GBM RESOURCES LTD

ACN 124 752 745

# ANNUAL FINANCIAL REPORT

For the year ended 30 June 2023

# GBM Resources Limited

## ABN 91 124 752 745

## Contents

# GBM Resources Limited

## ABN 91 124 752 745

## Corporate Directory

**Directors**
Peter Rohner
*Managing Director*

Guan Huat Sunny Loh
*Non-Executive Chairman*

Peter Thompson
*Non-Executive Director*

**Company Secretaries**
Kevin Hart
Dan Travers

**Registered Office**
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AUSTRALIA
Telephone: +61 8 9316 9100
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**Principal Place of Business**
Level 5, Suite 502
303 Coronation Drive
Milton QLD 4064
AUSTRALIA

**Auditors**
HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000
AUSTRALIA

**Share Registry**
Computershare Investor Services
Level 17, 221 St Georges Terrace
Perth WA 6000
AUSTRALIA
Telephone: +61 8 9323 2000

**Securities Exchange Listing**
GBM Resources Limited - shares are listed on the Australian Securities Exchange (ASX Code: GBZ)

**Solicitors**
Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Building
16 Milligan Street
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AUSTRALIA

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# GBM Resources Limited
## ABN 91 124 752 745
## Directors' Report

The Directors present their report together with the consolidated financial statements of the Company and its controlled entities ('Group') for the financial year ended 30 June 2023.

**DIRECTORS**

The names of Directors in office at any time during or since the end of the year are:

**Peter Mullens –** B.Sc (Geology), Fellow AUSIMM
Executive Chairman (resigned 31 March 2023)
Non-Executive Chairman (appointed 1 April 2023, resigned 30 June 2023)

Mr Mullens has over 35 years' experience in the mining industry from early exploration to development and mine production. He has been involved with major companies having worked for Rio Tinto and Mt Isa Mines at world class Broken Hill and Mt Isa Ag, Pb, Zn mines located in Australia.

Mr Mullens has been closely involved in companies raising in excess of USD $250 million since 2002. He is currently Non-Executive Chairman of Royal Road Minerals (TSX-RYR) who are exploring in Colombia.

He has had a history of success with junior exploration companies over the last 20 years including acquiring Aquiline Resources' Argentinean projects and the resulting sale to Pan American Silver (TSX: PAAS) for CAD $630 million in 2009, Chief Geologist and director for Laramide Resources Ltd (ASX: LAM), and co-founder and director of Lydian Resources Ltd (TSX-LYD) which discovered the 4 million-ounce Amulsar Gold Deposit located in Armenia.

Mr Mullens was appointed as non-executive Director and then non-executive Chairman of E2 Metals Limited, a silver exploration company listed on the ASX (ASX: E2M), on 13 July 2021 and 1 November 2021 respectively. He is also a director of a private company Mogote Metals exploring for copper in Argentina.

**Peter Rohner –** B.Sc (Metallurgy), Grad Dip Applied Finance & Investment,
Managing Director

Mr Rohner has over 30 years' experience in the mining industry. In particular, he has been heavily involved in mineral process technology development including development of the Jameson flotation cell, IsaMill fine grinding and, more recently, significant involvement in further development of Glencore's Albion Process (fine grind oxidative leach) technology.

Mr Rohner is also currently a Technical Director of the Core Group, which provides metallurgical processing solutions to its global clients. He is also a director of Stibium Mining Pty Ltd and in the last 3 years a former director of Tartana Resources Limited (from September 2017 to August 2020) and Stibium China Holdings Ltd (from October 2018 to August 2021).

**Peter Thompson –** B.Bus, CPA, FCIS
Non-Executive Director

*Experience*
Mr Thompson is a CPA qualified accountant and Fellow of Governance Institute of Australia. He has over 40 years' experience in the mining industry in Australia, UK and South America in senior roles with several international mining companies.

Mr Thompson is an independent non-executive director of Nova MSC Berhad, a Malaysian public company.

Mr Thompson has held no other directorships of listed companies in the last 3 years.

**Mr Guan Huat Sunny Loh –** BBA, ACS, ACIS, MBA
Non-Executive Deputy Chairman (Non-executive Chairman effective 30 June 2023)

Mr Loh's expertise lies in corporate strategy, finance markets, investor relations and capital restructures. Mr Loh holds a BBA from National University of Singapore and an MBA of Strategic Marketing from the University of Hull. He is also an Associate of the Institute of Chartered Secretaries and Administrators.

**DIRECTORS (CONTINUED)**

Mr Loh has been appointed to the role of Deputy Chairperson. In this role he will further support the Board through interaction with the Company's overseas shareholder base, and via evaluation of additional funding and corporate options to further develop and grow GBM. He has a long and supportive relationship with the Company as both a shareholder and previously held the role as a Non-Executive Director.

Mr Loh has been appointed as an Executive Chairman of Nova MSC Berhad, a public company listed on Bursa Malaysia since 1 April 2021.

Mr Loh has held no other directorships of listed companies in the last 3 years.

**Brent Cook –** B.Sc (Geology)
Non-Executive Director (appointed 17 September 2020; resigned 30 November 2022)

*Experience*
Mr. Cook is an economic geologist with over 40 years' experience in exploration, mining and finance. During his career he has worked on numerous deposit types in over 60 countries. From 1999 to 2003, Mr Cook was chief analyst at Global Resource Investments (now Sprott Global) and an advisor to three micro-cap junior exploration funds. Since 2003 Mr Cook has also acted as an independent advisor and mining analyst, working with a number of junior mining companies, money management groups and individual investors. From 2008 to 2016 he was owner and author of the resource investment letter Exploration Insights. Mr Cook brings a wealth of knowledge from his experiences within the Financial and Mining sectors.

Mr Cook has held no other directorships of listed companies in the last 3 years.

**COMPANY SECRETARIES**

**Mr Kevin Hart –** B.Comm FCA

Mr Hart is a Chartered Accountant and was appointed to the position of Company Secretary on 3 February 2010. He has over 35 years' experience in accounting and the management and administration of public listed entities in the mining and exploration industry.

He is currently a Director in an advisory firm which specialises in the provision of company secretarial services to ASX listed entities.

**Dan Travers –** B.Sc (Hons), FCCA

Mr Travers is a Fellow of the Association of Chartered Certified Accountants and was appointed to the position of Joint Company Secretary on 19 November 2020. Mr Travers is an employee of Endeavour Corporate, which specialises in the provision of company secretarial and accounting services to ASX listed entities in the mining and exploration industry.

**MEETINGS OF DIRECTORS**
During the financial year, the following meetings of Directors (including committees) were held:

| | **DIRECTORS' MEETINGS** | |
|---|---|---|
| | Number Eligible to Attend | Number Attended |
| P Mullens | **10** | **9** |
| P Rohner | **10** | **10** |
| P Thompson | **10** | **10** |
| S Loh | **10** | **10** |
| B Cook | **4** | **4** |

**PRINCIPAL ACTIVITIES**

The principal activities of the Group during the financial year were exploration in respect of its gold projects in Australia and operation of the White Dam Gold Copper project. Corporate activities focussed on various equity raisings and strategic disposals of non-core assets to further the Group's Drummond Basin growth strategy.

**REVIEW OF OPERATIONS**

**Exploration**

During the year the Group finalised the $25m farm-in agreement with Newcrest Operations Limited whereby Newcrest has the right to acquire up to a 75% interest in the Mt Coolon Project tenements by spending up to $25m and completing exploration milestones over a six year period. Key activities undertaken include XRF geochemical scanning, induced polarisation Geophysical surveying, soil sampling and aeromagnetic and radiometric survey.

Other exploration activities undertaken during the year included:

- Twin Hills Gold Project – upgrading the Total Mineral Resource Estimate (MRE) as a result of new drilling data and a new geological model resulting in a 31% increase in gold ounces. Approximately 60% of the Twin Hills resources are now in Measured and Indicated categories.
- Yandan Gold Project– advancing the geological model and identifying targets for further exploration drilling. The MRE for Yandan now has 47% of the MRE classified as indicated (previously inferred). Significant environmental compliance work was undertaken during the year.

**Production – White Dam**

Gold production for the White Dam Gold Copper Project in South Australia was lower than planned due to wet weather impacting the heap leach ore feed and reducing the time that the adsorption circuit could be operated. The remaining copper concentrate was delivered to Glencore during the reporting period.

**Corporate**

During the year, the Group completed the sale of the Mayfield Project tenement to C29 Metals Limited (ASX: C29) and the sale of the remaining 50% interest in the Malmsbury Gold Project to Novo Resources Corp for a total cash consideration of approximately $1.2 million and ordinary shares in both companies, as well as Novo warrants. The sale agreement with Smartset Services Inc. regarding the sale of the Mt Morgan Gold Copper Project Tenements, was terminated in February 2023 as Smartset was not able to complete the capital raising condition precedent by the agreed date or provide some certainty that a later date to complete the capital raising could be achieved.

The Company issued convertible notes with a face value of $10 million during the first half of the financial year and made a partial repayment of approximately $2.5 million from the proceeds of the Malmsbury Gold Project sales proceeds.

The Company received approximately $3.1m from share placements conducted during the year and issued a total of 38,738,706 unlisted options for a subscription price of $0.005 per option (exercisable at $0.075 each) to replace loyalty options that expired on 30 November 2022.

**Operating Results**

In the financial year to 30 June 2023, the Group made a net loss after income tax of $2,112,654 (2022: $642,341). The loss included $1,626,372 revenue from gold and copper sales, $2,122,340 profit from the sale of assets, and non-cash costs of $1,181,258 (depreciation and fair value losses).

**Financial Position**

At the end of the financial year, the Group had $1,901,042 (2022: $836,149) in cash on hand and on deposit. Exploration expenditure incurred for the year on the Group's wholly owned projects was $4,912,526, with carried forward exploration and evaluation expenditure totalling $45,629,203 (2022: $37,442,813).

**Risk Management**

The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks, including emerging risks, and also opportunities, are identified on a timely basis and the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

Given the size of the Company and its stage of development all Board members are involved and have responsibility for management of risk.

**REVIEW OF OPERATIONS (CONTINUED)**

*Material business risks*
There are inherent risks associated with the exploration for minerals. The Group faces the usual risks encountered by companies engaged in the exploration, evaluation and development of minerals. The material business risks for the Group include:

External Risks

| | |
|---|---|
| Environmental risks | The Company's operations and projects are subject to the laws and regulations of the jurisdictions in which it has interests and carries on business (currently Queensland and South Australia), regarding environmental compliance and relevant hazards. There is also a risk that the environmental laws and regulations may become more onerous, making the Group's operations more expensive which may adversely affect the financial position and /or performance of the Group. The Directors are not aware of any environmental law that is not being complied with. |
| Government regulations and claims risks | Changes in law and regulations or government policy may adversely affect the Group's operations. There is no guarantee that current or future exploration permit applications or existing permit renewals will be granted, that they will be granted without undue delay, or that the Company can economically comply with any conditions imposed on any granted exploration permits. Loss of permits may adversely affect the financial position and /or performance of the Group. |
| Commodity Price and foreign exchange risk | Volatility in the gold and copper markets will impact the revenues of the Group in relation to metal sales from the White Dam Project.<br>The Group holds investments in companies listed on the TSX. Any sales of these securities will be impacted by market conditions and the Australian/Canadian dollar exchange rate. |

Operating Risks

| | |
|---|---|
| Exploration and development risk | The exploration for and development of mineral deposits involve significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, not all exploration activity will lead to the discovery of economic deposits. Major expenditure may be required to locate and establish Ore Reserves, to establish rights to mine the ground, to receive all necessary operating permits, to develop metallurgical processes and to construct mining and processing facilities at a particular site. |
| Mineral Resources | The Group's estimates of Mineral Resources are based on different levels of geological confidence and different degrees of technical and economic evaluation, and no assurance can be given that anticipated tonnages and grades will be achieved or could be mined or processed profitably. |

In addition to the risks described above, the Group's ability to successfully develop projects is contingent on the Group's ability to fund those projects through debt or equity raisings.

