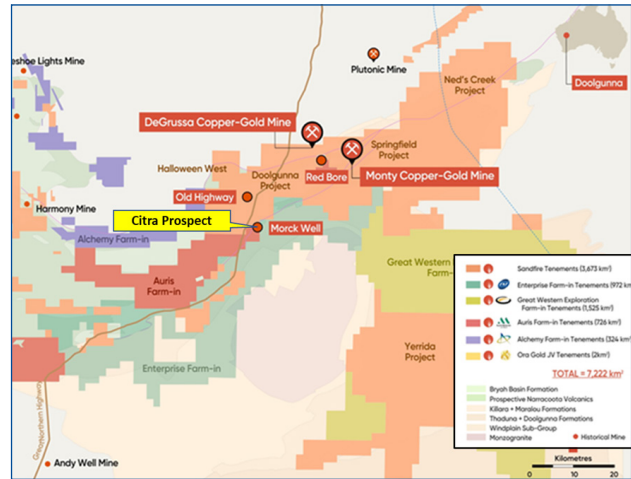


Figure 9. Location of the Enterprise's Doolgunna Tenements (in Green)

Enterprise notes significant regional prospectivity was highlighted in July 2022 by a deep diamond hole (MWDD0006) drilled at Auris Minerals Ltd's (ASX: AUR) Citra Prospect by Sandfire Resources Ltd. This hole is on the eastern margin of the AUR-SFR Morck Well JV ground, which lies immediately south-west along strike from Enterprise's E52/2049. This Citra DDH hole was terminated approximately 500m from Enterprise's E52/2049 tenement boundary.

Auris reported on 21 July 2022 that hole MWDD0006 (1,141m) drilled by Sandfire at Citra intersected previously unmapped DeGrussa Formation host sediments with copper sulphides along strike from previously recorded significant copper intersections. Auris reported that several trace copper mineralised horizons were intersected, comprising bornite, chalcopryrite and chalcocite, including:

- 808-809.5m - Trace/minor bornite and chalcopryrite in exhalative jasper
- 812-840m - Trace/minor disseminated chalcopryrite along bedding planes

All assay results from the sampling of this drill hole are pending. Auris reported that a follow up drill program has been designed to test the strike continuity of the supergene copper mineralisation and to test the potential for mineralisation at depth.



REVIEW OF OPERATIONS

FRASER RANGE PROJECT:

Nickel / Copper, ENT 30% free carried to BFS, (CR1 70% managing & funding)

The Fraser Range Project is prospective for the discovery of Nova-Bollinger-style high-grade nickel-copper sulphide mineralisation. The project is located within the Albany-Fraser Orogen approximately 100km east of Norseman and covers in excess of 400km² in a prospective portion of the Fraser Range. Constellation Resources Ltd (ASX: CR1) holds a 70% interest and manages and wholly funds exploration on the three granted Orpheus Joint Venture tenements (E28/2403, E63/1281 and E63/1282) and one mineral exploration licence application (E63/1695). Enterprise holds a 30% free carried interest to completion of a bankable feasibility stage (BFS) on any discovery.

The Fraser Range region is currently experiencing high levels of exploration activity for nickel following the Nova, Silver Knight, Mawson and Lantern nickel sulphide discoveries.

The northern most Exploration Licence 28/2403 of the joint venture lies approximately 25km SSW of Legend Mining Ltd's (ASX: LEG) Mawson nickel sulphide discovery. (Figure 10).

Constellation has reported that aircore (AC) drilling results to date have defined a highly prospective nickel-copper cobalt-PGE ("Ni-Cu-Co-PGE") geochemical target that is interpreted to be over three kilometres in strike and up to 300 metres wide – named the "Eyre Anomaly". (Figure 11)

Highlights during and after the end of the 2022 financial year include:

- Anomalous nickel-copper in AC drilling at the Eyre South Prospect – significant assay results reported by Constellation
 - KAC0156: 13m @ 0.14% Ni, 0.04% Cu, 0.01% Co and 5 ppb Pt+Pd1 including 4m @ 0.21% Ni, 0.06% Cu, 0.01% Co and 5 ppb Pt+Pd
 - KAC0172: 20m @ 0.24% Ni, 0.03% Cu, 0.03% Co and 14 ppb Pt+Pd2 including 6m @ 0.42% Ni, 0.04% Cu, 0.03% Co and 9 ppb Pt+Pd
 - KAC0177: 24m @ 0.13% Ni, 0.05% Cu and 0.02% Co and 10 ppb Pt+Pd2 including 2m @ 0.26% Ni, 0.13% Cu, 0.03% Co and 20 ppb Pt+Pd
 - KAC0186: 6m @ 0.12% Ni, 0.01% Cu, 0.02% Co and 10 ppb Pt+Pd
 - KAC0190: 20m @ 0.21% Ni, 0.02% Cu, 0.02% Co and 9ppb Pt+Pd2
- Encouraging Ni-Cu-Co-PGE anomalism at the Wylie Anomaly (Figure 11) in follow-up AC holes. A broad geochemical dispersion at the Wylie Anomaly was initially identified in reconnaissance AC hole KAC0084 returning 4m @ 0.10% Ni, 0.05% Cu, 0.03% Co and 7ppb (Pt+Pd).
- Completion of further drill follow-up with a 1,743 metre AC drilling program designed to extend prospective nickel-copper-cobalt-PGE geochemical targets at the northern Eyre and Wylie anomalies was completed with assays pending.

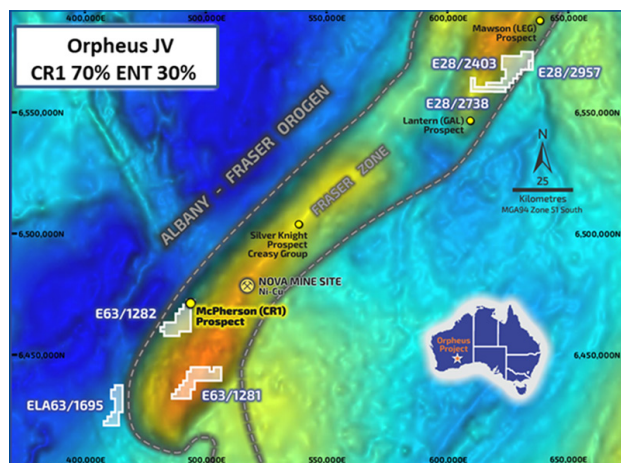


Figure 10. Fraser Range Plan with Orpheus Joint Venture Tenements

Note: E28/2403: 70% CR1, 30% ENT.
E28/2738 & 2957: 100% CR1

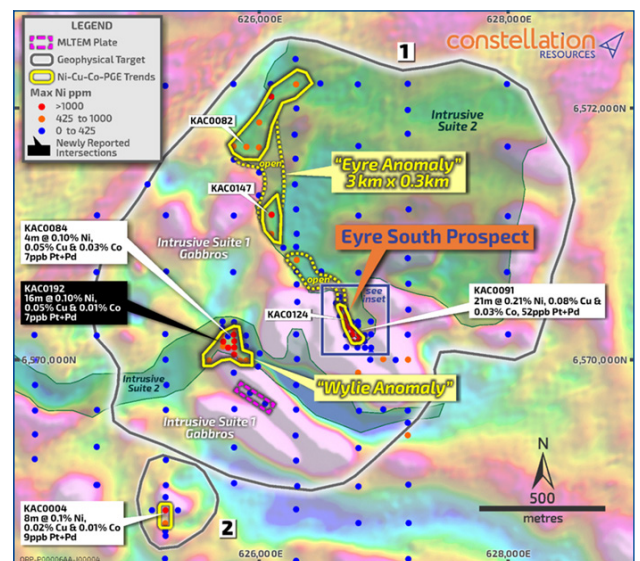


Figure 11. Greater Eyre Anomaly Showing Locations of Eyre South Prospect and Wylie Anomaly

REVIEW OF OPERATIONS

MANDILLA PROSPECT:

Gold / Lithium, ENT Option to Purchase (Vera Allen 100% owned)

In 2020 Enterprise entered into an Option Agreement with Mrs Vera Allen to purchase her Mandilla Gold Prospect (Exploration Licence 15/1437 and Prospecting Licence 15/5885) located approximately 20 km south of Kambalda on the eastern margin of the Mandilla Syenite.

Between 2006-2007, Astral Resources NL produced ~23,000oz Au from an open cut palaeo-channel located along the western margin of the syenite. Astral subsequently reported a bedrock resource of 784Koz at Mandilla East & South, on the western margin of the Mandilla Syenite.

In August 2020, Enterprise completed a scout program of 121 vertical AC holes (2,408m) east of the Coolgardie-Esperance Highway. The holes planned west of the highway could not be drilled due to heritage issues. The AC program on eight widely spaced east-west drill lines identified several deeply weathered northerly trending shear zones or corridors which contain anomalous amounts of gold and arsenic in saprolitic clays above bedrock.

In May 2021 a “slimline” RC drill program of 21 holes (total 1,808m) was completed to test a number of anomalous four metre composite intersections from Enterprise’s aircore drilling program which included 4m at 1.8g/t Au from 44m depth in hole MEAC081. This hole also averaged 615ppm arsenic over the 60m interval from 8m depth.

A number of these RC holes intersected low level gold mineralisation, particularly at the Star Anomaly on the eastern margin of the strongly magnetic Mandilla Syenite. Refer Figure 13.

Highlights during and after the end of the 2022 financial year include:

- Enterprise extended its Option over the Mandilla project for an additional 9 months to 8 April 2023.
- In 2022 Enterprise retrieved and assayed 4 metre and 1 metre RC sample pulps where pegmatites had been geologically logged. A number of these samples returned anomalous lithium values between 1,000ppm and 2,000ppm, with elevated values of gallium, rubidium and caesium. Further RC drilling to extend the strike and dip of the pegmatites is planned. Refer Table 2 and Figures 12 and 14.

Table 2. Anomalous -RC and AC Sample Results
MinAnalytical Laboratories Analysis (L-C-T Elements only)

| Sample No. | Hole Id | From-To (m) | Li ppm | Be ppm | Cs ppm | Ga ppm | Nb ppm | Rb ppm | Sn ppm | Ta ppm | Tl ppm |
|------------------|----------------|--------------|--------|-----------|------------|-----------|-----------|--------------|-----------|-----------|-----------|
| E01102003 | MERC010 | 52-56 | >1000 | 84 | 100 | 37 | 15 | 2,045 | 16 | 4 | 17 |
| E01102004 | MERC010 | 56-61 | >1000 | 90 | 156 | 58 | 33 | 3,232 | 34 | 11 | 24 |
| E01102005 | MERC010 | 61-64 | 345 | 5 | 23 | 16 | 4 | 219 | 2 | 1 | 2 |
| E0402069 | MERC011 | 36-40 | 172 | 4 | 37 | 14 | 3 | 113 | 2 | 0 | 1 |
| E0402070 | MERC011 | 40-44 | 215 | 7 | 58 | 15 | 4 | 152 | 4 | 1 | 1 |
| E0402072 | MERC011 | 48-50 | >1000 | 97 | 235 | 57 | 27 | 4,010 | 29 | 18 | 32 |
| E0402073 | MERC011 | 50-55 | 305 | 5 | 48 | 14 | 4 | 213 | 5 | 1 | 2 |
| E0402116 | MERC013 | 56-60 | 99 | 2 | 13 | 20 | 6 | 110 | 2 | 1 | 1 |
| E0402117 | MERC013 | 60-64 | 122 | 1 | 21 | 19 | 6 | 104 | 2 | 1 | 1 |
| E0402118 | MERC013 | 64-68 | 144 | 4 | 77 | 17 | 4 | 195 | 4 | 1 | 2 |
| E0402119 | MERC013 | 68-72 | 146 | 3 | 33 | 14 | 3 | 76 | 2 | 0 | 1 |

