



TRUSCOTT
MINING CORPORATION LIMITED

ABN: 31 116 420 378

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2023

For personal use only

CORPORATE DIRECTORY

Directors

| | |
|----------|---|
| PN Smith | <i>Executive Chairman</i> |
| MJ Povey | <i>Executive Director</i> |
| EE Smith | <i>Non-Executive Technical Director</i> |

Company Secretary

MJ Povey

Share Registry

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Telephone: +61 (02) 9698 5414

Auditor

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Stock Exchange Listing

Australian Securities Exchange
ASX Code - TRM

CONTENTS

| | |
|--|----|
| ▪ Corporate Directory | 1 |
| ▪ Chairman's Report | 2 |
| ▪ Review of Operations | 3 |
| ▪ Corporate Governance Statement | 14 |
| ▪ Directors' Report | 25 |
| ▪ Auditor's Independence Declaration | 38 |
| ▪ Statement of Profit or Loss and Other Comprehensive Income | 39 |
| ▪ Statement of Financial Position | 40 |
| ▪ Statement of Changes in Equity | 41 |
| ▪ Statement of Cash Flows | 42 |
| ▪ Notes to and Forming Part of the Financial Statements | 43 |
| ▪ Directors' Declaration | 60 |
| ▪ Independent Auditor's Report to the Members | 61 |
| ▪ Additional Information | 65 |

CHAIRMAN'S REPORT

I am pleased to present the Company's Annual Report for 2022/23, and a summary of the exploration activities and commercial initiatives for the year. During the year Truscott Mining Corporation Limited (Truscott) has maintained its operational focus within the Tennant Creek Mineral Field in the Northern Territory.

Ongoing work on Truscott's research and development program continues to refine understandings of the extent to which gold mineralisation is subject to structural control. In summary the strike-slip regime of the region has generated resultant sets of folding within which dilated and sheared host rocks provide the settings for accumulation of gold mineralisation.

During the year deeper drilling in the footwall zone of the Westminster Gold project generated information that confirmed the presence of mineralisation and provided for further modelling of repeat cycles of mineralisation with depth. Previous drilling at the Company's Westminster high grade gold project was based on local observations and a less mature structural understanding.

The Company can now apply its more contemporary research findings at Ore Body Scale to make better targeted and risk managed applications of capital to resource extension drilling. Truscott's modelling has general applicability, with it providing a context for making observations of structural elements at different scales, in accord with the phase of mineral exploration activities undertaken.

Ongoing reconnaissance scale exploration in the Barkly region, focusing on the appropriate scale structural elements, has resulted in the identification of important new green-fields mineralisation.

Towards the close of the year the company undertook a review of its Management, Commercial, Generative and Development attributes to assess the capability of the company to move from a generative phase to a development phase with the next sustained upswing in the gold price. The standing of the attributes, in conjunction with the status of the gold market have signalled that the Company should commence a transitional phase. To initiate this process work on provisional planning horizons for project development activities has commenced.

Dynamic circumstances, with the Company reaching an elevated level of intellectual knowledge at a time of a fluctuating gold market sets a need for asset protection. To this end major shareholdings by Directors and staff provide a defence against aggressive external actions related to opportunist re-assessment of asset values.

Truscott continues to maintain extreme levels of financial control over the business whilst building a unique knowledge base. The Company's low corporate overheads have in part been the result of maintaining an operational office on its mining lease at Tennant Creek and by moving other business functions into the electronic domain.

The Directors continue to support the Company by constraining their time charges, advancing loan funds and, subject to annual general meeting approval, accepting full payment for Directors' fees by the issue of Performance Rights that convert to shares on reaching a set Milestone within a fixed period. These actions indicate that the Directors have a long-term perspective for the Company and the planned development of its assets.



Peter N Smith
Executive Chairman

29 September 2023

REVIEW OF OPERATIONS

Assessment of Business Attributes

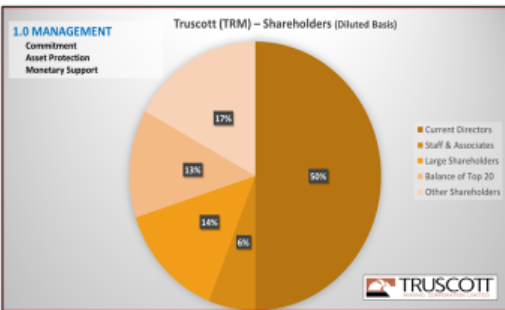
An internal review of the Management, Commercial, Generative and Development attributes for the company was undertaken.