**EQUITY SECURITIES ON ISSUE**

| | 30 June 2023 | 30 June 2022 |
|---|---|---|
| Ordinary fully paid shares | **615,960,932** | **522,928,466** |
| Options over unissued shares | **106,561,007** | **120,696,052** |
| Performance Rights over unissued shares | **1,168,262** | **1,650,219** |

Subsequent to the end of the financial year, the Company issued 3,703,704 placement shares and a further 656,928 shares in lieu of services. Total shares on issue at date of this report are 620,321,814.

***Options over Ordinary Shares***

At the date of this report, there are 55,993,706 unissued shares of the Group under option as follows:

| Date Granted | Expiry Date | Exercise Price (cents) | Number of options at 30 June 2023 | Number of options at date of report |
|---|---|---|---|---|
| 6 July 2020 | 6 July 2023 | 11.0 | 50,567,301 | - |
| 15 September 2020 | 14 September 2024 | 21.0 | 300,000 | 300,000 |
| 12 February 2021 | 11 February 2025 | 18.0 | 2,000,000 | 2,000,000 |
| 29 April 2021 | 11 February 2025 | 18.0 | 1,900,000 | 1,900,000 |
| 9 December 2021 | 31 October 2025 | 18.0 | 855,000 | 855,000 |
| 30 November 2022 | 1 December 2026 | 6.9 | 8,000,000 | 8,000,000 |
| 7 February 2023 | 7 February 2025 | 7.5 | 38,738,706 | 38,738,706 |
| 20 February 2023 | 19 February 2027 | 6.1 | 4,200,000 | 4,200,000 |
| | | | **106,561,007** | **55,993,706** |

During the year, 50,938,706 options were issued (comprising of 38,738,706 options exercisable at $0.075, expiring 7 February 2025; 8,000,000 options exercisable at $0.069, expiring 1 December 2026; and 4,200,000 options exercisable at $0.061, expiring 19 February 2027). A total of 56,692,858 options were cancelled during the financial year and 8,320,893 options were exercised.

Subsequent to 30 June 2023 and up to the date of this report, no options have been issued, 250 unlisted options were exercised and 50,567,301 quoted options were cancelled on their expiry date without being exercised.

***Performance Rights over Ordinary Shares***

During the year ended 30 June 2023, the Company issued 481,957 fully paid ordinary shares on the exercise of performance rights. No performance rights were issued or cancelled during the reporting period.

Subsequent to 30 June 2023, no performance rights have been issued, exercised or cancelled.

**SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

Other than as stated in the Operational and Financial Review section above, there were no other significant changes in the state of affairs of the Group during the financial year, not otherwise disclosed in this Directors' Report or in the Review of Operations.

**EVENTS SUBSEQUENT TO BALANCE DATE**

Other than as stated below, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

- On 8 August 2023, an agreement was entered into with Havilah Resources Limited for the sale of White Dam tenement EL6299 in South Australia for a cash consideration of $100,000.
- On 29 August 2023, the Company announced that a strategic binding agreement had been executed with Benagerie Gold & Copper Pty Ltd (BGC). Through a staged process the parties will work together to optimise the value of existing resources at each party's site over the next 12 months, with the Company to process high grade ore from BGC's Portia Gold Project.

**DIVIDENDS**

No dividends were paid during the year and the Directors recommend that no dividends be paid or declared for the financial year ended 30 June 2023.

**LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

Comments on expected results of the operations of the Company are included in this report under the Review of Operations.

Disclosure of other information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

**ENVIRONMENTAL ISSUES**

The Group holds participating interests in a number of exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement.

There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agencies during the year ended 30 June 2023.

**REMUNERATION REPORT (AUDITED)**

The remuneration report is set out in the following manner:

- Policies used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share based compensation

**Remuneration Policy**

The Board of Directors is responsible for remuneration policies and the packages applicable to the Directors of the Company. Whilst the broad remuneration policy is to ensure that packages offered properly reflect a person's duties and responsibilities and that remuneration is competitive and attracts, retains, and motivates people of the highest quality, the Board has consciously been focused on conserving the Company's funds to ensure the maximum amount is spent on exploration, and this is reflected in the modest level of Director fees.

The policy of the Group is to offer competitive salary packages which provide incentives to Directors and senior executives and are designed to reward and motivate. Total remuneration for all Non-Executive Directors was voted on by shareholders, whereby it is not to exceed in aggregate $200,000 per annum. Non-Executive Directors receive fees agreed on an annual basis by the Board.

At the date of this report, the Company had not entered into any remuneration packages with Directors or senior executives which include specific performance-based components. Long term and short term incentives, may be awarded subject to Board discretion.

**Details of Remuneration for Directors and Executive Officers**

The remuneration of each Director of the Company and relevant executive officers (together known as Key Management Personnel or KMP) are set out in the table below.

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The Board of Directors obtains independent advice when appropriate in reviewing remuneration packages.

During the year, there were no senior executives who were employed by the Company for whom disclosure is required.

| ***2023*** | ***Short term*** | ***Post Employment*** | ***Share Based Payments*** | | |
|---|---|---|---|---|---|
| ***Directors*** | ***Salary and fees $*** | ***Super - annuation $*** | ***Options / shares $*** | ***Total $*** | ***Performance Based Payments as % of remuneration %*** |
| **P Mullens [1]** | **28,000** | **-** | **-** | **28,000** | **-** |
| **P Rohner [2]** | **209,285** | **21,975** | **184,704** | **415,964** | **-** |
| **P Thompson** | **84,000** | **8,820** | **-** | **92,820** | **-** |
| **S Loh** | **48,000** | **-** | **-** | **48,000** | **-** |
| **B Cook [3]** | **12,000** | **-** | **-** | **12,000** | **-** |
| ***Total Directors*** | **381,285** | **30,795** | **184,704** | **596,784** | **-** |

[1] Resigned 30 June 2023.

[2] Salary and fees includes an amount of $19,026 which was paid on 12 September 2023 via the issue of 656,928 fully paid shares following shareholder approval.

[3] Resigned 30 November 2022.

**REMUNERATION REPORT (AUDITED)**

| *2022* | ***Short term*** | ***Post Employment*** | ***Share Based Payments*** | | |
|---|---|---|---|---|---|
| *Directors* | ***Salary and fees*** ***$*** | ***Super - annuation*** ***$*** | ***Options / shares*** ***$*** | ***Total*** ***$*** | ***Performance Based Payments as % of remuneration*** ***%*** |
| P Mullens | 133,192 | 8,219 | - | 141,411 | - |
| P Rohner | 228,310 | 22,831 | - | 251,141 | - |
| P Thompson | 84,000 | 8,400 | - | 92,400 | - |
| S Loh | 48,000 | - | - | 48,000 | - |
| B Cook | 48,000 | - | - | 48,000 | - |
| *Total Directors* | 541,502 | 39,450 | - | 580,952 | - |

See disclosure relating to service agreements for further details of remuneration of executive directors.

**Options Provided as Remuneration**

During the year ended 30 June 2023 a total of 8,000,000 options were issued as remuneration.

Key management personnel have the following interests in unlisted options over unissued shares of the Company.

| **Name** | **Balance at beginning of the year** | **Received during the year as remuneration** | **Other changes during the year[1]** | **Balance at the end of the year** | **Vested and exercisable at 30.06.2023** |
|---|---|---|---|---|---|
| P Mullens | 4,200,000 | - | (4,000,000) | 200,000 | 200,000 |
| P Rohner | 4,516,302 | 8,000,000 | (4,000,000) | 8,516,302 | 8,516,302 |
| B Cook | 300,000 | - | - | 300,000 | 300,000 |

[1] Exercise of options previously granted as remuneration.

Further details of the options granted are disclosed in Note 23 to the financial report.

**Service Agreements**

Remuneration and other terms of employment for the Executive Directors are set out in Service Agreements:

<u>Peter Mullens – Executive Chairman (to 31 March 2023); Non-Executive Chairman (1 April – 30 June 2023)</u>

On 1 July 2020, Mr Mullens entered into a 3 year service agreement with the Company with a base salary inclusive of statutory superannuation of $180,000 per annum which was subject to annual review. On 1 January 2022, the Company entered into a service agreement with Ironbark Pacific Pty Ltd, an entity associated with Mr Mullens, for the provision of Executive Chairman services by Mr Mullens for a monthly fee of $9,000 exclusive of GST. The contract was for a term of 12 months from 1 January 2022 to 31 December 2022. For the period 1 January 2023 to 30 June 2023 Mr Mullens did not receive any remuneration.

**REMUNERATION REPORT (AUDITED)**

Peter Rohner – Managing Director

On 1 July 2020, Mr Rohner entered into a 3 year service agreement with the Company with a base salary inclusive of statutory superannuation of $250,000 per annum which is subject to annual review.

The Service agreement contains certain provisions typically found in contracts of this nature. There is no specific cash bonus or other performance based compensation contemplated in the agreement. Long term and short term incentives may be awarded subject to Board discretion. The Company may terminate the Service Agreement without cause by providing six months written notice to the individual or by making a payment in lieu of notice. The Service Agreement may be terminated immediately in the case of serious misconduct.

**Share Based Compensation**

At the date of this report the Company has not entered into any agreements with KMP which include performance based components. Options issued to Directors are approved by shareholders and were not the subject of an agreement or issued subject to the satisfaction of a performance condition.

Options may be issued to provide an appropriate level of incentive and are a cost effective means given the Company's size and stage of development.

**Group Performance**

In considering the Company's performance, the Board provides the following indices in respect of the past five financial years:

| | **2023** | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| (Loss)/profit for the year attributable to shareholders | **($2,112,654)** | ($642,341) | $267,851 | ($1,198,012) | ($4,239,459) |
| Closing share price at 30 June | **$0.022** | $0.061 | $0.115 | $0.080 | $0.037 |

As a Group focussed on exploration activities, the Board does not consider the loss attributable to shareholders as one of the performance indicators when implementing Short Term Incentive payments.

In addition to technical exploration success-resource growth, the Board considers the effective management of safety, environmental and operational matters and successful management, acquisition and consolidation of high quality projects together with successful management of the Group's farm-in arrangements, as more appropriate indicators of management performance for the financial year.

**DIRECTORS' INTERESTS**

The relevant interest of each Director in the ordinary shares and options issued by the Company as notified by the Directors to the Australian Securities Exchange at the date of this report, is set out in the table below.

**Ordinary shares**

| Director | Ordinary shares held at 1 July 2022 | Received during the year as remuneration | Movement during the financial year [1] | Ordinary Shares held at 30 June 2023 | Ordinary shares held at the date of the Directors' Report |
|---|---|---|---|---|---|
| P Thompson | 7,011,467 | - | - | 7,011,467 | 7,011,467 |
| S Loh | 6,688,738 | - | - | 6,688,738 | 7,799,849 |
| P Mullens | 9,773,334 | - | 5,000,000 | 14,773,334 | 14,773,334 |
| P Rohner | 11,993,254 | - | 4,866,125 | 16,859,379 | 20,108,900 |
| B Cook | - | - | - | - | - |

[1] Movement during the year relates to participation in placements and shares issued on exercise of options.