REVIEW OF OPERATIONS

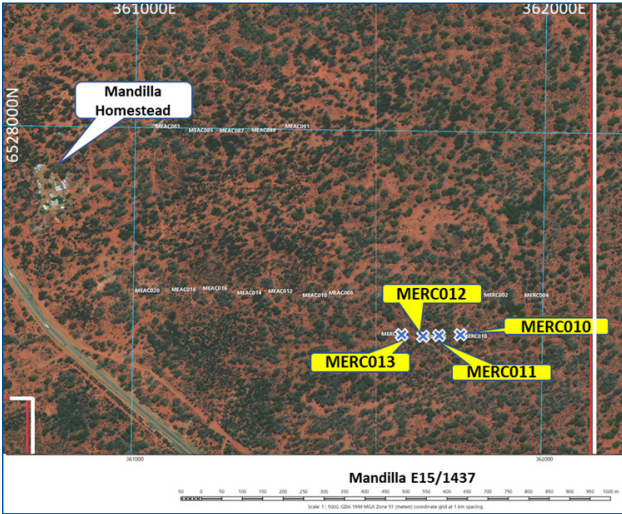


Figure 12. Mandilla RC Holes with Anomalous L-C-T Analyses

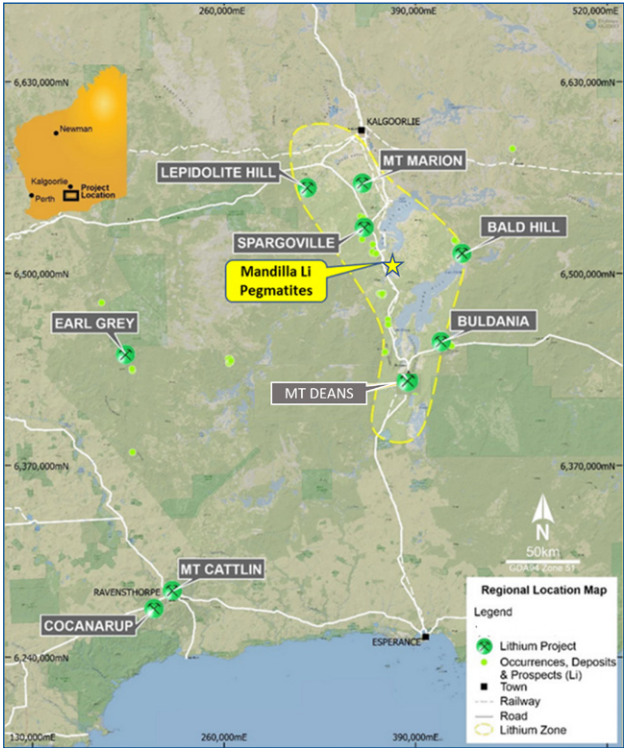


Figure 14. Location of Regional Lithium Occurrences

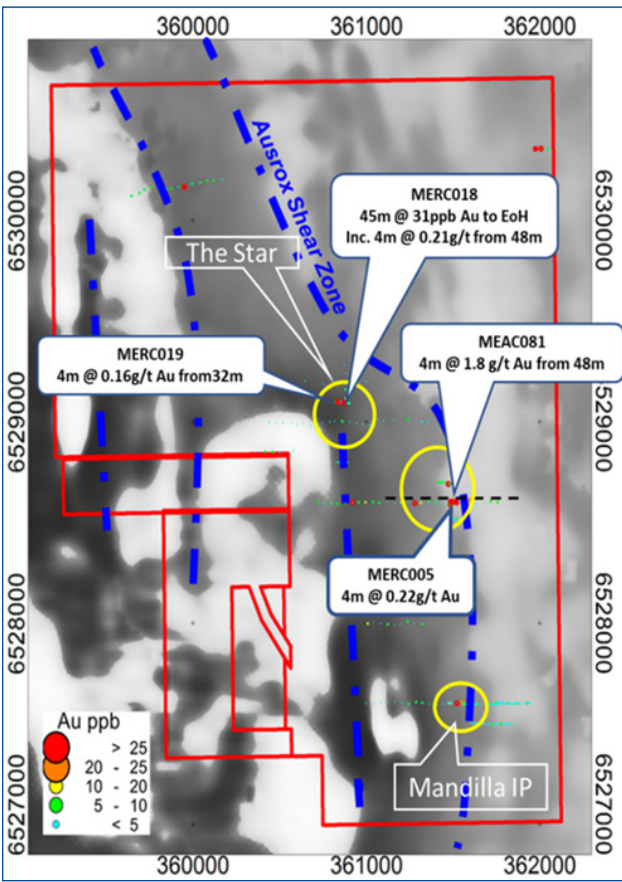


Figure 13. Magnetic Image Showing Location of Star Anomaly



REVIEW OF OPERATIONS

PERENJORI PROJECT: Potash (in brine) ENT 100%

Potash is a high-value global commodity of critical importance to Western Australia, notably to the local agricultural sector in enhancing the yield of crops.

A number of companies are leading the development of a new mining sector in Western Australia targeting the production of potash both for domestic consumption and to feed into global markets.

In February 2022 Enterprise lodged two applications for exploration licences over deep palaeo-valleys centred approximately 35km north-northeast of the wheatbelt town of Perenjori.

Exploration Licence 59/2678 was granted in June 2022 (total 113 km²) and one tenement application ELA70/6038, (161 km²) remains ungranted due to an Objection by a nearby mining company. The granted tenement and tenement application cover ~50 km of ancient (+34 million years old) drainage systems which have their headwaters in the central part of the Yilgarn Craton. Airborne geophysical surveys previously conducted by Enterprise

provide evidence that deeply incised (100m - 150m depth) palaeo-valleys lie buried below the broad shallow valleys NNE of Perenjori.

Enterprise plans to explore the palaeo-valleys for sub-surface brine deposits using aircore drilling methods. The ultimate goal is to produce Sulphate of Potash (K₂SO₄ or SOP) via surface evaporation (and processing) outside of salt lakes, within PVC lined evaporation ponds. The Perenjori Project area is well serviced with a 245 km railway from Perenjori to the port of Geraldton and has established infrastructure in the nearby wheatbelt towns of Morawa and Perenjori.



REVIEW OF OPERATIONS

CORPORATE

On 4 October 2021, Mr Chris Stevens was appointed to the Board. Mr Stevens received 3 million options with an exercise price of \$0.03 each, and an expiry date of 30/11/2023, as part of the appointment.

On 31 January 2021, the Company announced a non-renounceable pro-rata Entitlements Issue to eligible shareholders of ordinary fully paid shares in the Company at an issue price of \$0.014 per share, on the basis of 1 New Share for every 8 shares held together with 1 Option for every 3 shares issued.

Eligible Shareholders subscribed for a total of 44,425,423 New shares (inclusive of additional shares applied for) and 14,809,431 attaching new Options raising over \$620,000. The Options will be exercisable at \$0.025 each on or before 10 March 2024.

On 31 March 2021 the Company announced a total of 27,201,287 Shortfall Shares and 9,067,259 Shortfall Options had been issued, raising over \$380,000.

Other than noted elsewhere in this report, no matters or circumstances have arisen since the end of the year, that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Dermot Ryan, who is a director of Montana Exploration Services Pty Ltd and a Director and security holder of the Company. Mr Ryan is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Ryan consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

Historical exploration results referred to in this Report were previously reported by numerous ASX listed companies. Enterprise Metals Limited understands that this information has not been updated since to comply with the JORC Code (2012) but believes the information has not materially changed since it was last reported.

Forward Looking Statements

Certain statements in this document are or maybe "forward-looking statements" and represent Enterprise's intentions, projections, expectations or beliefs concerning among other things, future exploration activities. The projections, estimates and beliefs contained in such forward-looking statements don't necessarily involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Enterprise, and which may cause Enterprise's actual performance in future periods to differ materially from any express or implied estimates or projections. Nothing in this document is a promise or representation as to the future. Statements or assumptions in this document as to future matters may prove to be incorrect and differences may be material. Enterprise does not make any representation or warranty as to the accuracy of such statements or assumptions.

DIRECTORS' REPORT

Your Directors submit their report together with the financial report of Enterprise Metals Limited ("Enterprise" or the "Company") and the entities it controlled (together "the Group") for the year ended 30 June 2022 and the independent auditor's report thereon.

Directors

The names of the Directors who held office during or since the end of the year are:

Dr Allan Trench
Mr Dermot Ryan
Dr Changshun Jia
Mr Chris Stevens (appointed 4 October 2021)

Directors were in office for the entire year unless otherwise stated.

Information on Directors

Dr Allan Trench (Non-Executive Chairman, appointed 3 April 2012)

Dr Trench is a mineral economist, geophysicist and business management consultant with a BSc (Hons) Geology from the Royal School of Mines, London, a Ph.D (Geophysics) from Glasgow University, an MBA (Distinction) from Oxford University and an MSc (Distinction) in Mineral Economics from the WA School of Mines (WASM). His former roles include management of nickel and gold/base metal exploration teams in the Yilgarn region of WA, initially for WMC and subsequently for a group of junior Australian Securities Exchange ("ASX") listed companies.

Dr Trench worked as a business consultant for McKinsey and Company, then as a manager at KCGM Pty Ltd and Woodside Petroleum, and more lately as a consultant with CRU Group, providing business analysis and intelligence on the global mining and metals and markets. He is currently Research Professor, Progressive Risk & Value, Centre for Exploration Targeting, University of Western Australia and Professor, UWA Business School. He is also Non-Executive independent Director of a number of emerging overseas and Australian-listed resources companies.

Directorships held in other listed entities in the last 3 years:

Hot Chili Limited (July 2010 – present)
Emmerson Resources Limited (March 2015 – present)

Dermot Ryan (Non-Executive Director, appointed 12 December 2018 formerly Managing Director, 13 October 2008 – 12 December 2018)

Mr Ryan spent 20 years with CRA Ltd from 1977-1996, including 10 years as Chief Geologist for CRA Exploration in various states of Australia. He was General Manager Exploration for Great Central Mines Ltd (later Normandy Yandal Operations Ltd) and Johnsons Well Mining NL (now Regis Resources Ltd) from late 1996-2000 and provided geological consulting services to Mark Creasy from 2001 to 2008, before founding Enterprise. For the past 14 years he has been a Director of private mineral exploration consulting company XServ Pty Ltd and for the past 2 years he has been a Director of Montana Exploration Services Pty Ltd. He is a Fellow of the AusIMM, (CP Geo), a Fellow of the AIG, and holds a BApSc (Geol).

Directorships held in other listed entities in the last 3 years:

Alto Metals Limited (December 2012 – February 2019)

DIRECTORS' REPORT

Dr Changshun Jia (Non-Executive Director, appointed 2 June 2020)

Dr Jia is a geologist with extensive global mineral and mining industry experience in Asia, South America, Africa and Australia. Dr Jia was pivotal in the successful exploration of the Sandstone Greenstone Belt by Alto Metals Ltd, which has attracted strong corporate interest and resulted in multiple takeover offers for Alto Metals Ltd from third parties. Dr Jia was previously General Manager of Minera Altamira Chile, South America and senior management of Enterprise. Dr Jia is a member of the Australian Institute of Geoscientists and registered geologist of the China Nonferrous Metals Industry Association, with expertise in mineral exploration and mining. Dr Jia is also a founder and director of Luna Resources Pty Ltd, providing corporate and technical advisory services to public and private entities. Dr Jia has a BSc in Hydrogeology & Engineering Geology from North China University of Water Resources and Electric Power, China, and a PhD in Economic Geology from the University of Science & Technology, Beijing.