Truscott has maintained tight controls over key business attributes and is now acting strategically to support development in accordance with the gold market cycle.

The standing of business attributes for the company indicate that Truscott is positioning itself to move from a generative phase to a development phase with the next sustained upswing in the gold price.

Reference to key observations from the business analysis is provided in the following sections.

Management & Commercial:

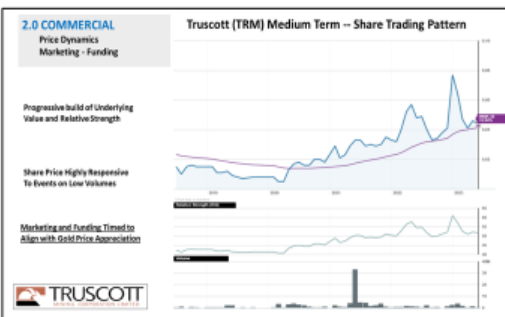


Shareholder Distribution

Truscott Board members hold close to a fifty (50%) percent shareholding in the company supporting protection of company assets.

The top twenty shareholders holding more than eighty percent (80%) of the company with low trading volumes evident.

The shareholding distribution, may result in circumstances where small trading volumes result in volatile responses in share price.



New knowledge and Market Conditions, Drive Share Price Dynamics

Progressive announcement by the company on its building knowledge base, and the long-term gold price trend inform the market.

The appreciation of the share price over a three-year period has been accompanied by a buildup in relative strength.

With only 173 million shares in the market, a high degree of price reaction on low volume is observable.

Figure One: Shareholder Distribution & Market Dynamics

REVIEW OF OPERATIONS

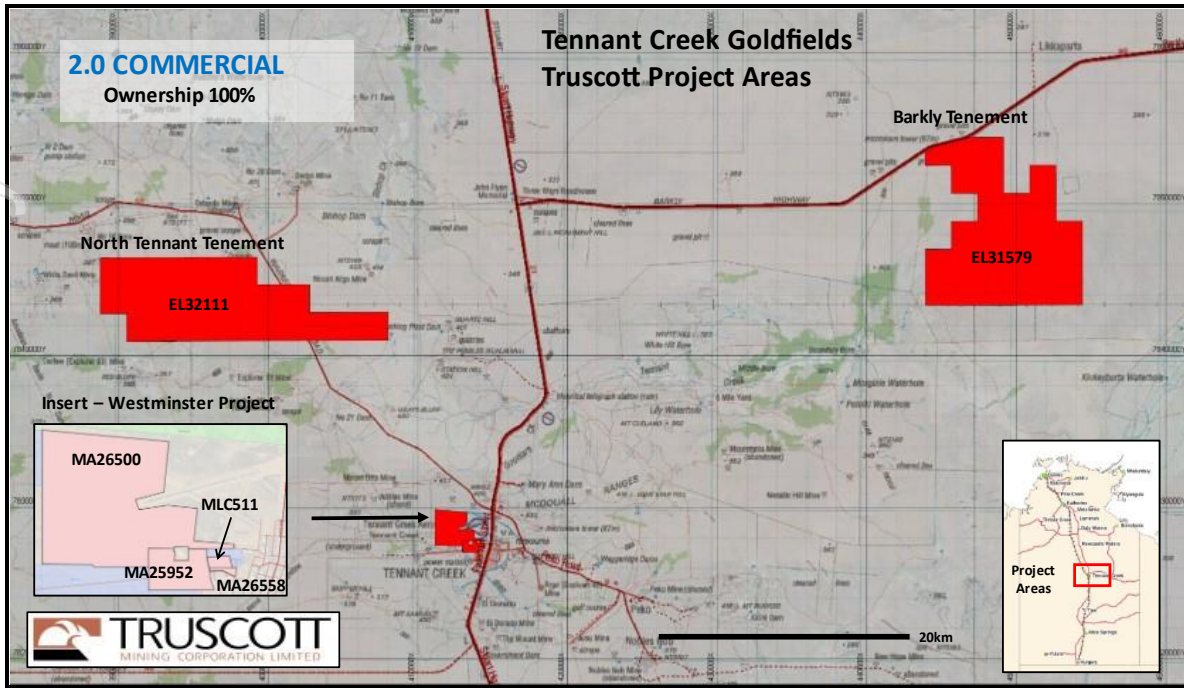


Figure Two: Truscott Tenement Holdings

Determinants of Advantage Include location and Percentage Ownership

Truscott’s tenement holdings are one hundred percent held and are located on either vacant crown land or privately owned pastoral leases.