**REMUNERATION REPORT (AUDITED)**

**Options**

| Director | Options held at 1 July 2022 | Received during the year as remuneration | Movement during the financial year | Options held at 30 June 2023 | Options held at the date of the Directors' Report |
|---|---|---|---|---|---|
| P Thompson | - | - | - | - | - |
| S Loh | - | - | - | - | - |
| P Mullens | 4,200,000 | - | (4,000,000) [1] | 200,000 | 200,000 |
| P Rohner | 4,516,301 | 8,000,000 | (4,000,000) [1] | 8,516,301 | 8,060,157 |
| B Cook | 300,000 | - | (300,000) [2] | - | - |

[1] Options exercised during the year.

[2] Number of options held when Mr Cook ceased to be a director.

**LOANS TO DIRECTORS AND EXECUTIVES**

There were no loans entered into with Directors or executives during the financial year ended 30 June 2023.

**OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL**

During the year, no transactions occurred with director related entities other than those listed above.

**End of Remuneration Report**

**INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS**

During the year, the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

Other than the above, the Group has not, during or since the end of the financial year, given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums for the Directors, officers or auditors of the Company or the controlled entity.

**PROCEEDINGS ON BEHALF OF THE COMPANY**

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

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

**NON-AUDIT SERVICES**

No non-audit services were provided by the external auditors in respect of the current or preceding financial year.

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001, is set out on the following page.

Signed in accordance with a resolution of the Board of Directors.

Dated this 28th day of September 2023

**PETER ROHNER**
Managing Director

HLB MANN JUDD
ADVISORY AND ACCOUNTING

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of GBM Resources Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

**Perth, Western Australia**
**28 September 2023**

**M R Ohm**
**Partner**

**hlb.com.au**

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# GBM Resources Limited

## ABN 91 124 752 745

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2023

| | | Consolidated | |
|---|---|---|---|
| | Note | **2023** **$** | 2022 $ |
| Share of joint venture income | | **-** | 504,334 |
| Share of joint venture expenses | | **-** | (444,626) |
| Net income from joint venture | | **-** | 59,708 |
| Interest and finance income | 18 | **2,643,215** | 15,555 |
| Interest and finance expenses | | **(958,839)** | (14,400) |
| Net Interest and finance income | 4 | **1,684,376** | 1,155 |
| Revenue from metal sales | | **1,626,372** | 3,332,817 |
| Gain on sale of assets | 4 | **2,122,340** | 2,808,396 |
| Bargain purchase on acquisition | 22(a) | **-** | 1,216,826 |
| Other revenue | 4 | **271,579** | 292,416 |
| Processing expenses | | **(3,267,569)** | (2,017,057) |
| Royalty expenses | | **(117,618)** | (262,768) |
| Employee expenses | 5 | **(1,220,209)** | (674,087) |
| Consulting and professional services | | **(425,494)** | (729,611) |
| Exploration expenditure expensed and written off | 5 | **(386,173)** | (445,900) |
| Depreciation and amortisation expenses | 5 | **(899,241)** | (354,082) |
| Impairment losses | 5 | **-** | (405,277) |
| Foreign exchange gain/(loss) | | **(1,547)** | - |
| Fair value loss on investments | 13 | **(282,017)** | (2,477,931) |
| Administration and other expenses | | **(1,217,453)** | (986,946) |
| Loss before income tax | | **(2,112,654)** | (642,341) |
| Income tax benefit | 6 | **-** | - |
| Loss for the year | | **(2,112,654)** | (642,341) |
| Other comprehensive income | | **-** | - |
| **Total comprehensive loss for the year** | | **(2,112,654)** | (642,341) |
| | | **Cents** | Cents |
| Basic loss per share | 7 | **(0.4)** | (0.1) |
| Diluted loss per share | 7 | **(0.4)** | (0.1) |

The accompanying notes form part of these financial statements

# GBM Resources Limited

## ABN 91 124 752 745

## Consolidated Statement of Financial Position

As at 30 June 2023

| | Note | Consolidated 2023 $ | 2022 $ |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 26 | **1,901,042** | 836,149 |
| Trade and other receivables | 8 | **387,495** | 243,683 |
| Prepayments | 17 | **523,343** | - |
| Asset held-for-sale | 22(d) | **132,775** | 945,891 |
| Inventories | 9 | **299,267** | 1,049,947 |
| Financial assets | 13 | **132,512** | - |
| Total Current Assets | | **3,376,434** | 3,075,670 |
| **Non-current assets** | | | |
| Prepayments | 17 | **1,045,011** | - |
| Exploration and evaluation expenditure | 10 | **45,629,203** | 37,442,813 |
| Right-of-use assets | 11 | **91,644** | 176,239 |
| Property, plant and equipment | 12 | **2,749,512** | 3,533,402 |
| Financial assets | 13 | **1,246,392** | 1,634,642 |
| Bonds and security deposits | 14 | **9,839,106** | 9,842,639 |
| Total Non-current Assets | | **60,600,868** | 52,629,735 |
| **TOTAL ASSETS** | | **63,977,302** | 55,705,405 |
| **Current liabilities** | | | |
| Trade and other payables | 15 | **598,230** | 2,914,290 |
| Employee leave liabilities | | **306,313** | 232,018 |
| Lease liabilities | 16 | **97,676** | 84,033 |
| Borrowings | 17 | **32,276** | 32,344 |
| Provisions | 18 | **30,000** | - |
| Total Current Liabilities | | **1,064,495** | 3,262,685 |
| **Non-current liabilities** | | | |
| Employee leave liabilities | | **128,285** | - |
| Lease liabilities | 16 | **-** | 97,460 |
| Borrowings | 17 | **7,360,421** | 35,250 |
| Provisions | 18 | **15,068,667** | 13,865,305 |
| Total Non-current Liabilities | | **22,557,373** | 13,998,015 |
| **TOTAL LIABILITIES** | | **23,621,868** | 17,260,700 |
| **NET ASSETS** | | **40,355,434** | 38,444,705 |
| **Equity** | | | |
| Issued capital | 19 | **65,878,950** | 62,217,473 |
| Option capital | | **193,694** | 977,990 |
| Accumulated losses | 21 | **(26,589,533)** | (25,523,814) |
| Reserves | 21 | **872,323** | 773,056 |
| **TOTAL EQUITY** | | **40,355,434** | 38,444,705 |

The accompanying notes form part of these financial statements

# GBM Resources Limited

**ABN 91 124 752 745**

**Consolidated Statement of Changes in Equity**

For the Year Ended 30 June 2023

| | Note | Issued capital<br>$ | Option capital<br>$ | Accumulated losses<br>$ | Share based payment reserve<br>$ | Convertible note reserve<br>$ | Total<br>$ |
|---|---|---|---|---|---|---|---|
| Balance at 1 July 2021 | | 53,575,033 | - | (24,881,473) | 646,861 | - | 29,340,421 |
| Loss attributable to members of the Company | 21 | - | - | (642,341) | - | - | (642,341) |
| Other comprehensive income | | - | - | - | - | - | - |
| Total comprehensive loss for the year | | - | - | (642,341) | - | - | (642,341) |
| Shares issued (net of costs) | 19 | 7,428,252 | - | - | - | - | 7,428,252 |
| Issue of options | | - | 1,277,091 | - | - | - | 1,277,091 |
| Exercise of options/rights | | 1,214,188 | (299,101) | - | (15,000) | - | 900,087 |
| Vesting of options/rights | | - | - | - | 141,195 | - | 141,195 |
| Balance at 30 June 2022 | | 62,217,473 | 977,990 | (25,523,814) | 773,056 | - | 38,444,705 |
| **Balance at 1 July 2022** | | **62,217,473** | **977,990** | **(25,523,814)** | **773,056** | **-** | **38,444,705** |
| **Loss attributable to members of the Company** | **21** | **-** | **-** | **(2,112,654)** | **-** | **-** | **(2,112,654)** |
| **Other comprehensive income** | | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total comprehensive loss for the year** | | **-** | **-** | **(2,112,654)** | **-** | | **(2,112,654)** |
| **Shares issued (net of costs)** | **19** | **2,915,961** | **-** | **-** | **-** | **-** | **2,915,961** |
| **Shares issued in lieu of services** | | **31,325** | **-** | **-** | **-** | | **31,325** |
| **Issue of convertible notes** | | **-** | **-** | **-** | **-** | **110,806** | **110,806** |
| **Issue of options** | | **-** | **193,694** | **-** | **-** | **-** | **193,694** |
| **Exercise of options/rights** | | **714,191** | **(9,522)** | **-** | **(276,102)** | **-** | **428,567** |
| **Cancellation of options** | | | **(968,468)** | **1,046,935** | **(78,467)** | | **-** |
| **Vesting of options/rights** | | **-** | **-** | **-** | **343,030** | **-** | **343,030** |
| **Balance at 30 June 2023** | | **65,878,950** | **193,694** | **(26,589,533)** | **761,517** | **110,806** | **40,355,434** |

The accompanying notes form part of these financial statements

# GBM Resources Limited

**ABN 91 124 752 745**

**Consolidated Statement of Cash Flows**

For the Year Ended 30 June 2023



| | Note | Consolidated 2023 $ | 2022 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts from metal sales | | **1,304,176** | 3,837,151 |
| Payments to suppliers and employees | | **(5,028,764)** | (4,801,900) |
| Recognition of share of joint venture operating cash assets | | **-** | 48,386 |
| Interest received | | **132,171** | 15,555 |
| Other income | | **-** | 10,376 |
| Government assistance, grants and tax incentives | | **146,926** | 184,000 |
| JV management fee income | | **107,071** | 207,220 |
| Interest and other costs of finance paid | | **(658,839)** | (14,400) |
| Net cash flows used in operating activities | 26(d) | **(3,997,259)** | (513,612) |
| **Cash flows from investing activities** | | | |
| Payments for bonds and security deposits | | **-** | (3,951,364) |
| Refunds of bonds and security deposits | | **15,000** | 38,874 |
| Funds provided by JV partner under Farm-in agreement | | **1,222,372** | 3,177,980 |
| Payments for exploration and evaluation, including JV Farm-in spend | | **(8,097,965)** | (11,821,702) |
| Payments for acquisition of White Dam | | **-** | (560,950) |
| Payments for acquisition of tenements | | **-** | (2,228,397) |
| Proceeds on sale of tenements | | **1,210,000** | 578,488 |
| Proceeds on sale of investments | | **1,832,409** | 1,573,196 |
| Payments to acquire property, plant and equipment | | **(30,757)** | (229,481) |
| Net cash flows used in investing activities | | **(3,848,941)** | (13,423,356) |
| **Cash flows from financing activities** | | | |
| Proceeds from the issue of shares | | **3,070,340** | 7,400,000 |
| Share issue costs | | **(154,379)** | (431,748) |
| Proceeds from the issue/exercise of options | | **597,763** | 2,201,704 |
| Proceeds from loans and borrowings | | **228,051** | 30,184 |
| Repayment of loans and borrowings | | **(260,492)** | (26,309) |
| Proceeds from the issue of convertible notes | | **7,515,174** | - |
| Redemption of convertible notes | | **(2,000,000)** | - |
| Repayment of lease liabilities | | **(83,817)** | (72,291) |
| Net cash flows provided by financing activities | | **8,912,640** | 9,101,540 |
| Net increase/(decrease) in cash held | | **1,066,440** | (4,835,428) |
| Cash and cash equivalents at the beginning of the financial year | | **836,149** | 5,676,340 |
| Effect of foreign exchange on cash and cash equivalents | | **(1,547)** | (4,763) |
| **Cash and cash equivalents at the end of the financial year** | 26(a) | **1,901,042** | 836,149 |

The accompanying notes form part of these financial statements

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

GBM Resources Limited ('the Company') is a listed public company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2023 comprises the Company and its subsidiaries (together referred to as 'the Group').