Dr Jia has held no listed entity directorships in the last 3 years.

Mr Chris Stevens (Non-Executive Director, appointed 4 October 2021)

Mr Stevens is a multi-lingual, highly numerate resource industry executive with core skills in resource company strategy, corporate finance and economic modelling. Mr Stevens has held senior commercial roles across resources, private equity and management consulting. Mr Stevens holds an Honours degree from the University of Oxford, a Master of Science in Mineral Economics with Distinction from Curtin University and is a fluent Mandarin Chinese speaker. He is a graduate of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Mining and Metallurgy.

Directorships held in other listed entities in the last 3 years:

Coda Minerals Limited (26 April 2018 - present)
Torrens Mining Limited (19 April 2022 - present)

Interests in the shares and options of the Company

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

| | Number of Ordinary shares | Number of Options over ordinary shares |
|-------------|---------------------------------|---|
| Dr A Trench | 10,886,354 | 3,308,888 |
| D Ryan | 25,885,927 | 3,957,626 |
| Dr C Jia | 922,211 | 3,038,425 |
| C Stevens | - | 3,000,000 |

Company Secretary

Graeme Smith BEc, MBA, MComLaw, FCPA, FCIS, FGIA

Mr Smith was appointed Company Secretary on 22 March 2019. Mr Smith is a corporate governance & finance professional with over 25 years' experience in accounting and company administration. He is a Fellow of the Australian Society of Certified Practising Accountants, the Institute of Chartered Secretaries and Administrators and the Governance Institute of Australia. He is the principal of Wembley Corporate which provides Company Secretarial, CFO, and Corporate Governance services to public and private companies.

Principal Activities

The principal activities of the Group during the financial year were the exploration of a number of gold, lithium, copper/gold, and copper/nickel tenements in Western Australia.

DIRECTORS' REPORT

Operating Results

The loss of the Group after providing for income tax amounted to \$1,167,519 (2021: \$1,654,354).

Financial Position

The net assets of the Group at 30 June 2022 are \$7,519,773 (2021: \$7,700,095).

Business Strategies and Prospects for Future Financial Years

The objective of the Company is to create long-term shareholder value through the discovery, development and acquisition of technically and economically viable mineral deposits. To date, the Company has not commenced production of any minerals, nor has it identified a Mineral Resource in accordance with the JORC Code. To achieve its objective, the Company and its joint venture partners currently intend over the medium term to conduct further exploration activities including field work to follow up targets identified at the Fraser Range, Murchison, Doolgunna and Bullfinch North Projects. These activities are inherently risky and the Board of Directors (the "Board") is unable to provide certainty of the expected results of these activities, or that any or all of these likely developments will be achieved. The material business risks faced by the Company that could have an effect on the Company's future prospects, and how the Company manages these risks include:

The Company's and its joint venture exploration programs may not identify an economic deposit

Despite positive exploration results on a number of projects, current and potential investors should understand that mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards. The success of the Company also depends, among other things on successful exploration and/or acquisition of reserves, securing and maintaining title to tenements and consents, successful design, construction, commissioning and operating of mining and processing facilities, successful development and production in accordance with forecasts and successful management of the operations. Exploration and mining activities may also be hampered by force majeure circumstances, land claims and unforeseen mining problems. There is no assurance that exploration and development of the mineral interests owned by the Company, or any other projects that may be acquired in the future, will result in the discovery of mineral deposits which are capable of being exploited economically. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited. If such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realise value, or the Company may even be required to abandon its business and fail as a "going concern".

The Company's exploration activities being delayed due to lack of available equipment and services

The exploration activities of the Company requires the involvement of a number of third parties, including drilling contractors, assay laboratories, consultants, other contractors and suppliers. Demand for drilling equipment and exploration related services in Western Australia is currently very high and has resulted in higher exploration costs, delays in completing the Company's exploration activities, and delays in the assessment and reporting of the results. Should there continue to be high demand for exploration equipment and related services, there may be delays in undertaking exploration activities, which may result in increased exploration costs and/or increased working capital requirements for the Company and may have a material impact on the Company's operations and performance.

The Company's operations will require further capital

The exploration and any development of the Company's exploration properties will require substantial additional financing. Failure to obtain sufficient financing may result in delaying, or the indefinite postponement of exploration and any development of the Company's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

The Company may be adversely affected by fluctuations in commodity prices

The price of commodities fluctuate widely and are affected by numerous factors beyond the control of the Company. Future production, if any, from the Company's mineral properties will be dependent upon the price of commodities being adequate to make these properties economic. The Company currently does not engage in

DIRECTORS' REPORT

any hedging or derivative transactions to manage commodity price risk. As the Company's operations change, this policy will be reviewed periodically going forward.

Global financial conditions may adversely affect the Company's growth and profitability

Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. Due to the current nature of the Company's activities, a slowdown in the financial markets or other economic conditions may adversely affect the Company's growth and ability to finance its activities.

Significant Changes in State of Affairs

There have been no significant changes in the affairs of the Group during the year.

Significant Events After the Reporting date

During the year the Company entered into a tenement purchase agreement for the consideration of 8,333,333 shares in the Company. Subsequent to reporting date, consideration shares in the Company were issued to the vendor, the tenement is currently awaiting transfer with the Department of Mines, Industry, Regulation and Safety.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely Developments and Expected Results

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the Group's operations.

Environmental Regulation and Performance

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

Dividends Paid or Recommended

No dividend has been paid or recommended.

Meetings of Directors

During the financial year, the following meetings of Directors were held. Attendances by each Director during the year were as follows:

Directors' Meetings

| | Number eligible to attend | Number attended |
|------------------|---------------------------|-----------------|
| Dr Allan Trench | 6 | 6 |
| Mr Dermot Ryan | 6 | 6 |
| Dr Changshun Jia | 6 | 6 |
| Mr Chris Stevens | 6 | 6 |

Indemnifying Officers or Auditor

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

DIRECTORS' REPORT

- The Company has entered into agreements to indemnify all Directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the Company to pay all damages and costs which may be awarded against the Directors.
- The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was \$16,335 (2021: \$14,985).
- No indemnity has been given to the auditors.

Unissued Shares Under Option

Unissued shares of the Company under option at the date of this report are:

| Date options granted | Expiry date | Exercise price \$ | Number under option |
|-------------------------|-------------|-------------------|---------------------|
| 24/11/2020 | 30/11/2023 | 0.03 | 9,000,000 |
| 04/10/2021 ¹ | 30/11/2023 | 0.03 | 3,000,000 |
| 14/03/2022 ¹ | 10/03/2024 | 0.025 | 500,000 |
| 10/03/2022 ² | 10/03/2024 | 0.025 | 14,809,431 |
| 30/03/2022 | 30/03/2024 | 0.025 | 9,067,259 |

- (1) 1 During the year 3,000,000 options were issued to Directors and 500,000 options were issued to employees of the Company. Refer to Note 3.
- (2) 2 During the year 1,304,939 options were acquired on market by Directors of the Company on the basis of 1 option for every 3 shares acquired under the non-renounceable pro-rata Entitlements Issue to eligible shareholders.

Shares issued as a result of exercise of options

During the financial year there were nil (2021: 28,871,110) shares issued as a result of the exercise of options. Refer to Note 13 for further information.

Non-audit Services

The following non-audit services were provided by the Group's auditor, Pitcher Partners BA&A Pty Ltd, or associated entities. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

Pitcher Partners BA&A Pty Ltd, or associated entities, received or are due to receive the following amounts for the provision of non-audit services:

| | 2022 | 2021 |
|-------------------------|-------|-------|
| | \$ | \$ |
| Tax compliance services | 5,000 | 3,500 |

Proceedings on Behalf of Group

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

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

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each key management personnel ("KMP") of the Company.

Key Management Personnel

The KMP of the Company during or since the end of the financial year were as follows:

Non-Executive Directors:

Dr Changshun Jia
Mr Dermot Ryan
Mr Chris Stevens (appointed 4 October 2021)
Dr Allan Trench

Unless otherwise disclosed, the KMP held their position from 1 July 2021 until the date of this report.

Remuneration Policy

The Board's policy for determining the nature and amount of remuneration for Non-Executive Directors of the Company is as follows:

All fees paid are valued at the cost to the Company and expensed. Options issued are valued using the Black-Scholes methodology.

The Board policy is to remunerate Non-Executive Directors at the lower end of market rates for comparable companies for time, commitment, and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration periodically based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. The current maximum aggregate fees has been set at \$150,000. Fees, including the amount approved by shareholders, for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

There is no relationship between fees paid to Non-Executive Directors and the performance of the Company.

Use of remuneration consultants

The Company did not employ the services of any remuneration consultants during the financial year ended 30 June 2022.

Voting and comments made at the Company's 2021 Annual General Meeting ("AGM")

The Company received 100% of "yes" votes based on the number of proxy votes received on its remuneration report for the 2021 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Details of Remuneration for Year Ended 30 June 2022

There were no cash bonuses paid during the year and there are no set performance criteria for achieving cash bonuses. The following table outlines benefits and payment details, in respect to the financial year, as well as the components of remuneration for each member of KMP of the Company:

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) CONTINUED

| Key Management Personnel | Short-term benefit | | Post-employment benefit | Equity-settled share based payments | | Total | Remuneration Performance based |
|----------------------------|--------------------|----------------------------|-------------------------|-------------------------------------|----------|----------------|--------------------------------|
| | Fees | Cash from other activities | Super-annuation | Options | Equity | | |
| | \$ | \$ | \$ | (5) \$ | \$ | \$ | % |
| 2022 | | | | | | | |
| Dr A Trench ⁽¹⁾ | 30,000 | - | - | - | - | 30,000 | - |
| D Ryan ⁽²⁾ | 25,000 | - | - | - | - | 25,000 | - |
| Dr C Jia ⁽³⁾ | 25,000 | - | - | - | - | 25,000 | - |
| C Stevens ⁽⁴⁾ | 17,046 | - | 1,705 | 19,545 | - | 38,296 | - |
| | 97,046 | - | 1,705 | 19,545 | - | 118,296 | - |
| 2021 | | | | | | | |
| Dr A Trench ⁽¹⁾ | 30,000 | - | - | 29,095 | - | 59,095 | - |
| D Ryan ⁽²⁾ | 25,000 | - | - | 29,095 | - | 54,095 | - |
| Dr C Jia ⁽³⁾ | 25,000 | - | - | 29,095 | - | 54,095 | - |
| | 80,000 | - | - | 87,285 | - | 167,285 | - |

(3) All fees paid to Dr Trench are paid to Judicial Holdings Pty Ltd of which he is a shareholder.

(4) All fees paid to Mr Ryan are paid to XServ Pty Ltd of which he is a shareholder.

(5) All fees paid to Dr Jia are paid to Luna Resources Pty Ltd of which he is a shareholder.

(6) Mr C Stevens was appointed on 4 October 2021.

(7) Refer to the Equity Instrument Disclosures Relating to KMP section of this remuneration report for further information pertaining to share-based payment expenses recognised for key management personnel.