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**a) Basis of Preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, and Australian Accounting Standards and Interpretations. The financial report has also been prepared on an historical cost basis, unless otherwise stated. The financial report is presented in Australian dollars. For the purpose of preparation of the consolidated financial statements the Company is a for-profit entity.

***Going Concern Basis for the Preparation of Financial Statements***

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

As at 30 June 2023, the Group has cash assets of $1,901,042 (2022: $836,149), total current assets of $3,376,434 (2022: $3,075,670) and total current liabilities of $1,064,495 (2022: $3,262,685). The loss for the 2023 financial year was $2,112,654 (2022: $642,341) and operating and investing cash outflows were $7,846,200 (2022: $13,936,968). Notwithstanding the fact that the Company incurred an operating loss, the Directors are of the opinion that the Company is a going concern for the following reasons:

- negotiations for the divestment of certain assets are continuing;
- continued support from the Queensland regulatory bodies regarding future environmental bond obligations;
- additional cashflow is likely to be generated at White Dam, following the Alliance agreement with the owner of the Portia project; and
- expenditure on future exploration activity is largely discretionary and is entirely dependent on available cash.

The Directors will continue to manage the Group's activities with due regard to current and future funding requirements. The directors reasonably expect that the Company will be able to raise sufficient capital to fund the Group's exploration and working capital requirements if required, and that the Group will be able to settle debts as and when they become due and payable.

The Group's ability to continue as a going concern and meet future working capital requirements is dependent on the above points being realised. Should the Company not be successful in generating the required cash flows, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

***Adoption of New and Revised Standards - Changes in accounting policies on initial application of accounting standards***

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group for the reporting year ended 30 June 2023. There are no material new or amended Accounting Standards which will materially affect the Group.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b) Statement of Compliance**

The financial report was authorised for issue on 28 September 2023.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

**c) Principles of Consolidation**

The consolidated financial statements comprise the financial statements of GBM Resources Limited and its subsidiaries as at 30 June each year (the Group). The financial statements for the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which the control is transferred out of the Group.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition. Non-controlling interests represent the portion of profit and loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position.

**d) Revenue Recognition**

Revenue is recognised to the extent that control has passed and it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Interest Revenue*
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

*Management Fees*
Revenue from farm-in management fees is recognised at the time the fees are invoiced for services rendered.

*Sales of gold and other metals*
With the sale of gold bullion, copper concentrate and other metals control is determined to occur when physical bullion/concentrate from a contracted sale is transferred from the Company's account into the account of the buyer. Revenue from gold, copper and other metal sales is recognised at this point.

**e) Income Tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

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

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

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

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**



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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are re-assessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**f) Other Taxes**

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

**g) Financing Costs**

Net financing costs comprise interest payable on borrowings calculated using the effective interest method. Borrowing costs are expensed as incurred and included in net financing costs, where there is no qualifying asset.

**h) Leases**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

*Right-of-use asset*

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**i) Cash and Cash Equivalents**

Cash and short-term deposits in the consolidated statement of financial position comprise cash at bank and in hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**j) Trade and Other Receivables**

Trade receivables, which generally have 30–90 day terms, are recognised at fair value and then are subsequently measured at amortised cost and carried at original invoice amount less an allowance for any expected credit loss. The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due. Bad debts are written off to the allowance when the debt is considered uncollectible.

**k) Inventories**

Inventories are valued at the lower of cost or net realisable value. Cost is determined on a weighted average basis and includes all costs incurred, based on a normal production capacity, in bringing each product to its present location and condition. Cost of inventories comprises direct labour, materials, contractor expenses, depreciation and an allocation of overhead. Net realisable value is the estimated future sales price of the product produced based on the estimated gold and copper price less the estimated costs of completion and the estimated costs necessary to make the sale.

**l) Property, Plant and Equipment**

Property, plant and equipment is stated at cost, less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

| | |
|---|---|
| Property and improvements | 10 – 40 years |
| Office furniture and equipment | 2.5 - 20 years |
| Plant and equipment | 0 - 40 years |
| Motor Vehicles | 8 years |

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

*(i) Impairment*

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

*(ii) Derecognition and Disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is de-recognised.

**m) Financial Instruments**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

(i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or

(ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fair value hierarchy

All assets and liabilities measured at fair value are classified using a three level hierarchy based on the lowest level of input that is significant to the entire fair value measurement, being Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly unforced transaction between independent, knowledgeable and willing market participants at the measurement date and is based on the fair value hierarchy

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12 month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

**n) Exploration and Evaluation Expenditure**

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

**o) Impairment of Assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a re-valuation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at re-valued amount, in which case the reversal is treated as a re-valuation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset’s revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**p) Trade and Other Payables**

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

**q) Interest Bearing Liabilities**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised.

Where borrowings contain a conversion option and the number of shares to be issued is fixed the amount of borrowing is initially recognised at fair value of a similar liability that does not have an equity conversion option. The equity conversion feature is the residual. Subsequently the borrowing is measured at amortised cost and the equity portion is not remeasured.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**r) Employee Benefits**

*(i) Wages, Salaries, Annual Leave and Sick Leave*

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

*(ii) Long Service Leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

**s) Share Based Payments**

*Equity Settled Transactions:*

The Group provides benefits to employees (including senior executives) of the Group in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined by using a Black and Scholes model. Share rights are valued at the underlying market value of the ordinary shares over which they are granted unless they contain market conditions in which case such rights are valued using an appropriate valuation model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of GBM Resources Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The charge or credit to the consolidated statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, the cumulative expense recognised in respect of that award is transferred from its respective reserve to accumulated losses. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**t) Share Capital**

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

**u) Earnings Per Share**

Basic earnings/loss per share ("EPS") is calculated by dividing the net profit or loss attributable to members of the Company for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus element.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion, by the weighted average number of ordinary shares and potential dilutive ordinary shares, adjusted for any bonus element.

**v) Business Combinations**

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 9, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

**w) Provision for Restoration and Rehabilitation**

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

**x) Parent Entity Financial Information**

The financial information for the parent entity, GBM Resources Limited, disclosed in Note 34 has been prepared on the same basis as the consolidated financial statements, except as set out below.

*Investments in subsidiaries, associates and joint venture entities*

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

**y) Critical Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

*Accounting for capitalised mineral exploration and evaluation expenditure*

The Group's accounting policy is stated at 1(n). A regular review is undertaken of each area of interest to determine the reasonableness of continuing to carry forward costs in relation to that area of interest.

*Share based payments*

The Group uses independent advisors to assist in valuing share based payments.

Estimates and assumptions used in these valuations are disclosed in the notes in periods when these share based payments are made.

*Rehabilitation Provision*

A provision has been made for the anticipated costs for future rehabilitation of land explored. The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The consolidated entity recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**y) Critical Accounting Estimates and Judgements (continued)**

*Provision for Royalty*

Under the acquisition of the White Dam Project the consideration payable by the Group includes $2,355,619 of future royalties payable on the JORC resources forming the White Dam Project. The independent valuation undertaken made a number of assumptions including those on production parameters, revenue received from production and discount rates. Actual royalties incurred in future periods could differ materially from the estimate. At 30 June 2023, the provision for royalty is $2,282,223 (note 18).

*White Dam Impairment*

An assessment of recoverable amount has been performed in comparison to carrying amount with reference to prior valuations performed on the assets constituting the CGU, in addition to current discussions held with potential purchasers of White Dam and other strategic options available. On the basis of the Directors' assessment, the recoverable amount of the cash-generating unit is in excess of its carrying amount and no impairment is required.

**z) Government assistance and grants**

Assistance received from the government by way of grant or other forms of assistance designed to provide an economic benefit to the Group, is presented in the statement of financial position as deferred income, in instances where the grant is related to assets. In all other cases, grant money is presented in the profit and loss as other income. Grants are recognised when there is reasonable assurance that conditions will be complied with and the grant will be received.

**aa) Joint operations**

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group considers the White Dam Production Joint Venture as a joint operation and has recognised its share of jointly held assets, liabilities, revenue and expenses. These have been incorporated in the financial statements under the appropriate classifications up until 31 July 2021 at which time the Group acquired the White Dam Project.

**2. FINANCIAL RISK MANAGEMENT**

The Group has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Group's exposure to the specific risks, and the policies and processes for measuring and managing those risks. Further quantitative disclosures are included throughout this financial report. The Board of Directors has overall responsibility for the risk management framework.

**(a) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from transactions with customers and investments.

*Trade and other receivables*

The current nature of the business activity does not result in trading receivables. The receivables that the Group recognises through its normal course of business are short term in nature and the most significant (in quantity) is the receivable from the Australian Taxation Office and interest receivable. The risk of non-recovery of receivables from this source is considered to be negligible.

*Cash deposits*

The Group's primary banker is National Bank of Australia. At balance date all operating accounts and funds held on deposit are with this bank. The Directors believe any risk associated with the use of only one bank is mitigated by its size and reputation. Except for this matter the Group currently has no significant concentrations of credit risk.

**2. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(b) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Group's current and future operations, and consideration is given to the liquid assets available to the Group before commitment is made to future expenditure or investment.

**(c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

*Currency risk*

The Group is not exposed to any currency risk other than the respective functional currencies of each Company within the Group, the Australian dollar (AUD).

*Interest rate risk*

The Group is not exposed to significant interest rate risk and no financial instruments are employed to mitigate risk (Note 24 – Financial Instruments).

*Equity price risk*

The Group was not exposed to any material equity price risk during the financial year (Note 24 – Financial Instruments).

**(d) Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors capital expenditure and cash flows as mentioned in (b).

**3. SEGMENT REPORTING**

Operating segments are identified and segment information disclosed, where appropriate, on the basis of internal reports reviewed by the Company's Board of Directors, being the Group's Chief Operating Decision Maker, as defined by AASB 8.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Group has two operating segments, these being is mineral exploration and resource development within Australia and production of minerals in Australia.

### 3. SEGMENT REPORTING (CONTINUED)

The following tables present revenue and profit information and certain asset and liability information regarding operating segments.

| 30 June 2023 | Mineral Exploration $ | Mineral Production $ | Consolidated $ |
|---|---|---|---|
| Interest income | 2,367,774 | 275,441 | **2,643,215** |
| Other income | 2,393,919 | 1,626,372 | **4,020,291** |
| Segment income | 4,761,693 | 1,901,813 | **6,663,506** |
| Segment expenses | (4,307,722) | (4,468,438) | **(8,776,160)** |
| Segment profit/(loss) | 453,971 | (2,566,625) | **(2,112,654)** |
| Current assets | 2,737,834 | 638,600 | **3,376,434** |
| Non-current assets | 56,458,516 | 4,142,352 | **60,600,868** |
| Current liabilities | (737,185) | (327,310) | **(1,064,495)** |
| Non-current liabilities | (18,027,607) | (4,529,766) | **(22,557,373)** |
| Net assets | 40,431,558 | 76,124 | **40,355,434** |
| Acquisitions of non-current assets | 8,213,116 | 4,030 | **8,217,146** |

| 30 June 2022 | | | |
|---|---|---|---|
| Interest income | 15,555 | - | **15,555** |
| Other income | 3,100,812 | 5,053,977 | **8,154,789** |
| Segment income | 3,116,367 | 5,053,977 | **8,170,344** |
| Segment expenses | (5,209,053) | (3,603,632) | **(8,812,685)** |
| Segment profit/(loss) | (2,092,686) | 1,450,345 | **(642,341)** |
| Current assets | 1,999,266 | 1,076,404 | **3,075,670** |
| Non-current assets | 47,792,183 | 4,837,552 | **52,629,735** |
| Current liabilities | (2,734,199) | (528,486) | **(3,262,685)** |
| Non-current liabilities | (9,667,147) | (4,330,868) | **(13,998,015)** |
| Net assets | 37,390,103 | 1,054,602 | **38,444,705** |
| Acquisitions of non-current assets | 18,202,894 | 2,753,887 | **20,956,781** |

### 4. INCOME

Included in loss before tax are the following amounts of income:

| | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|
| Gain on disposal of assets: | | |
| Gain on disposal of exploration asset - Brightlands Milo | **-** | 2,808,396 |
| Gain on disposal of exploration assets - Mayfield | **274,389** | - |
| Gain on disposal of exploration assets - Malmsbury | **1,890,719** | - |
| (Loss)/gain on disposal of investments | **(42,768)** | 4,087 |
| | **2,122,340** | 2,812,483 |

| | Note | Consolidated 2023 $ | 2022 $ |
|---|---|---|---|
| **4. INCOME (CONTINUED)** | | | |
| Interest and financing income/(expense): | | | |
| Interest income | | **132,171** | 15,555 |
| Discount on rehabilitation provision | | **2,511,044** | - |
| Convertible note establishment fee | | **(300,000)** | - |
| Interest expense – convertible notes | | **(640,232)** | - |
| Interest expense – leases | | **(4,865)** | (7,019) |
| Interest expense – other | | **(13,742)** | (7,381) |
| | | **1,684,376** | 1,155 |
| Other Revenue | | | |
| Joint venture management fee | | **107,071** | 237,952 |
| Research and development rebate | | **146,926** | - |
| Option fee income for Mayfield Project sale | | **-** | 40,000 |
| Other income | | **17,582** | 10,377 |
| | | **271,579** | 288,329 |

**5. EXPENSES**

| | Note | 2023 $ | 2022 $ |
|---|---|---|---|
| Employee expenses | | | |
| Gross employee benefit expense: | | | |
| Wages and salaries | | **3,249,137** | 3,247,680 |
| Directors' fees | | **360,503** | 487,521 |
| Superannuation expense | | **336,359** | 351,648 |
| Share based remuneration | | **343,030** | 141,195 |
| Other employee costs | | **270,075** | 185,449 |
| | | **4,559,104** | 4,413,493 |
| Less amount allocated to production | | **(1,238,067)** | (1,056,004) |
| Less amount allocated to exploration | | **(2,100,828)** | (2,683,402) |
| Employee benefit expense | | **1,220,209** | 674,087 |
| Depreciation expense: | | | |
| Property and improvements | 12 | **2,645** | 2,645 |
| Office equipment and software | 12 | **37,783** | 39,280 |
| Site equipment | 12 | **224,153** | 70,295 |
| Motor vehicles | 12 | **18,650** | 17,527 |
| Buildings | 12 | **457,260** | 72,635 |
| Mine properties | 12 | **74,155** | 74,155 |
| Right-of-use asset | 11 | **84,595** | 77,545 |
| | | **899,241** | 354,082 |
| Other costs: | | | |
| Exploration costs expensed | | **386,173** | 445,900 |
| Impairment of SART plant on independent valuation. | | **-** | 405,277 |

## 6. INCOME TAX

| | Consolidated 2023 $ | 2022 $ |
|---|---|---|
| **a) Tax expense** | | |
| Current tax expense | - | - |
| Deferred tax expense | - | - |
| | - | - |
| **b) Numerical reconciliation between tax expense and pre-tax loss** | | |
| Loss before income tax from continuing operations | **(2,112,654)** | (642,341) |
| Income tax benefit at 25% | **(528,163)** | (160,585) |
| Increase in income tax due to tax effect of: | | |
| Share based payments expense | **89,214** | 62,829 |
| Non-deductible expenses | **321** | 1,755 |
| Plant and equipment | **-** | 75,274 |
| Unrealised movement in fair value of financial assets | **-** | 619,483 |
| Current year tax losses not recognised | **542,333** | - |
| Current year capital losses not recognised | **290,205** | - |
| Decrease in income tax due to: | | |
| Non-assessable income | **(36,732)** | (304,207) |
| Capital raising costs claimed | **(83,466)** | (76,081) |
| Unused tax losses and temporary differences not brought to account | **(273,712)** | (218,468) |
| Income tax expense attributable to the Group | **-** | - |
| **c) Deferred tax assets and liabilities** | | |
| Recognised deferred tax assets and liabilities | | |
| Deferred tax assets: | | |
| Losses available for offset against future taxable income | **8,954,963** | 4,327,577 |
| Investments | **-** | 407,859 |
| Capital raising costs | **-** | 230,018 |
| Accrued expenses and leave liabilities | **109,588** | 71,234 |
| Royalty provision | **570,556** | - |
| ROU assets | **1,508** | - |
| Rehabilitation provisions | **-** | 3,481,217 |
| Other DTAs | **134,688** | - |
| | **9,771,303** | 8,517,905 |
| Set-off deferred tax liabilities: | | |
| Exploration expenditure | **(8,855,656)** | (8,186,163) |
| Inventory | **(21,585)** | (83,801) |
| Rehabilitation assets and liabilities | **(631,640)** | - |
| Property, plant and equipment | **(262,422)** | (247,941) |
| | **(9,771,303)** | (8,517,905) |
| Net deferred tax asset | **-** | - |

| | Consolidated | |
|---|---|---|
| | **2023** | 2022 |
| | **$** | $ |

### 6. INCOME TAX (CONTINUED)

**d) Unused tax losses and temporary differences for which no deferred tax asset has been recognised**

Deferred tax assets have not been recognised in respect of the following using a corporate tax rate of 25%:

| | 2023 $ | 2022 $ |
|---|---|---|
| Deductible temporary differences | 319,292 | - |
| Tax revenue losses | 6,784,482 | 8,514,062 |
| Tax capital losses | 1,259,887 | - |
| Total unrecognised deferred tax assets | 8,363,661 | 8,514,062 |

The corporate tax rates on both recognised and unrecognised deferred tax assets and deferred tax liabilities have been calculated with respect to the tax rate that is expected to apply in the year the deferred tax asset is realised or the liability is settled.

The potential future income tax benefit will only be obtained if:

I. the Group derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised in accordance with Division 170 of the Income Tax Assessment Act 1997;
II. the Group companies continue to comply with the conditions for deductibility imposed by the law; and
III. no changes in tax legislation adversely affect the Group in realising the benefits.

| | Consolidated | |
|---|---|---|
| | **2023** | 2022 |
| | **$** | $ |

### 7. EARNINGS/(LOSS) PER SHARE

| | 2023 | 2022 |
|---|---|---|
| Loss used in calculation of loss per share | **(2,112,654)** | (642,341) |
| | **Cents** | Cents |
| Basic and diluted loss per share | **(0.4)** | (0.1) |
| | **#** | # |
| Weighted average number of shares used in calculation of basic and diluted loss per share | **566,089,672** | 495,181,256 |

**Options and performance share rights**

Options and share rights to acquire ordinary shares granted by the Company and not exercised at the reporting date have been included in the determination of diluted earnings per share to the extent to which they are dilutive. There are no options or share rights on issue at 30 June 2023 that are considered to be dilutive.

| | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|
| **8. TRADE AND OTHER RECEIVABLES** | | |
| **Current** | | |
| Trade receivables | **387,495** | 5,427 |
| Refundable exploration costs[1] | - | 92,144 |
| GST recoverable | - | 146,112 |
| | **387,495** | 243,683 |

[1] Amounts receivable from joint venture partners.

There is no expected credit loss in relation to the trade and other receivables at the balance date. The carrying amount of trade and other receivables are assumed to approximate their fair values due to their short-term nature.

| | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|
| **9. INVENTORIES** | | |
| Copper on hand | - | 366,908 |
| Gold on hand | **220,311** | 525,547 |
| Reagents and consumables | **78,956** | 157,492 |
| | **299,267** | 1,049,947 |

| | Note | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|---|
| **10. EXPLORATION AND EVALUATION EXPENDITURE** | | | |
| Exploration and evaluation phase: | | | |
| Capitalised costs at the start of the financial year | | **37,442,813** | 19,574,428 |
| Acquisition costs capitalised – Tenements [1] | | - | 460,000 |
| Acquisition costs capitalised – Twin Hills | | - | 2,228,397 |
| Acquisition costs capitalised – White Dam [2] | | - | 3,043,000 |
| Exploration and evaluation costs incurred (excluding joint venture costs incurred) | | **4,912,526** | 10,030,704 |
| Capitalised rehabilitation costs | | **3,817,801** | 3,273,586 |
| Less: costs relating to tenements sold or to be sold (note 22) | | **(282,204)** | (721,402) |
| Less: exploration costs not capitalised | 5 | **(261,733)** | (445,900) |
| Capitalised costs at the end of the financial year | | **45,629,203** | 37,442,813 |

[1] Fair value of shares issued to acquire exploration permit application EPM 27554 in the Drummond Basin from Yacimiento Pty Ltd and to acquire EPM17850 from Native Mineral Resources Pty Ltd.

[2] Fair value of exploration tenements and JORC resources at White Dam.

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or alternatively, sale of the respective areas.