Equity instrument disclosures relating to KMP

Shareholdings

The number of ordinary shares in Enterprise Metals Limited held by each KMP of the Company during the financial year is as follows:

| | Balance at the start of the period | Received during the period as compensation | Other changes during the period ⁽¹⁾ | Balance at the end of the period |
|------------------------|------------------------------------|--|--|----------------------------------|
| Ordinary Shares | | | | |
| Dr A Trench | 9,959,689 | - | 926,665 | 10,886,354 |
| D Ryan | 22,983,047 | - | 2,872,880 | 25,855,927 |
| Dr C Jia | 922,211 | - | 115,276 | 1,037,487 |
| C Stevens | - | - | - | - |
| Total | 33,864,947 | - | 3,914,821 | 37,779,768 |

(1) Acquired on market.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) CONTINUED

Option holdings

The following tables outline options over ordinary shares held by KMP of the Company during the financial year:

| | Balance at the start of the period | Received during the period as compensation | Exercised during the period | Other changes during the period ⁽¹⁾ | Balance at the end of the period | Vested and exercisable |
|----------------|------------------------------------|--|-----------------------------|--|----------------------------------|------------------------|
| Options | | | | | | |
| Dr A Trench | 3,169,000 | - | - | 308,888 | 3,477,888 | 3,477,888 |
| D Ryan | 5,152,572 | - | - | 957,626 | 6,110,198 | 6,110,198 |
| Dr C Jia | 3,000,000 | - | - | 38,425 | 3,038,425 | 3,038,425 |
| C Stevens | - | 3,000,000 | - | - | 3,000,000 | 3,000,000 |
| Total | 11,321,572 | 3,000,000 | - | 1,304,939 | 15,626,511 | 15,626,511 |

(1) During the year 1,304,939 options were acquired on market by Directors of the Company on the basis of 1 option for every 3 shares acquired under the non-renounceable pro-rata Entitlements Issue to eligible shareholders.

Details of options held by KMP of the Company at reporting date are as follows:

| | Vested and exercisable at 30 June 2022 | Grant Date | Fair value per option at grant date | Exercise price | Expiry date |
|----------------|--|------------|-------------------------------------|----------------|-------------|
| Options | | | | | |
| Dr A Trench | 169,000 | 29-Sep-20 | \$0.0112 | \$0.030 | 31-Aug-22 |
| | 3,000,000 | 1-Dec-20 | \$0.0097 | \$0.030 | 30-Nov-23 |
| | 308,888 | 10-Mar-22 | \$0.0055 | \$0.025 | 10-Mar-24 |
| D Ryan | 2,152,572 | 29-Sep-20 | \$0.0112 | \$0.030 | 31-Aug-22 |
| | 3,000,000 | 1-Dec-20 | \$0.0097 | \$0.030 | 30-Nov-23 |
| | 957,626 | 10-Mar-22 | \$0.0055 | \$0.025 | 10-Mar-24 |
| Dr C Jia | 3,000,000 | 1-Dec-20 | \$0.0097 | \$0.030 | 30-Nov-23 |
| | 38,425 | 10-Mar-22 | \$0.0055 | \$0.025 | 10-Mar-24 |
| C Stevens | 3,000,000 | 4-Oct-21 | \$0.0065 | \$0.030 | 30-Nov-23 |

The options granted carry no voting rights. The options granted vest on issue and have no attaching conditions.

Share-based compensation

On 4 October 2021, the Company issued 3,000,000 options with an exercise price of \$0.03 and an expiry date of 30 November 2023, to Mr C Stevens upon his appointment to the board.

On 1 December 2020, following shareholder approval at the 2020 AGM, the Company issued 9,000,000 options with an exercise price of \$0.03 and an expiry date of 30 November 2023, to the Directors of the Company as remuneration.

The fair value of the options granted was estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the options were granted and factors such as the share price at grant date, volatility of the share price and risk free rate. As there were no vesting conditions attached, the expense of \$19,545 (30 June 2021: \$87,285) was recognised in full as a share-based payment.

A summary of the key assumptions used in applying the Black Scholes model to the share-based payments recognised in the year is as follows:

DIRECTORS' REPORT

| Number of options/ rights | Date of grant | Share price at grant date | Volatility factor | Risk free rate | Expected life of option/ right (years) | Valuation per option/ right | Exercise price per option/ right | Vesting conditions |
|---------------------------|---------------|---------------------------|-------------------|----------------|--|-----------------------------|----------------------------------|--------------------|
| 2022 | | | | | | | | |
| 3,000,000 | 4-Oct-21 | \$0.0140 | 118.00% | 0.58% | 2 years | \$0.0065 | \$0.03 | None |
| 2021 | | | | | | | | |
| 9,000,000 | 24-Nov-20 | \$0.0160 | 120.95% | 0.11% | 3 years | \$0.0097 | \$0.03 | None |

Loans to KMP

There were no loans made to KMP as at 30 June 2022, nor were any made during the financial year.

Other Transactions with KMP

During the year, technical consulting and other exploration services were provided by Montana Exploration Services Pty Ltd, a related party of Mr Ryan, a Non-Executive Director of the Company. Fees are paid to Montana Exploration Services Pty Ltd at commercial rates, under the terms set out in the technical services agreement.

During the year \$226,786 (2021: \$238,372) net of GST, was invoiced by Montana Exploration Services Pty Ltd for the provision of technical and other services. At 30 June 2022 an amount of \$40,782 (2021: \$32,937) remained unpaid and is included in trade and other payables.

Group's Performance

The table below sets out information about the Group's earnings and movements in shareholder wealth for the past five years up to and including the current financial year.

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-------------|-------------|-----------|-----------|-----------|
| Net (loss)/profit after tax (\$)* | (1,167,519) | (1,654,354) | (826,073) | (467,608) | (862,616) |
| Basic (loss)/profit per share (cents)* | (0.20) | (0.31) | (0.20) | (0.12) | (0.25) |
| Share Price at year end (cents) | 0.8 | 1.6 | 1.3 | 0.8 | 2.0 |
| Total dividends (cents per share) | - | - | - | - | - |

*Historical results have not been assessed and adjusted for the impact of new accounting standards.

----- End of Audited Remuneration Report -----

DIRECTORS' REPORT

Rounding of Amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on the following page.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Allan Trench

Chairman

30 September 2022

AUDITORS INDEPENDENCE DECLARATION



AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF ENTERPRISE METALS LIMITED

In relation to the independent audit for the year ended 30 June 2022, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Enterprise Metals Limited and the entities it controlled during the year.

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD

A handwritten signature in black ink, appearing to read 'Paul Mulligan'.

PAUL MULLIGAN
Executive Director
Perth, 30 September 2022

Pitcher Partners BA&A Pty Ltd

An independent Western Australian Company ABN 76 601 361 095.
Level 11, 12-14 The Esplanade, Perth WA 6000
Registered Audit Company Number 467435.
Liability limited by a scheme under Professional Standards Legislation.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

Pitcher Partners is an association of independent firms.

Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

| | Note | 30 June 2022 \$ | 30 June 2021 \$ |
|---|------|-----------------------|-----------------------|
| OTHER INCOME | | | |
| Interest received | | 932 | 3,735 |
| Government payments | | - | 10,000 |
| EXPENDITURE | | | |
| Share registry and listing fees | | (51,462) | (58,472) |
| Employee benefits expense | | (165,617) | (142,735) |
| Computers and software | | (11,109) | (12,640) |
| Corporate and consulting fees | | (18,799) | (15,821) |
| Depreciation | 8,9 | (27,302) | (18,000) |
| Exploration expense | 2 | (745,386) | (1,257,745) |
| Insurance | | (23,138) | (21,288) |
| Impairment of capitalised exploration expenses | 2 | (35,532) | (12,866) |
| Other administration expense | | (67,876) | (41,237) |
| Share based payment expense | 3 | (22,230) | (87,285) |
| (LOSS) BEFORE INCOME TAX EXPENSE | | (1,167,519) | (1,654,354) |
| Income tax expense | 5 | - | - |
| (LOSS) FOR THE YEAR | | (1,167,519) | (1,654,354) |
| OTHER COMPREHENSIVE INCOME | | - | - |
| TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF ENTERPRISE METALS LIMITED | | (1,167,519) | (1,654,354) |
| Basic and diluted (loss) per share (cents per share) | 4 | (0.20) | (0.31) |

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

| | Note | 30 June 2022 \$ | 30 June 2021 \$ |
|--------------------------------------|------|-----------------------|-----------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 6 | 1,061,770 | 1,481,540 |
| Trade and other receivables | 7 | 51,577 | 54,265 |
| Prepayments | | 145,305 | 24,990 |
| TOTAL CURRENT ASSETS | | 1,258,652 | 1,560,795 |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | 8 | 9,248 | 9,970 |
| Right-of-use assets | 9 | 21,662 | 47,084 |
| Exploration and evaluation assets | 10 | 6,519,398 | 6,262,607 |
| TOTAL NON-CURRENT ASSETS | | 6,550,308 | 6,319,661 |
| TOTAL ASSETS | | 7,808,960 | 7,880,456 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 11 | 260,973 | 126,925 |
| Lease liabilities | 9 | 12,509 | 24,519 |
| Provisions | | 5,950 | 5,578 |
| TOTAL CURRENT LIABILITIES | | 279,432 | 157,022 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 9 | 9,755 | 23,339 |
| TOTAL NON-CURRENT LIABILITIES | | 9,755 | 23,339 |
| TOTAL LIABILITIES | | 289,187 | 180,361 |
| NET ASSETS | | 7,519,773 | 7,700,095 |
| EQUITY | | | |
| Issued capital | 13 | 35,044,562 | 34,079,595 |
| Reserves | 12 | 109,515 | 90,666 |
| Accumulated losses | | (27,634,304) | (26,470,166) |
| TOTAL EQUITY | | 7,519,773 | 7,700,095 |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

| | Note | 30 June 2022 \$ | 30 June 2021 \$ |
|---|-----------|-----------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Interest received | | 932 | 3,735 |
| Government grants | | - | 10,000 |
| Payments for exploration and evaluation expenditure | | (740,052) | (1,241,055) |
| Payments to suppliers and employees | | (338,258) | (326,847) |
| Net cash used in operating activities | 14 | (1,077,378) | (1,554,167) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from exploration and evaluation refunds | | - | 5,909 |
| Proceeds from joint venture | | - | 150,000 |
| Payments for capitalised exploration and evaluation expenditure | | (279,128) | (6,068) |
| Payments for plant and equipment | | (2,130) | (10,042) |
| Net cash provided by (used in) investing activities | | (281,258) | 139,799 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of ordinary shares | | 1,002,781 | 1,918,729 |
| Payments of share issue transaction costs | | (37,815) | (13,596) |
| Payments of lease liabilities | | (26,100) | (16,200) |
| Net cash provided by financing activities | | 938,866 | 1,888,933 |
| Net increase / (decrease) in cash and cash equivalents | | (419,770) | 474,565 |
| Cash and cash equivalents at the beginning of the period | | 1,481,540 | 1,006,975 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 6 | 1,061,770 | 1,481,540 |

The above Consolidated Statement of Cashflows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2022

| | Note | 30 June 2022 \$ | 30 June 2021 \$ |
|---|-----------|-----------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Interest received | | 932 | 3,735 |
| Government grants | | - | 10,000 |
| Payments for exploration and evaluation expenditure | | (740,052) | (1,241,055) |
| Payments to suppliers and employees | | (338,258) | (326,847) |
| Net cash used in operating activities | 14 | (1,077,378) | (1,554,167) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from exploration and evaluation refunds | | - | 5,909 |
| Proceeds from joint venture | | - | 150,000 |
| Payments for capitalised exploration and evaluation expenditure | | (279,128) | (6,068) |
| Payments for plant and equipment | | (2,130) | (10,042) |
| Net cash provided by (used in) investing activities | | (281,258) | 139,799 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of ordinary shares | | 1,002,781 | 1,918,729 |
| Payments of share issue transaction costs | | (37,815) | (13,596) |
| Payments of lease liabilities | | (26,100) | (16,200) |
| Net cash provided by financing activities | | 938,866 | 1,888,933 |
| Net increase / (decrease) in cash and cash equivalents | | (419,770) | 474,565 |
| Cash and cash equivalents at the beginning of the period | | 1,481,540 | 1,006,975 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 6 | 1,061,770 | 1,481,540 |

The above Consolidated Statement of Cashflows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

Enterprise Metals Limited ("Enterprise" or the "Company") is a company limited by shares, incorporated and domiciled in Australia. The financial statements as at and for the year ended 30 June 2022 cover the consolidated group of Enterprise Metals Limited and the entities it controlled (together "the Group"). The Group is a for-profit entity.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The Company is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected, financial assets. The functional currency of the Group is Australian dollars.