## 11. RIGHT-OF-USE ASSET

| | Consolidated | |
|---|---|---|
| | **2023** | 2022 |
| | **$** | $ |
| Opening balance | **176,239** | |
| Right-of-use asset additions | **-** | 253,784 |
| Depreciation expense | **(84,595)** | (77,545) |
| | **91,644** | 176,239 |

The Group leases office space in Brisbane, Australia under an agreement for a term of 3 years.

| | Consolidated | |
|---|---|---|
| | **2023** | 2022 |
| | **$** | $ |

## 12. PROPERTY, PLANT AND EQUIPMENT

| | | |
|---|---|---|
| **Carrying values at 30 June:** | | |
| Property and improvements: | | |
| Cost | **193,117** | 193,117 |
| Depreciation | **(140,771)** | (138,126) |
| | **52,346** | 54,991 |
| Office equipment and software: | | |
| Cost | **292,758** | 292,758 |
| Depreciation | **(284,748)** | (246,965) |
| | **8,010** | 45,793 |
| Site equipment and plant: | | |
| Cost | **1,135,616** | 1,144,187 |
| Depreciation | **(456,111)** | (231,958) |
| | **679,505** | 912,229 |
| Motor vehicles: | | |
| Cost | **279,840** | 279,840 |
| Depreciation | **(169,788)** | (151,138) |
| | **110,052** | 128,702 |
| Buildings: | | |
| Cost | **2,303,327** | 2,264,000 |
| Depreciation | **(529,895)** | (72,635) |
| | **1,773,432** | 2,191,365 |
| Mine properties- | | |
| Cost | **741,550** | 741,550 |
| Depreciation | **(210,106)** | (135,951) |
| Impairment | **(405,277)** | (405,277) |
| | **126,167** | 200,322 |
| Total | **2,749,512** | 3,533,402 |

## 12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Note | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|---|
| **Reconciliation of movements:** | | | |
| Property and improvements: | | | |
| Opening net book value | | **54,991** | 57,636 |
| Depreciation | 5 | **(2,645)** | (2,645) |
| Closing net book value | | **52,346** | 54,991 |
| Office equipment and software: | | | |
| Opening net book value | | **45,793** | 73,814 |
| Additions | | **-** | 11,259 |
| Depreciation | 5 | **(37,783)** | (39,280) |
| Closing net book value | | **8,010** | 45,793 |
| Site equipment and plant: | | | |
| Opening net book value | | **912,229** | 450,161 |
| Reclassification | | **(39,327)** | - |
| Additions | | **30,756** | 532,363 |
| Depreciation | 5 | **(224,153)** | (70,295) |
| Closing net book value | | **679,505** | 912,229 |
| Motor vehicles: | | | |
| Opening net book value | | **128,702** | 119,239 |
| Additions | | **-** | 26,990 |
| Depreciation | 5 | **(18,650)** | (17,527) |
| Closing net book value | | **110,052** | 128,702 |
| Buildings | | | |
| Opening net book value | | **2,191,365** | - |
| Reclassification | | **39,327** | - |
| Additions | | **-** | 2,264,000 |
| Depreciation | 5 | **(457,260)** | (72,635) |
| Closing net book value | | **1,773,432** | 2,191,365 |
| Mine properties-Capital Work in Progress: | | | |
| Opening net book value | | **200,322** | 679,754 |
| Depreciation | | **(74,155)** | (74,155) |
| Impairment | 5 | **-** | (405,277) |
| Closing net book value | | **126,167** | 200,322 |
| Total | | **2,749,512** | 3,533,402 |

## 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Consolidated 2023 $ | 2022 $ |
|---|---|---|
| Current | **132,512** | - |
| Non-current | **1,246,392** | 1,634,642 |
| | **1,378,904** | 1,634,642 |

| | Consolidated 2023 $ | 2022 $ |
|---|---|---|
| Balance at the start of the financial year | **1,634,642** | 3,516,640 |
| Investments acquired – Novo [1] | **1,665,493** | - |
| Investments acquired – Consolidated Uranium [2] | **-** | 2,287,075 |
| Investments acquired – C29 [3] | **250,000** | - |
| Shares transferred [4] | **-** | (110,120) |
| Disposal of investments | **(1,889,214)** | (1,581,022) |
| Loss on fair value of investment recognised through profit or loss | **(282,017)** | (2,477,931) |
| Balance at the end of the financial year | **1,378,904** | 1,634,642 |

[1] Fair value of fully paid ordinary shares and warrants received from Novo Resources Corp (Novo), a TSX-V listed company, as consideration for the remaining 50% of the Malmsbury Project. Refer Note 22(c).

[2] Fair value of fully paid ordinary shares received from Consolidated Uranium Inc. (a Canadian company listed on TSX-V: CUR) as part consideration for the Milo Project.

[3] Fair value of fully paid ordinary shares received from C29 Metals Limited as part consideration for the sale of the Mayfield Project tenement. The shares have been classified as a current asset.

[4] Shares transferred to suppliers as consideration for services received.

Investments designated at fair value through profit or loss have been measured at Level 1 in the fair value hierarchy. Refer to accounting policy at Note 1(m).

## 14. BONDS AND SECURITY DEPOSITS

| | Consolidated 2023 $ | 2022 $ |
|---|---|---|
| Environmental bonds and security deposits for: | | |
| Mount Coolon Gold Project | **1,238,000** | 1,238,000 |
| Yandan Project | **5,077,151** | 5,077,151 |
| White Dam | **1,940,000** | 1,940,000 |
| Twin Hills | **1,467,656** | 1,467,656 |
| Other | **116,299** | 119,832 |
| | **9,839,106** | 9,842,639 |

## 15. TRADE AND OTHER PAYABLES

| | Consolidated | |
|---|---|---|
| | **2023** | 2022 |
| | **$** | $ |
| **Current** | | |
| Unspent funds received from farm-in partner | **126,445** | 334,651 |
| Acquisition costs payable[1] | **12,500** | 12,500 |
| Trade creditors[2] | **362,485** | 1,934,172 |
| Sundry creditors and accruals | **21,970** | 400,234 |
| Employee liabilities | **74,802** | 148,645 |
| Share subscription liability | **28** | 24,525 |
| Royalty payable | **-** | 59,563 |
| | **598,230** | 2,914,290 |

[1] Acquisition costs payable to Drummond Gold Limited pursuant to the acquisition of Mt Coolon Gold Mines Pty Ltd.

[2] Trade payables are non-interest bearing and are normally settled on 30 day terms.

## 16. LEASE LIABILITIES

| | Consolidated | |
|---|---|---|
| | **2023** | 2022 |
| | **$** | $ |
| Current | **97,676** | 84,033 |
| Non-current | **-** | 97,460 |
| | **97,676** | 181,493 |
| Opening balance | **181,493** | - |
| Increase in liability on new lease | **-** | 253,784 |
| Principal repayments | **(83,817)** | (72,291) |
| Lease liabilities at the end of the period | **97,676** | 181,493 |

## 17. BORROWINGS

| | Consolidated | |
|---|---|---|
| | **2023** | 2022 |
| | **$** | $ |
| **Current** | | |
| Secured loan [1] | **32,276** | 32,344 |
| **Non-Current** | | |
| Secured loan [1] | **2,877** | 35,250 |
| Convertible note liability [2] | **7,357,544** | - |
| | **7,360,421** | **35,250** |
| Total Borrowings | **7,392,697** | 67,594 |
| Movement in Borrowings: | | |
| **Secured loan** | | |
| Balance at the start of the financial year | **67,594** | 63,719 |
| Proceeds from drawdown | **-** | 30,184 |
| Principal and Interest repayments | **(32,441)** | (26,309) |
| Balance at the end of the financial year | **35,153** | 67,594 |
| **Convertible note** | | |
| Balance at the start of the financial year | **-** | - |
| Proceeds from drawdown | **10,000,000** | - |
| Amounts classified as equity | **(110,806)** | - |
| Partial redemption of note | **(2,531,650)** | - |
| Balance at the end of the financial year | **7,357,544** | - |

[1] The Company has entered into loan agreements to finance vehicles/mobile equipment at the White Dam project. The loans have a term of 3 years and are secured over the assets financed, which have a net book value of $77,172 at 30 June 2023 (30 June 2022: $89,978).

[2] The Company entered into a convertible note agreement during the reporting period for funding of up to $10,000,000 via the issue of two convertible notes each with a face value of $5,000,000. The convertible notes were issued on 21 October 2022 and 30 December 2022. Each note is due for repayment 3 years after its issue date.

Interest on the convertible notes is calculated at 10.5% per annum and is paid monthly in advance for the first 12 months from issue date. The remainder of the interest due has been prepaid and is classified as Prepayments on the Statement of Financial Position (current: $523,343; non-current $1,045,011).

The outstanding face value of the notes is convertible at any time by the holder into fully paid ordinary shares in the capital of the Company at a conversion price of $0.0875 (which is subject to a price adjustment mechanism outlined in the convertible note agreement). The convertible notes are secured by way of a mortgage over property of Mt Coolon Gold Mines Pty Ltd (which holds the Mt Coolon Gold Project) and Straits Gold Pty Ltd (which holds the Yandan Project).

The value of the notes has been split between the financial liability and an equity component, representing the residual attributable to the option to convert the financial liability into equity, based on a discount rate of 11.2%.

The notes may be redeemed prior to the repayment date. In March 2023, the Company and the noteholder agreed to the partial redemption of the second note with a cash payment of $2,000,000 (comprising a redemption in face value of $2,531,650 less a reduction in prepaid interest of $531,650). From the partial redemption date, the Group is required to maintain a minimum cash balance of $1,000,000. In addition, the Company has granted the noteholder a first-ranking security interest over the 4,037,872 shares the Company received in Novo Resources Corp (note 13) on the sale of the remaining 50% interest in the Malmsbury Gold Project (note 22c).

| | Note | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|---|
| **18. PROVISIONS** | | | |
| **Current** | | | |
| Royalty provision[1] | | **30,000** | - |
| **Non-Current** | | | |
| Rehabilitation provision[2] | | **12,816,444** | 11,509,687 |
| Royalty provision[1] | | **2,252,223** | 2,355,618 |
| | | **15,068,667** | 13,865,305 |
| Total Provisions | | **15,098,667** | 13,865,305 |

[1] Provision for royalty payments on the acquisition of the White Dam Gold Copper Project.

[2] During the financial year, the value of the rehabilitation provision for the Yandan project was increased by approximately $2.8 million to $9.67 million which represents the Estimated Rehabilitation Cost (ERC) as advised by the Department of Environment and Science (DES). Whilst the Group has recognised the entire value as calculated by DES, the Group has submitted an application for an order under section 539B of the Environmental Protection Act to stay the operation of the Original Decision as confirmed by the Review Decision pending the resolution of the appeal or further order of the Land Court. This process is ongoing at this time.

The present value of the provision for future rehabilitation costs was reassessed during the reporting period, The effect of discounting the provision amounts to $2,511,044 and is recognised in the Statement of Profit or Loss and Other Comprehensive Income as financing income.

| | Issue price | 2023 No. | 2022 No. | 2023 $ | 2022 $ |
|---|---|---|---|---|---|
| **19. ISSUED CAPITAL** | | | | | |
| Issued capital at the balance date | | **615,960,932** | 522,928,466 | **65,878,950** | 62,217,473 |
| Movements in issued capital: | | | | | |
| Balance at the start of the year | | **522,928,466** | 433,246,182 | **62,217,473** | 53,575,033 |
| Share placement | $0.054 | **25,269,262** | - | **1,364,540** | - |
| Share placement | $0.050 | **6,100,000** | - | **305,000** | - |
| Share placement | $0.027 | **51,881,485** | - | **1,400,800** | - |
| Share placement | $0.100 | **-** | 74,000,000 | **-** | 7,400,000 |
| Shares issued in lieu of payment for services[1] | | **918,869** | - | **31,325** | - |
| Shares issued to acquire tenements | | **-** | 3,562,500 | **-** | 460,000 |
| Shares on exercise of options | | **8,380,893** | 11,989,349 | **654,816** | 1,199,188 |
| Shares on exercise of rights | | **481,957** | 130,435 | **59,375** | 15,000 |
| Share issue costs | | **-** | - | **(154,379)** | (431,748) |
| Balance at the end of the reporting year | | **615,960,932** | 522,928,466 | **65,878,950** | 62,217,473 |

[1] Shares issued at 3.41 cents per share to a consultant and employee in lieu of cash payment for services.

## 19. ISSUED CAPITAL (CONTINUED)

The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

| | **2023 No.** | 2022 No. |
|---|---|---|

## 20. OPTIONS

Details of the Company's Incentive Option Scheme are provided at Note 23.

### *(a) <u>Options over unissued shares</u>*

| | | |
|---|---|---|
| Options on issue at the balance date | **106,561,007** | 120,696,052 |
| Movements in options: | | |
| Options on issue at the start of the year | **120,696,052** | 80,746,765 |
| Cancelled during the year | **(56,692,858)** | - |
| Issued to directors | **8,000,000** | - |
| Options issued [1] | **38,738,706** | 51,083,636 |
| Options issued pursuant to the employee incentive plan (Note 23) | **4,200,000** | 855,000 |
| Options exercised | **(8,380,893)** | (11,989,349) |
| Options on issue at the end of the reporting year | **106,561,007** | 120,696,052 |

[1] Unlisted options exercisable at 7.5 cents each and expiring 7 February 2025 issued pursuant to a Priority Option Offer.

### *(b) <u>Option capital</u>*

| | **Consolidated** | |
|---|---|---|
| | **2023 $** | 2022 $ |
| Opening balance | **977,990** | - |
| Issue of options | **193,694** | 1,277,091 |
| Exercise of options | **(9,522)** | (299,101) |
| Cancellation of options | **(968,468)** | - |
| Closing balance | **193,694** | 977,990 |

| | Consolidated 2023 $ | 2022 $ |
|---|---|---|
| **21. RESERVES AND ACCUMULATED LOSSES** | | |
| **Accumulated losses** | | |
| Opening balance | **(25,523,814)** | (24,881,473) |
| Transfer from option reserve on expiry of options | **1,046,935** | - |
| Net loss attributable to the members of the Company | **(2,112,654)** | (642,341) |
| Closing balance | **(26,589,533)** | (25,523,814) |
| **Share based payments reserve** | | |
| Opening balance | **773,056** | 646,861 |
| Vesting expense of options/rights | **343,030** | 141,195 |
| Options/rights exercised during the year | **(276,102)** | (15,000) |
| Options cancelled during the year | **(78,467)** | - |
| Closing balance | **761,517** | 773,056 |

*Share based payments reserve*

The share based payments reserve represents the fair value of vested equity instruments issued as remuneration or consideration.

| | | |
|---|---|---|
| **Convertible note reserve** | | |
| Opening balance | **-** | - |
| Issue of convertible notes | **110,806** | - |
| Closing balance | **110,806** | - |

*Convertible note reserve*

The convertible note reserve represents the residual value of the fair value of a compound financial instrument after deducting the fair value of the liability.

## 22. DISPOSALS OF NON-CORE ASSETS

### a) *Sale of Mt Morgan Gold Copper Project*

During the prior reporting period the Group executed a binding Letter of Intent with Canadian (TSX-V) listed company, Smartset Services Inc. (Smartset), for the sale of the Mt Morgan Gold-Copper Project. At 30 June 2022 the capitalised exploration expenditure for Mt Morgan was transferred to assets held-for-sale.

In the current financial year, the sale agreement with Smartset was terminated as Smartset was not able to complete the capital raising condition precent by the agreed date. As a result, $760,280 categorised as asset-held-for-sale at 30 June 2022 was reclassified as capitalised exploration costs.

The Group will now pursue other funding options in the Australian market to advance exploration of the Mt Morgan Gold-Copper Project.

### b) *Sale of Mayfield Project*

During the prior reporting period the Group executed an exclusive Option Agreement with C29 Metals Limited ("C29") for the sale of its Mayfield Project tenement EPM 19483. C29 exercised its option and the transfer of the tenement was completed during the current financial year. The Group received $210,000 and 1,558,963 fully paid ordinary shares in C29 as consideration for the sale of EPM 19483 and a profit on sale of $274,389 has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

## 22. DISPOSALS OF NON-CORE ASSETS (CONTINUED)

### *c) Sale of 50% Malmsbury Gold Project*

During the reporting period the Group entered into a Sale and Purchase Agreement with Novo Resources Corp. (TSX: NVO, Novo) for its remaining 50% interest in the Malmsbury Gold Project located in Victoria. The Group received $1,000,000 in cash, 4,037,872 fully paid ordinary shares in Novo and 2,018,936 Novo options as consideration for the sale. A profit on sale of $1,890,719 has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

### *d) Sale of White Dam Tenement*

Subsequent to 30 June 2023, the Group entered into a sale agreement with Havilah Resources Limited (ASX: HAV) for the sale of non-core White Dam exploration lease EL6299 for a cash consideration of $100,000 along with some development rights to two Havilah owned prospects Green and Gold and Wilkins. At 30 June 2023, capitalised exploration expenditure of $132,775 has been transferred to assets held-for-sale.

## 23. SHARE BASED PAYMENTS

Details of the Company's incentive Performance Rights and Option Plan ("Plan"), under which performance rights and options are issuable to employees, directors and consultants are summarised below. Details of share rights and options issued to Directors and executives are set out in the Remuneration Report that forms part of the Directors' Report. The Plan was adopted and approved by shareholders at a General Meeting on 16 June 2020. Subsequent to 30 June 2023, new incentive plans titled Incentive Option Plan and Incentive Performance Rights Plan were adopted and approved by Shareholders on 7 September 2023.

**Incentive Options**

Options are granted free of charge and are exercisable at a fixed price in accordance with the terms of the grant. Options over unissued shares are issued under the terms of the Plan at the discretion of the Board.

*Options granted during the year*

During the reporting period the Company issued 12,200,000 unlisted options under the Plan. The options were valued using the Black-Scholes option model using the following inputs:

| Date of grant | Number of options | Exercise price | Expiry period | Share price at grant | Risk free rate | Volatility | Valuation of options |
|---|---|---|---|---|---|---|---|
| 30 Nov 2022 | 8,000,000 | $0.069 | 4 Years | $0.048 | 3.28% | 73.1% | $184,704 |
| 20 Feb 2023 | 4,200,000 | $0.061 | 4 Years | $0.039 | 3.61% | 74.2% | $77,510 |

The fair value of options is apportioned over the vesting period of the options. A total expense of $281,807 has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the financial year in respect of options vesting during the period.

In addition to the incentive options issued, a total of 38,738,706 unquoted priority offer options were issued to replace the cancellation of 38,738,706 loyalty options that were previously issued as part of a non-renounceable pro rata entitlement offer.

*Options exercised during the year*

A total of 8,000,000 employee options and a further 380,893 loyalty options were exercised during the year to 30 June 2023.

*Options cancelled during the year*

During the year 1,880,000 unlisted employee options were cancelled upon termination of employment, or on the expiry of the exercise period. A further 16,074,152 free attaching placement options and 38,738,706 loyalty options were cancelled without exercise on the expiry date.

## 23. SHARE BASED PAYMENTS (CONTINUED)

*Options on issue under the plan at balance date*

The number of options issued under the Plan and outstanding over unissued ordinary shares at 30 June 2023 is 17,255,000 as follows.

| Grant date | Exercise price | Expiry date | Balance at 30 June | Vested and Exercisable at 30 June |
|---|---|---|---|---|
| 15 Sep 20 | $0.21 | 14 Sep 24 | 300,000 | 300,000 |
| 12 Feb 21 | $0.18 | 11 Feb 25 | 2,000,000 | 2,000,000 |
| 29 Apr 21 | $0.18 | 11 Feb 25 | 1,900,000 | 1,900,000 |
| 9 Dec 21 | $0.18 | 15 Oct 25 | 855,000 | 285,000 |
| 30 Nov 22 | $0.069 | 1 Dec 26 | 8,000,000 | 8,000,000 |
| 20 Feb 23 | $0.061 | 19 Feb 27 | 4,200,000 | 4,200,000 |

In addition to the incentive options listed above, at 30 June 2023 there are a further 50,567,301 quoted options (expiry 6 July 2023) and 38,738,706 unquoted priority offer options (expiry 7 February 2025) on issue.

*Subsequent to balance date*

Subsequent to the end of the financial year, no Plan options were issued, exercised or cancelled.

*Reconciliation of movement of options*

Set out below is a summary of options granted under the plan:

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **No.** | **WAEP (cents)** | No. | WAEP (cents) |
| Options outstanding at the start of the year | **14,935,000** | **9.6** | 14,080,000 | 9.1 |
| Options granted during the year | **12,200,000** | **6.6** | 855,000 | 18.0 |
| Options exercised during the year | **(8,000,000)** | **5.0** | - | - |
| Options cancelled during the year | **(1,880,000)** | **9.0** | - | - |
| Options outstanding at the end of the year | **17,255,000** | **9.7** | 14,935,000 | 9.6 |

*Weighted average contractual life*

The weighted average contractual life for un-exercised options is 35.6 months (2022: 14.8 months).

**Performance Rights**

*Movements during the year*

During the reporting period 395,000 performance rights vested and 481,957 ordinary shares were issued on exercise of performance rights. No performance rights were granted or cancelled during the year.

The fair value of performance rights is apportioned over the vesting period of the rights with a total expense of $61,224 being recognised in the consolidated statement of profit or loss and other comprehensive income during the year.

*Subsequent to balance date*

Subsequent to balance date, no performance rights were granted, vested, exercised or cancelled.

## 24. FINANCIAL INSTRUMENTS



***Credit risk***

The Directors do not consider that the Group's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made (note 2(a)).

***Impairment losses***

The Directors do not consider that any of the Group's financial assets are subject to impairment at the reporting date. No impairment expense or reversal of impairment charge has occurred during the reporting period.

***Currency risk***

The Group does not have any direct exposure to foreign currency risk, other than in respect of its impact on the economy and commodity prices generally (note 2 (c)).

***Liquidity risk***

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements (note 2(b)):

| **Consolidated** | Carrying amount $ | Contractual cash flows $ | 6 months or less $ | 6-12 months $ | 1-2 years $ | 2-5 years $ | More than 5 years $ |
|---|---|---|---|---|---|---|---|
| **30 June 2023** | | | | | | | |
| Borrowings | **7,392,697** | **7,768,102** | **281,770** | **14,457** | **3,525** | **7,468,350** | **-** |
| Lease liabilities | **97,676** | **99,215** | **45,672** | **45,894** | **7,649** | **-** | **-** |
| Trade and other payables | **598,230** | **598,230** | **598,230** | **-** | **-** | **-** | **-** |
| | **8,088,603** | **8,465,547** | **925,672** | **60,351** | **11,174** | **7,468,350** | **-** |
| 30 June 2022 | | | | | | | |
| Borrowings | 67,594 | 74,404 | 18,727 | 18,727 | 33,125 | 3,825 | - |
| Lease liabilities | 181,493 | 188,115 | 44,342 | 44,558 | 91,566 | 7,649 | - |
| Trade and other payables | 2,914,290 | 2,914,290 | 2,914,290 | - | - | - | - |
| | 3,163,377 | 3,176,809 | 2,977,359 | 63,285 | 124,691 | 11,474 | - |

***Interest rate risk***

At the reporting date the interest profile of the Group's interest-bearing financial instruments were:

| | **Consolidated** **2023** $ | 2022 $ |
|---|---|---|
| **Fixed rate instruments:** | | |
| Financial liabilities | **(7,490,373)** | (249,087) |
| | **(7,490,373)** | (249,087) |
| **Variable rate instruments:** | | |
| Financial assets | **1,901,042** | 836,149 |
| | **1,901,042** | 836,149 |

The Group is not materially exposed to interest rate risk on its variable rate investments.