The financial statements were authorised for issue by the Directors on 30 September 2022.

b) Going Concern

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Group's assets and the discharge of their liabilities in the normal course of business.

As disclosed in the financial report, the Group recorded an operating loss of \$1,167,519 (2021: \$1,654,354), net current assets of \$979,220 (2021: 1,403,773), net cash outflows used in operating activities of \$1,077,378 (2021: \$1,554,167), net cash outflows/(inflows) provided by investing activities of \$281,258 (2021: (\$139,799)). As at 30 June 2022 the Company had cash and cash equivalents of \$1,061,770 (2021: \$1,481,540).

The board considers that the Group is a going concern. In arriving at this position the Directors have had regard to the fact that based on the matters noted below the Group has, or in the Directors opinion, will have access to, sufficient cash to fund administrative and other committed expenditure for a period of at least 12 months from the date of signing this report.

In forming this view the Directors have taken into consideration the following:

- Planned capital raisings at a level that provides sufficient financial resources, combined with funds held as at the date of this report, to fund forecasted operational expenditure for a period of at least 12 months from the date of signing this financial report.

Should the Group not achieve the matter set out above there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern and meet its debts as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

c) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of Company and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Company controls. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in note 15.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

d) Income Tax

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

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

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

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

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

e) Property, Plant, and Equipment

Each class of property, plant, and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the historical cost basis.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

| | |
|---------------------|-----|
| Plant and equipment | 25% |
|---------------------|-----|

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

f) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward when the Group holds tenure over the area of interest and to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

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

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

g) Interest in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposures to each liability of the arrangement. The Company has interests in the following joint operations:

Fraser Range Project – Constellation Resources Ltd holds a 70% interest and manages and wholly funds exploration on the three granted Orpheus Joint Venture tenements (E28/2403, E63/1281 and E63/1282) and one mineral exploration licence application (E63/1695). Enterprise holds a 30% free carried interest to completion of a bankable feasibility stage (BFS) on any discovery.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Doolgunna Project – Sandfire Resources NL entered into a farm-in agreement with Enterprise in October 2016 to earn a 75% interest in the Enterprise's Doolgunna Project by sole funding exploration to define a JORC (2012) compliant mineral resource of at least 50,000 tonnes of contained copper or copper equivalent.

h) Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified upon initial recognition at amortised cost.

Classification is determined by both:

- The Group's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on:

financial assets that are measured at amortised cost Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approach to impairment, as applicable under AASB 9: Financial Instruments:

- the General approach

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income. The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Equity instruments at fair value through other comprehensive income ("FVOCI")

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss ("FVPL"). Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). The Group has not designated any financial liabilities at FVPL.

i) Leases

The Group assesses at contract inception, all arrangements to determine whether they are, or contain, a lease. For all leases with a term of more than 12 months and unless the underlying asset is of low value, the Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

At the commencement date, a lessee shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Lease liabilities

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

After the commencement date, a lessee shall measure the lease liability by:

- (a) increasing the carrying amount to reflect interest on the lease liability;
- (b) reducing the carrying amount to reflect the lease payments made; and
- (c) remeasuring the carrying amount to reflect any reassessment or lease modifications.

Impairment of Non-Financial Assets

At each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

j) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled wholly within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-settled compensation

The Group operates an Incentive Option Scheme share-based compensation plan. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in profit or loss. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted. The fair value of options is ascertained using the Black-Scholes pricing model which incorporates all market vesting conditions.

k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

l) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

m) Other Income

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Government payments (grants) are recognised at fair value where there is reasonable assurance that the grant will be received, and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

All revenue is stated net of the amount of goods and services tax (GST).

n) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

o) Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flow.

Commitments are presented on a gross basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

p) Equity

Share Capital

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other capital reserves

Share-based payments

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Upon exercise of options the amount is transferred to Share Capital, should the options expire any amount relating to the expired options is transferred to retained earnings.

q) Earnings per Share

Basic earnings per share

Basic earnings per share is determined by dividing the profit attributable to equity holders of the Company, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

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

r) Comparative Figures

When required by the Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

s) Rounding of Amounts

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

t) Critical Accounting Estimates and Judgments

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Key Estimates — Impairment of Assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Judgments – Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation 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.

Key Judgments – Benefit from Deferred Tax Losses

The future recoverability of the carried forward tax losses are dependent upon Group's ability to generate taxable profits in the future in the same tax jurisdiction in which the losses arise. This is also subject to determinations and assessments made by the taxation authorities. The recognition of a deferred tax asset on carried forward tax losses (in excess of taxable temporary differences) is dependent on management's assessment of these two factors. The ultimate recoupment and the benefit of these tax losses could differ materially from management's assessment.

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2022 because the Directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- the Group continues to comply with conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss and exploration expenditure.

Key Estimates – Equity settled share-based transactions

The fair value of the options granted to Directors and employees are estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the options were granted and factors such as the share price at grant date, volatility of the share price and risk free rate.

Key Estimates – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

u) New and Amended Standards Adopted by the Group in this Financial Report

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year. The Group has considered the implications of new amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

v) Impact of Standards Issued but not yet Applied by the Group

There are a number of new standards, amendments to standards and interpretations issued by the AASB which are applicable to future reporting periods. The Group has not early adopted any of these standards or

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

interpretations. The Group has reviewed the following new and amended standards and interpretations and concludes that none are expected to have a significant impact on the Group's consolidated financial statements.

| | | |
|---|---|--|
| <i>AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i> | - | <i>Effective for annual reporting periods beginning on or after 1 January 2023</i> |
| <i>AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments</i> | - | <i>Effective for annual reporting periods beginning on or after 1 January 2022</i> |
| <i>AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current – Deferral of Effective Date</i> | - | <i>Effective for annual reporting periods beginning on or after 1 January 2023</i> |
| <i>AASB 2021-2 Amendments to AASs – Disclosure of Accounting Policies and Definition of Accounting Estimates</i> | - | <i>Effective for annual reporting periods beginning on or after 1 January 2023</i> |

NOTE 2: EXPENDITURE

The following significant revenue and expense items are relevant in explaining the financial performance:

| | Note | 30 June 2022 | 30 June 2021 |
|---|------|-----------------|-----------------|
| | | \$ | \$ |
| Exploration expenditure ¹ | | 745,386 | 1,257,745 |
| Impairment of capitalised exploration and evaluation assets | 10 | 35,532 | 12,866 |
| Post-employment benefits | | 14,872 | 5,890 |

¹ Exploration on areas over which the Company does not hold rights of tenure is expensed as incurred.

NOTE 3: SHARE-BASED PAYMENTS

| | Note | 30 June 2022 | 30 June 2021 |
|--|------|-----------------|-----------------|
| | | \$ | \$ |
| Fair Value - Director Options ¹ | | 19,545 | 87,285 |
| Fair Value - Employee Share Option Plan ² | | 2,685 | - |
| | | 22,230 | 87,285 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 3: SHARE-BASED PAYMENTS CONTINUED

¹ Director Options - On 4 October 2021, the Company issued 3,000,000 options with an exercise price of \$0.03 and an expiry date of 30 November 2023, to Mr C Stevens upon his appointment to the board. On 1 December 2020, following shareholder approval at the 2020 AGM, the Company issued 9,000,000 options with an exercise price of \$0.03 and an expiry date of 30 November 2023, to the Directors of the Company as remuneration.

The fair value of the options granted was estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the options were granted and factors such as the share price at grant date, volatility of the share price and risk free rate. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome. As there were no vesting conditions attached, the expense of \$19,545 (30 June 2021: \$87,285) was recognised in full as a share-based payment.

² Employee Share Option Plan ("ESOP") - During the year ended 30 June 2022, the Company issued 500,000 options with an exercise price of \$0.025 to employees of the Company. The fair value of the options granted was estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the options were granted and factors such as the share price at grant date, volatility of the share price and risk free rate. As there were no vesting conditions attached, the expense of \$2,685 (30 June 2021: nil) was recognised in full as a share-based payment.

A summary of the key assumptions used in applying the Black Scholes model to the share based payments recognised in the year is as follows:

| Number of options/ rights | Date of grant | Share price at grant date | Volatility factor | Risk free rate | Expected life of option/ right (years) | Valuation per option/ right | Exercise price per option/ right | Vesting conditions |
|------------------------------|---------------|---------------------------|-------------------|----------------|---|--------------------------------|-------------------------------------|--------------------|
| 2022 | | | | | | | | |
| 3,000,000 | 4-Oct-21 | \$0.0140 | 118.00% | 0.58% | 2 years | \$0.0065 | \$0.03 | None |
| 500,000 | 14-Mar-22 | \$0.0130 | 109.46% | 1.34% | 3 years | \$0.0054 | \$0.03 | None |
| 2021 | | | | | | | | |
| 9,000,000 | 24-Nov-20 | \$0.0160 | 120.95% | 0.11% | 3 years | \$0.0097 | \$0.03 | None |

NOTE 4: LOSS PER SHARE

| | 30 June 2022 \$ | 30 June 2021 \$ |
|--|-----------------------|-----------------------|
| (a) Reconciliation of earnings to loss for the year | | |
| Earnings used in the calculation of basic EPS | (1,167,519) | (1,654,354) |
| (b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS | | |
| | 593,433,871 | 529,222,619 |
| Basic loss per share (cents per share) | (0.20) | (0.31) |
| Diluted loss per share (cents per share) | (0.20) | (0.31) |

As at 30 June 2022, 70,141,696 Unlisted Options (which represent 70,141,696 potential Ordinary Shares) were considered non-dilutive as they would decrease the loss per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 5: INCOME TAX

| | 30 June 2022 \$ | 30 June 2021 \$ |
|--|-----------------------|-----------------------|
| (a) Income tax expense | | |
| Current tax | - | - |
| Deferred tax | - | - |
| Adjustments for current tax of prior periods | - | - |
| | - | - |
| (b) Reconciliation of income tax expense to prima facie tax payable | | |
| The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows: | | |
| Prima facie tax on operating loss at 30% (2021: 30%) | (350,256) | (496,306) |
| Add / (Less) tax effect of: | | |
| Expenditure not allowable for income tax purposes | 19,498 | 26,186 |
| Income not assessable for income tax purposes | - | (3,000) |
| Under provision in prior period | 5,108 | |
| Deferred tax asset not brought to account | 325,650 | 473,120 |
| Income tax attributable to operating loss | - | - |
| (c) Deferred tax assets and liabilities | | |
| Deferred tax assets (liabilities) balance comprises: | | |
| Plant and equipment | 248 | 642 |
| Plant and equipment under lease | 7,002 | 232 |
| Provisions and accruals | 12,380 | 10,326 |
| Capital raising costs | 13,232 | 9,229 |
| Prepayments | (43,592) | (7,497) |
| Exploration expenditure | (1,764,943) | (1,748,691) |
| Tax losses | 13,090,768 | 12,709,629 |
| Deferred tax asset not recognised | (11,315,095) | (10,973,870) |
| Net deferred tax assets | - | - |
| (d) Deferred income tax (revenue)/expense included in income tax expense comprises: | | |
| Decrease / (increase) in deferred tax assets | (379,446) | (447,398) |
| (Decrease) / increase in deferred tax liabilities | 44,720 | (29,804) |
| DTA not recognised | 334,726 | 477,202 |
| | - | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 5: INCOME TAX CONTINUED

(e) Deferred income tax related to items charged or credited directly to equity

| | | |
|---|----------------|----------------|
| Decrease / (increase) in deferred tax assets | 9,076 | 4,079 |
| (Decrease) / increase in deferred tax liabilities | - | - |
| DTA not recognised | (9,076) | (4,079) |
| | - | - |

(f) Deferred tax assets not brought to account

| | | |
|-----------------------|-------------------|-------------------|
| Temporary differences | (1,782,172) | (1,735,759) |
| Operating tax losses | 13,090,768 | 12,709,629 |
| Capital losses | 12,000 | - |
| | 11,320,596 | 10,973,870 |

Potential deferred tax assets have not been recognised at 30 June 2022 because the Directors do not believe it is appropriate to regard the realisation of the potential deferred tax assets as probable at this point in time. These benefits of the tax and capital losses will only be obtained if:

- the Group derives future assessable income of a nature and amount to enable the benefit of the losses to be realised;
- the Group continues to comply with the conditions for deductibility imposed by tax law; and no changes in tax law adversely affect the Group from realising the benefit of the tax losses.