## 24. FINANCIAL INSTRUMENTS (CONTINUED)

***Fair values***

*Fair values versus carrying amounts*
The carrying amounts of financial assets and liabilities not measured at fair value on a recurring basis, as described in the consolidated statement of financial position represent their estimated net fair value.

## 25. COMMITMENTS

*(a) Exploration*
The Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Group's exploration programmes and priorities. As at balance date, total exploration expenditure commitments on tenements held by the Group have not been provided for in the financial statements. These obligations are also subject to variations by farm-out arrangements or sale of the relevant tenements.

Minimum expenditure requirements for the following 12 months on the Group's exploration licences as at 30 June 2023, including licences subject to farm-in arrangements are approximately $4,240,000 (2022: $4,179,000).

*(b) Lease Commitments*

During the financial year, premises in Queensland and Victoria were leased on a month by month basis or under short term leases of 12 months or less. The Group has availed itself of the exemption in AASB 16 Leases to not capitalise these leases. An amount of $7,777 (2022: $25,025) has been expensed in relation to short term leases.

| | **Consolidated** | |
|---|---|---|
| | **2023** | 2022 |
| | **$** | $ |
| **26. NOTES TO THE STATEMENT OF CASH FLOWS** | | |
| **a) Cash and cash equivalents** | | |
| Cash at bank and on hand | **1,901,042** | 810,078 |
| Bank at call cash account | **-** | 26,071 |
| Total cash and cash equivalents | **1,901,042** | 836,149 |

**b) Cash balances not available for use**

Included in cash and cash equivalents are amounts pledged as guarantees for the following:

| | | |
|---|---|---|
| Corporate credit card facility | **-** | 26,071 |

**c) Cash available for specific use**
Included in cash and cash equivalents at 30 June 2023 is $209,428 relating to cash calls received in advance from farm in and joint venture partners. These funds are for specific use on tenements covered under the Malmsbury and Cloncurry Joint Venture agreements.

**26. NOTES TO THE STATEMENT OF CASHFLOWS (CONTINUED)**

| | Consolidated | |
|---|---|---|
| | **2023** | 2022 |
| | **$** | $ |
| **d) Reconciliation of Profit/(loss) from Ordinary Activities after Income Tax to Net Cash Used in Operating Activities** | | |
| Loss after income tax | **(2,112,654)** | (642,341) |
| *Add (less) non-cash items:* | | |
| Gain on sale of assets | **(2,122,340)** | (2,808,396) |
| Bargain purchase on acquisition of assets | **-** | (1,216,826) |
| Share based payments-employees | **343,030** | 141,195 |
| Depreciation and impairment expenses | **899,241** | 759,359 |
| Fair value loss/(gain) on financial assets | **282,017** | 2,477,931 |
| Exploration expenditure written off, expensed and impaired | **386,173** | 445,900 |
| Non-cash interest and finance costs | **(2,211,044)** | - |
| *Changes in assets and liabilities:* | | |
| Increase/(decrease) in trade creditors and other payables | **(68,550)** | 386,020 |
| (Increase)/decrease in prepayments | **-** | 22,913 |
| (Increase)/decrease in inventories | **750,680** | (376,293) |
| (Increase)/decrease in sundry receivables | **(143,812)** | 296,926 |
| Net cash flows used in operations | **(3,997,259)** | (513,612) |

| | Consolidated | |
|---|---|---|
| | **2023** | 2022 |
| | **$** | $ |

**27. AUDITOR'S REMUNERATION**

| | | |
|---|---|---|
| Amounts received or receivable by HLB Mann Judd for: | | |
| - Audit and review of financial reports | **99,925** | 48,687 |

## 28. CONTROLLED ENTITIES

| | 2023 % | 2022 % |
|---|---|---|
| **Particulars in Relation to Ownership of Controlled Entities** | | |
| Belltopper Hill Pty Ltd | **100** | 100 |
| Syndicated Resources Pty Ltd | **100** | 100 |
| Willaura Minerals Pty Ltd | **100** | 100 |
| Isa Brightlands Pty Ltd | **100** | 100 |
| Isa Tenements Pty Ltd | **100** | 100 |
| Mt Morgan Metals Pty Ltd (formerly Koala Quarries Pty Ltd) | **100** | 100 |
| Mt Coolon Gold Mines Pty Ltd | **100** | 100 |
| Millstream Resources Pty Ltd | **100** | 100 |
| Straits Gold Pty Ltd | **100** | 100 |
| Polymetals Operations Pty Ltd | **100** | 100 |
| Polymetals (White Dam) Pty Ltd | **100** | 100 |
| Exco Operations (SA) Pty Limited | **100** | 100 |
| Exco Resources (SA) Pty Ltd | **100** | 100 |

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and not disclosed in the note. Details of transactions between the Group and other related parties are disclosed in note 30.

## 29. KEY MANAGEMENT PERSONNEL DISCLOSURES

### a) Details of Key Management Personnel

The following were key management personnel of the Group at any time during the year and unless otherwise stated were key management personnel for the entire year.

**Non-Executive Director**
Guan Huat Sunny Loh – Non-Executive Director
Peter Thompson – Non-Executive Director
Brent Cook – Non-Executive Director (resigned 30 November 2022)

**Executive Directors**
Peter Rohner – Managing Director
Peter Mullens – Executive Chairman

Total remuneration paid to key management personnel during the year:

| | Consolidated | |
|---|---|---|
| | 2023 $ | 2022 $ |
| Short-term benefits | **381,285** | 541,502 |
| Post-employment benefits | **30,795** | 39,450 |
| Share based payments | **184,704** | - |
| | **596,784** | 580,952 |

## 29. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

### b) Other Transactions and Balances with Key Management Personnel

There are no other transactions with Directors, or Director related entities or associates, other than those reported in note 29 and note 30.

| | Consolidated | |
|---|---|---|
| | **2023** | 2022 |
| | **$** | $ |
| **30. RELATED PARTY TRANSACTIONS** | | |
| a) Total amounts receivable and payable from entities in the wholly-owned group (see Note 28 for details of controlled entities) at balance date: | | |
| **Non-Current Receivables** | | |
| Loans to controlled entities | **41,286,012** | 36,435,728 |
| **Non-Current Payables** | | |
| Loans from controlled entities | **3,946,115** | 2,498,110 |

b) Transactions with Directors

During the year, other than the payment of directors' fees, there were no transactions with director related entities and at 30 June 2023, there was no amount owing to director related entities.

## 31. DIVIDENDS

There are no dividends paid or payable during the year ended 30 June 2023 or the 30 June 2022 comparative year.

**32. EVENTS SUBSEQUENT TO BALANCE DATE**

Other than as stated below, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

- On 8 August 2023, an agreement was entered into with Havilah Resources Limited for the sale of White Dam tenement EL6299 in South Australia for a cash consideration of $100,000.
- On 29 August 2023, the Company announced that a strategic binding agreement had been executed with Benagerie Gold & Copper Pty Ltd (BGC). Through a staged process the parties will work together to optimise the value of existing resources at each party's site over the next 12 months, with the Company to process high grade ore from BGC's Portia Gold Project.

**33. CONTINGENCIES**

*(i) Contingent liabilities*

The Group has no contingent liabilities outstanding at the end of the year.

*(ii) Native Title and Aboriginal Heritage*

Native title claims have been made with respect to areas which include tenements in which the Group has an interest. The Group is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Group or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Group has an interest.

*(iii) Contingent assets*

There were no material contingent assets as at 30 June 2023 or 30 June 2022.

## 34. PARENT ENTITY INFORMATION

| | 2023 $ | 2022 $ |
|---|---|---|
| *Financial position* | | |
| **Assets** | | |
| Current assets | **2,593,394** | 1,651,468 |
| Non-current assets [1] | **45,913,812** | 39,700,653 |
| Total Assets | **48,507,206** | 41,352,121 |
| **Liabilities** | | |
| Current liabilities | **(618,884)** | (2,766,541) |
| Non-current liabilities | **(7,532,888)** | (140,875) |
| Total Liabilities | **(8,151,772)** | (2,907,416) |
| **NET ASSETS** | **40,355,434** | 38,444,705 |
| **Equity** | | |
| Issued capital | **65,878,950** | 62,217,473 |
| Option capital | **193,694** | 977,990 |
| Accumulated losses | **(26,589,533)** | (25,523,814) |
| Share based payment reserve | **872,323** | 773,056 |
| **TOTAL EQUITY** | **40,355,434** | 38,444,705 |
| *Financial performance* | | |
| Loss for the year | **(3,611,157)** | (642,341) |
| Other comprehensive income | **-** | - |
| Total comprehensive loss | **(3,611,157)** | (642,341) |

[1] The Company has recognised a provision against the investment in subsidiary holdings to the extent that parent company net assets exceed those of the Group.

*Contingent liabilities*
For full details of contingent liabilities see Note 33.

*Commitments*
For full details of commitments see Note 25.

# GBM Resources Limited
## ABN 91 124 752 745
## Directors' Declaration
For the Year Ended 30 June 2023

1. In the opinion of the Directors:

   a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year then ended; and

      ii. complying with Accounting Standards and Corporations Regulations 2001.

   b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2023.

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

**PETER ROHNER**
Managing Director

Dated this 28th day of September 2023

HLB MANN JUDD
ADVISORY AND ACCOUNTING

**INDEPENDENT AUDITOR'S REPORT**
To the Members of GBM Resources Limited

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of GBM Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, 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 2023 and of its financial performance for the year then ended; and

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

*Basis for Opinion*

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

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

*Material Uncertainty Related to Going Concern*

We draw attention to Note 1(a) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

*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.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.



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**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **Carrying value of exploration and evaluation expenditure**<br>Refer to Note 10 | |
| The Group has capitalised exploration and evaluation expenditure of $45,629,203 as at 30 June 2023.<br><br>We considered this to be a key audit matter due to its materiality, the degree of audit effort and communication with management required and its importance to the users' understanding of the financial statements. | Our procedures included but were not limited to the following:<br>- We obtained an understanding of the key processes associated with management's review of the carrying value of exploration and evaluation expenditure;<br>- We considered the existence of any indicators of impairment with respect to the Group's areas of interest;<br>- We obtained evidence that the Group has current rights to tenure of its areas of interest;<br>- We substantiated a sample of additions to exploration expenditure during the year;<br>- We considered whether classification as exploration and evaluation remained appropriate with respect to the criteria of AASB 6; and<br>- We examined the disclosures made in the financial report. |
| **Rehabilitation provision**<br>Refer to Note 18 | |
| The Group has recorded a rehabilitation provision of $12,816,444 as at 30 June 2023.<br><br>We considered this to be a key audit matter due to the degree of audit effort and communication with management and its importance to the users' understanding of the financial statements. | Our audit procedures included but were not limited to the following:<br>- We obtained an understanding of the key processes associated with management's review of the rehabilitation obligations of the Group;<br>- We evaluated the associated costings with each of the areas subject to rehabilitation obligations;<br>- We assessed the expected timing of the rehabilitation of each relevant area;<br>- We assessed the reasonableness of the discount and inflation rates applied to the expected cash flows; and<br>- We examined the disclosures made in the financial report. |

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

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

*Responsibilities of the Directors for the Financial Report*

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

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

*Auditor's Responsibilities for the Audit of the Financial Report*

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

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

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

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

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

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

**REPORT ON THE REMUNERATION REPORT**

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of GBM Resources Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

**HLB Mann Judd**
**Chartered Accountants**

**Perth, Western Australia**
**28 September 2023**

**M R Ohm**
**Partner**