NOTE 6: CASH AND CASH EQUIVALENTS

| | 30 June 2022 | 30 June 2021 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| Cash at bank | 1,061,770 | 1,481,540 |
| Reconciliation of cash: | | |
| <i>Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:</i> | | |
| Cash and cash equivalents | 1,061,770 | 1,481,540 |

NOTE 7: TRADE AND OTHER RECEIVABLES

| | 30 June 2022 | 30 June 2021 |
|-----------------------------|-------------------------|-------------------------|
| CURRENT | \$ | \$ |
| GST receivable | 43,415 | 46,103 |
| Trade and other receivables | 8,162 | 8,162 |
| | 51,577 | 54,265 |

There are no balances within trade and other receivables that contain assets that are impaired and are past due. It is expected these balances will be received when due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 8: PLANT AND EQUIPMENT

| | 30 June 2022 | 30 June 2021 |
|--------------------------------------|-----------------|-----------------|
| NON-CURRENT | \$ | \$ |
| Plant and equipment – at cost | 60,122 | 61,723 |
| Less: Accumulated depreciation | (50,874) | (51,753) |
| | 9,248 | 9,970 |
| Movement: | | |
| Balance at beginning of year | 9,970 | 1,000 |
| Additions | 2,130 | 10,832 |
| Disposals – at cost | (3,731) | (6,056) |
| Disposals – accumulated depreciation | 3,731 | 6,056 |
| Depreciation | (2,852) | (1,862) |
| Balance at end of year | 9,248 | 9,970 |

NOTE 9: LEASES

| | 30 June 2022 | 30 June 2021 |
|--|-----------------|-----------------|
| | \$ | \$ |
| The consolidated statement of financial position shows the following amounts relating to leases: | | |
| Right-of-use assets | | |
| Buildings | 21,662 | 47,084 |
| Lease liabilities | | |
| Current | (12,509) | (24,519) |
| Non-current | (9,755) | (23,339) |
| | (22,264) | (47,858) |

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

| | | |
|--|--------|--------|
| Depreciation of right-of-use assets | 24,450 | 16,138 |
| Interest on lease liabilities (included in other administration expense) | 1,478 | 838 |

The group leases office and storage premises. Rental contracts are typically made for fixed periods of 1 to 2 years but may have extension options. There were no additions to the right-of-use assets during the 2022 financial year (2021: \$63,221).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 10: EXPLORATION AND EVALUATION ASSETS

| | 30 June 2022 \$ | 30 June 2021 \$ |
|--|-----------------------|-----------------------|
| Capitalised exploration and evaluation expenditure | 6,519,398 | 6,262,607 |
| Movement | | |
| Balance at beginning of year | 6,262,607 | 6,407,788 |
| Exploration and evaluation expenditure capitalised in the year | 292,323 | 23,594 |
| Proceeds from exploration and evaluation refunds | - | (5,909) |
| Proceeds from earn in and exploration joint venture agreement | - | (150,000) |
| Impairment of capitalised exploration and evaluation expenditure | (35,532) | (12,866) |
| Balance at end of year | 6,519,398 | 6,262,607 |

The Directors' assessment of whether any triggers of impairment for the Group's exploration and evaluation assets existed as at 30 June 2022 was after consideration of factors such as prevailing market conditions; previous expenditure for exploration work carried out on the tenements; maintaining rights to tenure; and the potential for mineralisation based on the Group's and independent geological reports.

The ultimate value of these assets is dependent upon recoupment by commercial development or the sale of the whole or part of the Group's interests in these exploration properties for an amount at least equal to the carrying value.

As at 30 June 2022, the Directors have concluded that there remains an expectation that the carrying amount of the Group's exploration and evaluation assets will be recovered in full on the basis of the above factors, and with the exception of tenements no longer held or not yet granted, no impairment triggers exist. Consequently, no detailed impairment assessment has been performed as at 30 June 2022. However, there may exist on the Group's exploration properties, areas subject to claim under Native Title or containing sacred sites or sites of significance to Aboriginal people. As a result, the Group's exploration properties or areas within the tenements may be subject to exploration and mining restrictions.

During the year, an impairment of \$35,532 (30 June 2021: \$12,866) was recognised as a result of expenditure on tenements no longer held or tenements not yet granted.

NOTE 11: TRADE AND OTHER PAYABLES

| | 30 June 2022 \$ | 30 June 2021 \$ |
|--|-----------------------|-----------------------|
| CURRENT – UNSECURED LIABILITIES | | |
| Trade payables | 81,141 | 85,549 |
| Other payables ¹ | 116,667 | - |
| Accrued expenses | 63,165 | 41,376 |
| | 260,973 | 126,925 |

¹ During the year the Company entered into a tenement purchase agreement, under the terms of the agreement the Company will issue 8,333,333 shares in the Company to the Vendor, upon completion of the transaction. The shares were issued and corresponding liability extinguished on 25 July 2022.

All amounts are short-term. The carrying value is considered to be a reasonable approximation of the fair value. Refer to note 17 related party transactions for trade payable balances with related parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 12: RESERVES

| | Note | 30 June 2022 \$ | 30 June 2021 \$ |
|--|------|-----------------------|-----------------------|
| Options Reserve | | 109,515 | 90,666 |
| Movement | | | |
| Balance at beginning of year | | 90,666 | 3,381 |
| Share-based payments recognised | 3 | 22,230 | 87,285 |
| Transfer from SBP reserve upon expiry of options | | (3,381) | - |
| Balance at end of year | | 109,515 | 90,666 |

NOTE 13: ISSUED CAPITAL

| | 30 June 2022 \$ | 30 June 2021 \$ |
|--|-----------------------|-----------------------|
| 644,647,355 (30 June 2021: 573,020,145) fully paid ordinary shares | 35,044,562 | 34,079,595 |
| The Company has no authorised share capital. Shares have no par value. | | |
| Movement | \$ | \$ |
| Balance at beginning of year | 34,079,595 | 32,174,462 |
| Shares issued during the year | | |
| 10 March 2022 Entitlements offer ¹ | 621,956 | - |
| 30 March 2022 Shortfall placement ² | 380,825 | - |
| Prior period: | | |
| 29 September 2021 Entitlements offer | - | 1,485,662 |
| Options exercised at \$0.015 per share | - | 433,067 |
| Transaction costs relating to share issues | (37,814) | (13,596) |
| Balance at end of year | 35,044,562 | 34,079,595 |
| Movement | No. | No. |
| Balance at beginning of year | 573,020,145 | 476,618,957 |
| Shares issued during the year | | |
| 10 March 2022 Entitlements offer ¹ | 44,425,423 | - |
| 30 March 2022 Shortfall placement ² | 27,201,787 | - |
| Prior period: | | |
| 29 September 2021 Entitlements offer | - | 67,530,078 |
| Options exercised at \$0.015 per share | - | 28,871,110 |
| Balance at end of year | 644,647,355 | 573,020,145 |

¹ Capital raised and shares issued under a non-renounceable pro-rata Entitlements Issue to eligible shareholders of ordinary fully paid shares in the Company at an issue price of \$0.014 per share, on the basis of 1 New Share for every 8 shares held together with 1 Option for every 3 shares issued.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 13: ISSUED CAPITAL CONTINUED

² Capital raised and shares issued under placement of shortfall from a non-renounceable pro-rata Entitlements Issue to eligible shareholders of ordinary fully paid shares in the Company at an issue price of \$0.014 per share, on the basis of 1 New Share for every 8 shares held together with 1 Option for every 3 shares issued.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

NOTE 14: CASH FLOW INFORMATION

(a) Reconciliation of Cash Flow from Operations with loss after Income Tax

| | 30 June 2022 | 30 June 2021 |
|---|-----------------|-----------------|
| | \$ | \$ |
| Loss after income tax | (1,167,519) | (1,654,354) |
| Adjustment for: | | |
| Depreciation and amortisation | 27,302 | 18,000 |
| Impairment of exploration and evaluation assets | 35,532 | 12,866 |
| Share based payments | 22,230 | 87,285 |
| Other non-cash items | 1,478 | 838 |
| Changes in assets and liabilities: | | |
| (Increase)/decrease in receivables | 2,688 | (30,251) |
| (Increase)/decrease in prepayments and other assets | 149 | 749 |
| Increase/(decrease) in payables | 762 | 10,700 |
| Cash flow used in operations | (1,077,378) | (1,554,167) |

(b) Credit Standby Facilities

The Group had no credit standby facilities as at 30 June 2022 (2021: nil).

(c) Non-Cash Investing and Financing Activities

| | 30 June 2022 | 30 June 2021 |
|---|-----------------|-----------------|
| | \$ | \$ |
| Acquisition of buildings by means of finance leases | - | 63,221 |

NOTE 15: CONTROLLED ENTITIES

| Details of controlled entities | Country of incorporation | Class of shares | Percentage Owned % 2022 | 2021 |
|--------------------------------|-----------------------------|--------------------|----------------------------|------|
| Murchison Exploration Pty Ltd | Australia | Ordinary | 100 | 100 |
| Amiable Holdings Pty Ltd | Australia | Ordinary | 100 | 100 |
| Calypso Minerals Pty Ltd | Australia | Ordinary | 100 | 100 |
| Perenjori Exploration Pty Ltd | Australia | Ordinary | 100 | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 16: EVENTS SUBSEQUENT TO REPORTING DATE

During the year the Company entered into a tenement purchase agreement for the consideration of 8,333,333 shares in the Company. Subsequent to reporting date, consideration shares in the Company were issued to the vendor, the tenement is currently awaiting transfer with the Department of Mines, Industry, Regulation and Safety.

No other matters or circumstances have arisen since the end of the year, that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTE 17: RELATED PARTY TRANSACTIONS

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

KMP Compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid to each member of the Group's KMP for the year ended 30 June 2022. The totals of remuneration paid to KMP during the year are as follows:

| | 30 June 2022 \$ | 30 June 2021 \$ |
|-----------------------------------|-----------------------|-----------------------|
| Short-term employee benefits | 97,046 | 80,000 |
| Post-employment benefits | 1,705 | - |
| Termination benefit | - | - |
| Share based payments ¹ | 19,545 | 87,285 |
| | <u>118,296</u> | <u>167,285</u> |

¹ Represents options granted to Directors. Refer to note 3

Other Related Party Transactions

During the year, technical consulting and other exploration services were provided by Montana Exploration Services Pty Ltd, a related party of Mr Ryan, a Non-Executive Director of the Company. Fees are paid to Montana Exploration Services Pty Ltd at commercial rates, under the terms set out in the technical services agreement.

During the year \$226,786 (2021: \$238,372) net of GST, was invoiced by Montana Exploration Services Pty Ltd for the provision of technical and other services. At 30 June 2022 an amount of \$40,782 (2021: \$32,937) remained unpaid and is included in trade and other payables.

NOTE 18: COMMITMENTS AND CONTINGENCIES

Commitments

The Group has entered into certain obligations to perform minimum work on mineral tenements held. The Group is required to meet tenement minimum expenditure requirement which are set out below. These may be varied or deferred on application and are expenditures expected to be met in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18: COMMITMENTS AND CONTINGENCIES CONTINUED

| | 30 June 2022 | 30 June 2021 |
|---|------------------|-----------------|
| | \$ | \$ |
| Not later than one year | 600,000 | 190,000 |
| Later than one year and not later than five years | 2,167,000 | 392,000 |
| | <u>2,767,000</u> | <u>582,000</u> |

Contingent Liabilities

As at 30 June 2022, the Group has contingent liabilities to the value of \$nil (2021: \$nil).

NOTE 19: FINANCIAL INSTRUMENTS RISK

(a) Capital Risk Management

The Directors' objectives when managing capital are to ensure that the Group can fund its operations and continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders. The Group has no debt therefore has no externally imposed capital restrictions.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2022 and 30 June 2021 are as follows:

| | 30 June 2022 | 30 June 2021 |
|-----------------------------|-----------------|------------------|
| | \$ | \$ |
| Cash and cash equivalents | 1,061,770 | 1,481,540 |
| Trade and other receivables | 51,577 | 54,265 |
| Trade and other payables | (260,973) | (126,925) |
| Lease liabilities | (12,509) | (24,519) |
| Working capital position | <u>839,865</u> | <u>1,384,361</u> |

(b) Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, accounts payable and lease liabilities. The main purpose of non-derivative financial instruments is to raise finance for Group operations. The Group does not speculate in the trading of derivative instruments.

The main risks the Group is exposed to through its financial instruments are market risk consisting of interest rate, liquidity risk and credit risk.

(c) Market risk

The Board meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 19: FINANCIAL INSTRUMENTS RISK CONTINUED

Interest rate risk is managed by closely monitoring the interest rates at various financial institutions. The Groups exposure to interest rates is shown in the table below. The table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

| | Profit \$ | Equity \$ |
|----------------------------------|--------------|--------------|
| Period ended 30 June 2021 | | |
| +20bps/-20bps in interest rates | +/- 2,123 | +/- 2,123 |
| Period ended 30 June 2022 | | |
| +20bps/-20bps in interest rates | +/- 2,693 | +/- 2,693 |

A summary of the Group's financial assets and liabilities exposed to interest rate risk is shown below:

| | Floating Interest Rate | Fixed Interest maturing in 1 year or less | Fixed Interest maturing over 1 to 5 years | Non- interest bearing | Total |
|--|------------------------------|--|---|-----------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 2022 | | | | | |
| Financial Assets | | | | | |
| Cash and cash equivalents | 1,051,770 | 10,000 | - | - | 1,061,770 |
| Trade and other receivables | - | - | - | 51,577 | 51,577 |
| Total Financial Assets | <u>1,051,770</u> | <u>10,000</u> | <u>-</u> | <u>51,577</u> | <u>1,113,347</u> |
| Weighted average interest rate – cash assets | 0.08% | 0.27% | - | | |
| Financial Liabilities at amortised cost | | | | | |
| Trade and other payables | - | - | - | (260,973) | (260,973) |
| Lease liability | - | (12,509) | (9,755) | - | (22,264) |
| Total Financial Liabilities | <u>-</u> | <u>(12,509)</u> | <u>(9,755)</u> | <u>(260,973)</u> | <u>(283,237)</u> |
| Effective interest rate | | 4.46% | 4.46% | | |
| Net financial assets | <u>1,051,770</u> | <u>(2,509)</u> | <u>(9,755)</u> | <u>(209,396)</u> | <u>830,110</u> |
| 2021 | | | | | |
| Financial Assets | | | | | |
| Cash and cash equivalents | 1,471,540 | 10,000 | - | - | 1,481,540 |
| Trade and other receivables | - | - | - | 54,265 | 54,265 |
| Total Financial Assets | <u>1,471,540</u> | <u>10,000</u> | <u>-</u> | <u>54,265</u> | <u>1,535,805</u> |
| Weighted average interest rate – cash assets | 0.23% | 0.35% | - | | |
| Financial Liabilities at amortised cost | | | | | |
| Trade and other payables | - | - | - | (126,925) | (126,925) |
| Lease liability | - | (13,629) | (34,229) | - | (47,858) |
| Total Financial Liabilities | <u>-</u> | <u>(13,629)</u> | <u>(34,229)</u> | <u>(126,925)</u> | <u>(174,783)</u> |
| Effective interest rate | | 5.05% | 4.46% | | |
| Net financial assets | <u>1,471,540</u> | <u>(3,629)</u> | <u>(34,229)</u> | <u>(72,660)</u> | <u>1,361,022</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 19: FINANCIAL INSTRUMENTS RISK CONTINUED

(d) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash is available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

The financial liabilities of the Group are confined to trade and other payables and lease liabilities as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date. Maturities of interest bearing lease liabilities are shown in the table above.

(e) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

Credit risk exposures

There are no other material amounts of collateral held as security at 30 June 2022. Trade and other receivables are expected to be settled within 30 days and there is no history of credit losses.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

| | | 30 June 2022 | 30 June 2021 |
|------------|------|-----------------|-----------------|
| | Note | \$ | \$ |
| - AA Rated | 6 | 1,061,770 | 1,481,540 |

(f) Net Fair Values

Cash and cash equivalents, trade and other receivables and trade and other payables are short-term in nature and carrying value is considered to be equivalent to fair value.

Fair value measurement hierarchy

AASB 13 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets and liabilities.
- (b) Level 2 – a valuation technique is used using inputs other than quoted prices within Level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices).
- (c) Level 3 – a valuation technique is used using inputs that are not based on observable market data (unobservable inputs).

At reporting date the Company does not have financial assets or liabilities subject to this criteria .

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 20: OPERATING SEGMENTS

The Directors have considered the requirements of AASB 8 *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

The Group remains focused on mineral exploration over areas of interest solely in Western Australia.

NOTE 21: AUDITORS' REMUNERATION

| | 30 June 2022 \$ | 30 June 2021 \$ |
|--|-----------------------|-----------------------|
| Remuneration of the auditor of the parent entity for: | | |
| - Auditing or reviewing the financial report by Pitcher Partners BA&A Pty Ltd | 32,500 | 24,250 |
| Remuneration of the auditor, or associated entities, of the parent entity for non-audit services: | | |
| - Tax compliance services | 5,000 | 3,500 |

NOTE 22: COMPANY DETAILS

The registered office and principal place of business of the Company is:

Suite 4, Level 1, 7 Ventnor Ave, WEST PERTH WA 6005

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 23: PARENT ENTITY DISCLOSURES

(a) Financial Position of Enterprise Metals Limited

CURRENT ASSETS

| | | |
|-----------------------------|------------------|------------------|
| Cash and cash equivalents | 1,061,770 | 1,481,540 |
| Trade and other receivables | 51,577 | 54,265 |
| Prepayments | 31,619 | 24,990 |
| TOTAL CURRENT ASSETS | 1,144,966 | 1,560,795 |

NON-CURRENT ASSETS

| | | |
|-----------------------------------|------------------|------------------|
| Plant and equipment | 9,248 | 9,970 |
| Right-of-use assets | 21,662 | 47,084 |
| Exploration and evaluation assets | 3,351,398 | 3,238,985 |
| Other financial assets | 3,281,686 | 3,023,622 |
| TOTAL NON-CURRENT ASSETS | 6,663,994 | 6,319,661 |

TOTAL ASSETS

| | |
|------------------|------------------|
| 7,808,960 | 7,880,456 |
|------------------|------------------|

CURRENT LIABILITIES

| | | |
|----------------------------------|----------------|----------------|
| Trade and other payables | 260,973 | 126,925 |
| Provisions | 5,950 | 5,578 |
| Lease liabilities | 12,509 | 24,519 |
| TOTAL CURRENT LIABILITIES | 279,432 | 157,022 |

NON-CURRENT LIABILITIES

| | | |
|--------------------------------------|--------------|---------------|
| Lease liabilities | 9,755 | 23,339 |
| TOTAL NON-CURRENT LIABILITIES | 9,755 | 23,339 |

TOTAL LIABILITIES

| | |
|----------------|----------------|
| 297,520 | 180,361 |
|----------------|----------------|

NET ASSETS

| | |
|------------------|------------------|
| 7,519,773 | 7,700,095 |
|------------------|------------------|

EQUITY

| | | |
|---------------------|------------------|------------------|
| Issued capital | 35,044,562 | 34,079,595 |
| Reserves | 109,515 | 90,666 |
| Accumulated losses | (27,634,304) | (26,470,166) |
| TOTAL EQUITY | 7,519,773 | 7,700,095 |

(b) Financial Performance of Enterprise Metals Limited

| | | |
|---------------------------------|------------------|------------------|
| Loss for the year | 1,167,519 | 1,654,354 |
| Total comprehensive loss | 1,167,519 | 1,654,354 |

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2022

In accordance with a resolution of the Board of Directors of Enterprise Metals Limited, I state that:

In the opinion of the Directors:

- the financial statements and notes set out on pages 25 to 50 are in accordance with the *Corporations Act 2001*, including:
 - complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;
 - the audited remuneration disclosures set out on pages 19 to 22 of the Directors' report comply with Accounting Standards AASB 124 Related Party Disclosures and the *Corporations Regulations 2001*; and
 - the financial statements and notes also comply with International Financial Reporting Standards.
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.

On behalf of the Board



Allan Trench

Chairman

30 September 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENTERPRISE METALS LIMITED



ENTERPRISE METALS LIMITED
ABN 43 123 567 073

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ENTERPRISE METALS LIMITED

Report on the Audit of the Financial Report

Opinion

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

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

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

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report for the year ended 30 June 2022 which indicates that the Group recorded an operating loss of \$1,167,519 (2021: \$1,654,354), reported net cash used in operating activities of \$1,077,378 (2021: \$1,554,167) and as at that date had cash and cash equivalents of \$1,061,770 (2021: \$1,481,540). These conditions, along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Pitcher Partners BA&A Pty Ltd

An independent Western Australian Company ABN 76 601 361 095.
Level 11, 12-14 The Esplanade, Perth WA 6000
Registered Audit Company Number 467435.
Liability limited by a scheme under Professional Standards Legislation.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

Pitcher Partners is an association of independent firms.

Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENTERPRISE METALS LIMITED



ENTERPRISE METALS LIMITED
ABN 43 123 567 073

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENTERPRISE METALS LIMITED

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 Matters | How our audit addressed the key audit matters |
|---|---|
| Capitalisation of exploration and evaluation expenditure Refer to Note 10 to the financial report. As at 30 June 2022, the Group held capitalised exploration and evaluation expenditure of \$6,519,398. The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the capitalised exploration and evaluation expenditure may exceed its recoverable amount. The determination as to whether there are any indicators to require the capitalised exploration and evaluation expenditure to be assessed for impairment involves a number of judgments including but not limited to: <ul style="list-style-type: none">• Whether the Group has tenure of the relevant area of interest;• Whether the Group has sufficient funds to meet the relevant area of interest minimum expenditure requirements; and• Whether there is sufficient information for a decision to be made that the relevant area of interest is not commercially viable. Given the size of the balance and the judgemental nature of the impairment indicator assessments associated with exploration and evaluation assets, we consider this is a key audit matter. | Our procedures included, amongst others: Obtaining an understating of and evaluating the design and implementation of the processes and controls associated with the capitalisation of exploration and evaluation expenditure, and those associated with the assessment of impairment indicators. Assessing the Group's right to explore in the relevant area of interest, which included obtaining and assessing supporting documentation. We also considered the status of the exploration licences as they related to tenure. Assessing whether the exploration activities within each area of interest have reached a stage where the commercial viability of extracting the resource could be determined. Assessing the Group's intention to carry out significant exploration and evaluation activity in the relevant area of interest, including an assessment of the Group's cash-flow forecast models, discussions with senior management and directors as to the intentions and strategy of the Group. Assessing the adequacy of the disclosures included within the financial report. |

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENTERPRISE METALS LIMITED



ENTERPRISE METALS LIMITED
ABN 43 123 567 073
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ENTERPRISE METALS LIMITED

| Key Audit Matters continued | How our audit addressed the key audit matters |
|---|---|
| Share Based Payments Refer to Note 3 to the financial report | |
| <p>Share-based payments represent \$22,230 of the Group's expenditure for the year ended 30 June 2022.</p> <p>Share-based payments must be recorded at the fair value of the service provided, or in the absence of such, at the fair value of the underlying equity instrument granted.</p> <p>Under Australian Accounting Standards, equity settled awards are measured at fair value on the measurement date taking into consideration the probability of the vesting conditions (if any) attached. This amount is recognised as an expense either immediately if there are no vesting conditions, or over the vesting period if there are vesting conditions.</p> <p>In calculating the fair value there are a number of judgements management must make, including but not limited to:</p> <ul style="list-style-type: none">• Estimating the likelihood that the equity instruments will vest;• Estimating expected future share price volatility;• Estimating expected dividend yield; and• Risk-free rate of interest. <p>Due to the significance to the Group's financial report and the level of judgment involved in determining the fair value of the underlying equity instrument granted, we consider the Group's calculation of the share-based payment expense to be a key audit matter.</p> | <p>Our procedures included, amongst others:</p> <p>Obtaining an understanding of and evaluating the design and implementation of the processes and controls associated with the preparation of the valuation model used to assess the fair value of the underlying equity instrument granted.</p> <p>Assessing the key judgements management has made in the Group's calculation of the fair value including but not limited to:</p> <ul style="list-style-type: none">• Estimating the likelihood that the equity instruments will vest;• Estimating expected future share price volatility;• Estimating expected dividend yield; and• Risk-free rate of interest. <p>Assessing the Group's accounting policy as set out within Note 3 for compliance with the requirements of AASB 2 <i>Share-based Payments</i>.</p> <p>Assessing the adequacy of the disclosures included within the financial report.</p> |

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 our auditor's report thereon.

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENTERPRISE METALS LIMITED



ENTERPRISE METALS LIMITED
ABN 43 123 567 073

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENTERPRISE METALS LIMITED

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.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENTERPRISE METALS LIMITED



ENTERPRISE METALS LIMITED
ABN 43 123 567 073

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENTERPRISE METALS LIMITED

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 22 of the directors' report for the year ended 30 June 2022. In our opinion, the Remuneration Report of Enterprise Metals 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.

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A handwritten signature in black ink, appearing to read 'Paul Mulligan'.

PAUL MULLIGAN
Executive Director
Perth, 30 September 2022

ADDITIONAL ASX INFORMATION

Additional information required by the ASX Listing Rules and not shown elsewhere in the report is as follows. The information is current as at 26 September 2022.

Twenty largest holders of quoted equity securities

| Position | Holder Name | Holding | % IC |
|----------|--|--------------------|----------------|
| 1 | Sinotech (Hong Kong) Corporation Limited | 88,305,556 | 13.52% |
| 2 | Mr Robert Hector Mckenna | 48,500,000 | 7.43% |
| 3 | Guina Global Investments Pty Limited | 34,000,000 | 5.21% |
| 4 | Ossart Holdings Pty Ltd <The Ot Family A/C> | 27,875,000 | 4.27% |
| 5 | Mr Dermot Michael Ryan & Mrs Vivienne Eleanor Ryan <Rf Super Fund A/C> | 25,855,927 | 3.96% |
| 6 | Citicorp Nominees Pty Limited | 14,465,752 | 2.22% |
| 7 | Dr Colin Rose | 10,000,000 | 1.53% |
| 8 | G Gow Pty Ltd <Gow S/F A/C> | 9,887,803 | 1.51% |
| 9 | Saxonwood Holdings Pty Ltd | 9,000,000 | 1.38% |
| 9 | Mr Quan Long Hong | 9,000,000 | 1.38% |
| 10 | Dr Allan Trench & Mrs Suzanne Louise Trench <Trench Super Fund A/C> | 8,339,990 | 1.28% |
| 11 | Mrs Jinghua Zhang | 8,300,000 | 1.27% |
| 12 | Mr Paul Duncan Hallam & Mrs Christine Joy Hallam <Hallam Super Fund A/C> | 6,334,871 | 0.97% |
| 13 | Ossart Holdings Pty Ltd <Ot Family A/C> | 6,000,000 | 0.92% |
| 14 | Mr William John Robertson & Mrs June Diane Robertson | 5,989,656 | 0.92% |
| 15 | <Robertson Super Fund A/C> | 5,913,777 | 0.91% |
| 16 | Am-Australian Minerals Exploration Pty Ltd <The Legendre Super Fund A/C> | 5,150,390 | 0.79% |
| 17 | Mr Clayton Kevin Travise Ogley | 5,000,000 | 0.77% |
| 17 | Beacon Exploration Pty Ltd | 5,000,000 | 0.77% |
| 17 | Miss Jie Liu <Yu Family A/C> | 5,000,000 | 0.77% |
| 18 | Ms Lois Deborah Blackwood | 4,501,567 | 0.69% |
| 19 | Prancer Super Pty Ltd <Alfieri Super Fund A/C> | 4,500,000 | 0.69% |
| 20 | Mr Anton Jatmiko | 4,442,578 | 0.68% |
| | Total | 351,362,867 | 53.81% |
| | Total issued capital | 652,980,688 | 100.00% |

Substantial Shareholders

The names of the substantial shareholders and the number of shares in which they have a relevant interest are:

| Holder Name | Holding | % IC |
|--|------------|--------|
| Sinotech (Hong Kong) Corporation Limited | 88,305,556 | 13.52% |
| Mr Robert Hector Mckenna | 48,500,000 | 7.43% |
| Guina Global Investments Pty Limited | 34,000,000 | 5.21% |

ADDITIONAL ASX INFORMATION

Enterprise Metals Ltd

Distribution of equity securities

| Holding Ranges | Holders | Holding | % |
|--|--------------|--------------------|----------------|
| Above 0 up to and including 1,000 | 105 | 13,184 | 0.00% |
| Above 1,000 up to and including 5,000 | 141 | 445,023 | 0.07% |
| Above 5,000 up to and including 10,000 | 158 | 1,338,072 | 0.20% |
| Above 10,000 up to and including 100,000 | 639 | 27,336,798 | 4.19% |
| Above 100,000 | 451 | 623,847,611 | 95.54% |
| Total | 1,494 | 652,980,688 | 100.00% |

The number of fully paid ordinary shareholdings held in less than marketable parcels is 774 (based on a share price of \$0.012).

Unquoted Securities

Details of unquoted securities on issue are as follows:

| Security | Holders | Total Units |
|-----------------------------------|------------|-------------------|
| \$0.03 Options expiring 30/11/23 | 4 | 12,000,000 |
| \$0.025 Options expiring 10/03/24 | 1 | 500,000 |
| \$0.025 Options expiring 10/03/24 | 123 | 14,809,431 |
| \$0.025 Options expiring 30/03/24 | 8 | 9,067,259 |
| Total | 136 | 36,376,690 |

Restricted Securities

There were no restricted securities on issue.

On-Market Buy Back

There is currently no on-market buyback program for any of the Company's listed securities.

Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Corporate governance statement

The Directors support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement and the Appendix 4G released to ASX and posted on the Company website. The Directors are focused on fulfilling their responsibilities individually, and as a Board, for the benefit of all the Company's stakeholders. That involves recognition of, and a need to adopt, principles of good corporate governance. The Board supports the guidelines on the "Principles of Good Corporate Governance and Recommendations – 4th Edition" established by the ASX Corporate Governance Council. Given the size and structure of the Company, the nature of its business activities, the stage of its development and the cost of strict and detailed compliance with all of the recommendations, it has adopted a range of modified systems, procedures and practices which enables it to meet the principles of good corporate governance. The Company's practices are mainly consistent with those of the guidelines and where they do not correlate with the recommendations in the guidelines the Company considers that its adopted practices are appropriate to it.

TENEMENT REPORT

Enterprise Metals Ltd & its 100% Owned Subsidiaries, on a Consolidated Basis

ENT 100% Interest (Doolgunna Farm-In Joint Venture) Tenements*

| Project | Lease | ENT Interest | State | Status |
|-----------|----------|--------------|-------|---------|
| Doolgunna | E51/1168 | 100%* | WA | Granted |
| Doolgunna | E51/1301 | 100%* | WA | Granted |
| Doolgunna | E51/1303 | 100%* | WA | Granted |
| Doolgunna | E51/1304 | 100%* | WA | Granted |
| Doolgunna | E51/1539 | 100%* | WA | Granted |
| Doolgunna | E52/2049 | 100%* | WA | Granted |
| Doolgunna | E51/1683 | 100%* | WA | Granted |
| Doolgunna | E52/3347 | 100%* | WA | Granted |

* ENT or wholly owned subsidiary the registered holder of 100% interest, with Sandfire Resources NL (SFR) managing and funding to earn a 75% interest in the Doolgunna Project tenements subject to discovery of a resource of 50,000t contained copper or equivalent.

ENT 100% Interest Murchison Tenements

| Project | Lease | ENT Interest | State | Status |
|-----------|----------|--------------|-------|---------|
| Murchison | E20/911 | 100% | WA | Granted |
| Murchison | E20/912 | 100% | WA | Granted |
| Murchison | E20/913 | 100% | WA | Granted |
| Murchison | E20/914 | 100% | WA | Granted |
| Murchison | E20/915 | 100% | WA | Granted |
| Murchison | E20/918 | 100% | WA | Granted |
| Murchison | P20/2302 | 100% | WA | Granted |
| Murchison | P20/2303 | 100% | WA | Granted |
| Murchison | E20/944 | 100% | WA | Granted |

ENT 70% Interest (Orpheus – Fraser Range Joint Venture) Tenements***

| Project | Lease | ENT Interest*** | CR1 Interest | State | Status |
|--------------|----------|-----------------|--------------|-------|-------------|
| Fraser Range | E63/1281 | 30% | 70% | WA | Granted |
| Fraser Range | E63/1282 | 30% | 70% | WA | Granted |
| Fraser Range | E63/1695 | 30% | 70% | WA | Application |
| Fraser Range | E28/2403 | 30% | 70% | WA | Granted |

***ENT registered holder of 30% interest, with Constellation Resources (CR1) managing and solely funding to completion of any Bankable Feasibility Study.

ENT 100% Interest – Other Granted Tenements and Applications

| Project | Lease | ENT Interest | State | Status |
|-----------|----------|--------------|-------|-------------|
| Bullfinch | E77/2652 | 100% | WA | Granted |
| Doolgunna | E51/2096 | 100% | WA | Application |
| Perenjori | E59/2678 | 100% | WA | Granted |
| Perenjori | E70/6038 | 100% | WA | Application |

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