The Westminster Project (Figure 2) is also adjacent to the regional air strip, hospital and other infrastructure which acts to reduce development costs.

In addition, all tenure held by Truscott is adjacent to and accessible from major sealed road access.

The North – South railway corridor is adjacent to the Westminster Project Area and passes through the North Tennant Tenement.

Generative – Technical:

The Company continued its extensive research and development work program, excerpts of which are provided in this section, and it is now preparing to refocus its work programs on development initiatives. The past work is expected to provide a strong basis for achieving high efficiency for future resource drilling programmes and controlling associated expenditure.

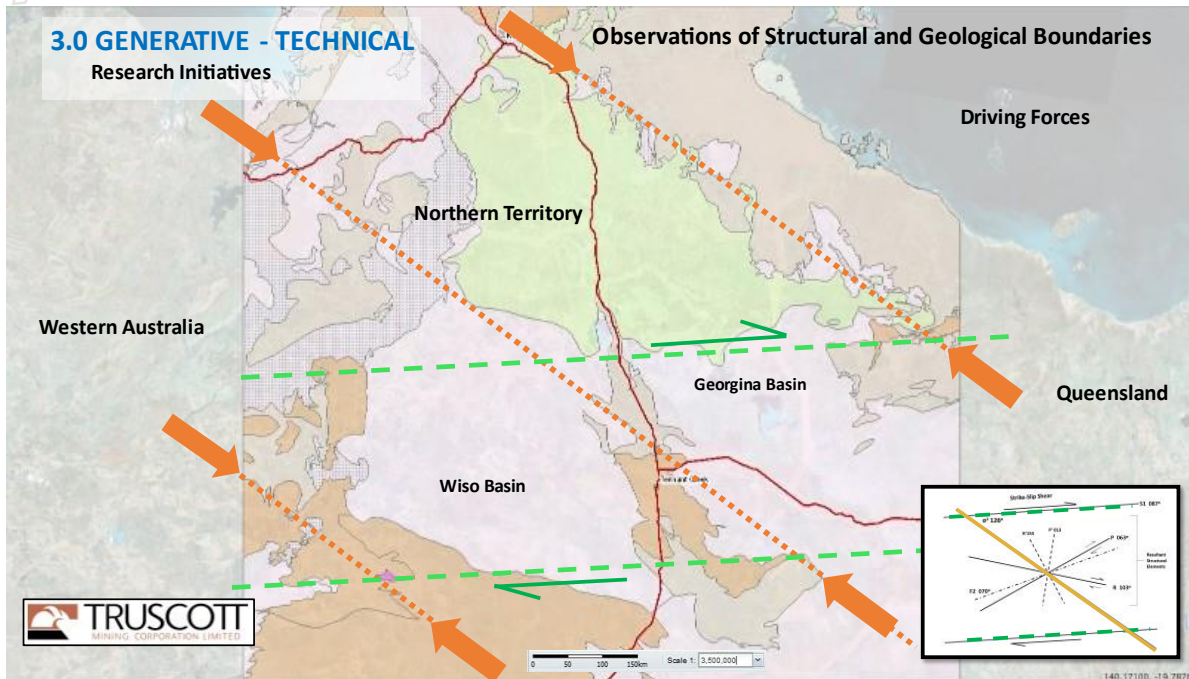


Figure Three: Regional Linear Observations on 126° (Sigma 1)

Large Scale Observations provide a Context for Understanding the Setting

Observations are drawn from Government mapping (Figure 3) where alignment of physical landforms, and geological boundaries have been delineated.

The older Archaean and Paleo-Proterozoic (brown) rocks are evident as relative zones of uplift or crustal thinning because of large-scale tectonic forces.

The Primary stress direction for this orogenic activity is depicted with the orange markings on the map in the direction sigma one (306°), that acts to generate a strike-slip corridor (green).

Within the strike-slip corridor analysis provides repeating structural domains that accord with the understanding of the structural elements that are typically observed in such environments. Further assessment provides a set of principle stress axes that are important in application for describing the relationships that exist between dilatational openings that host mineralisation. The principal stress directions are further evidenced in the field with late-stage tensional openings being exploited by quartz and hydraulic porphyry.

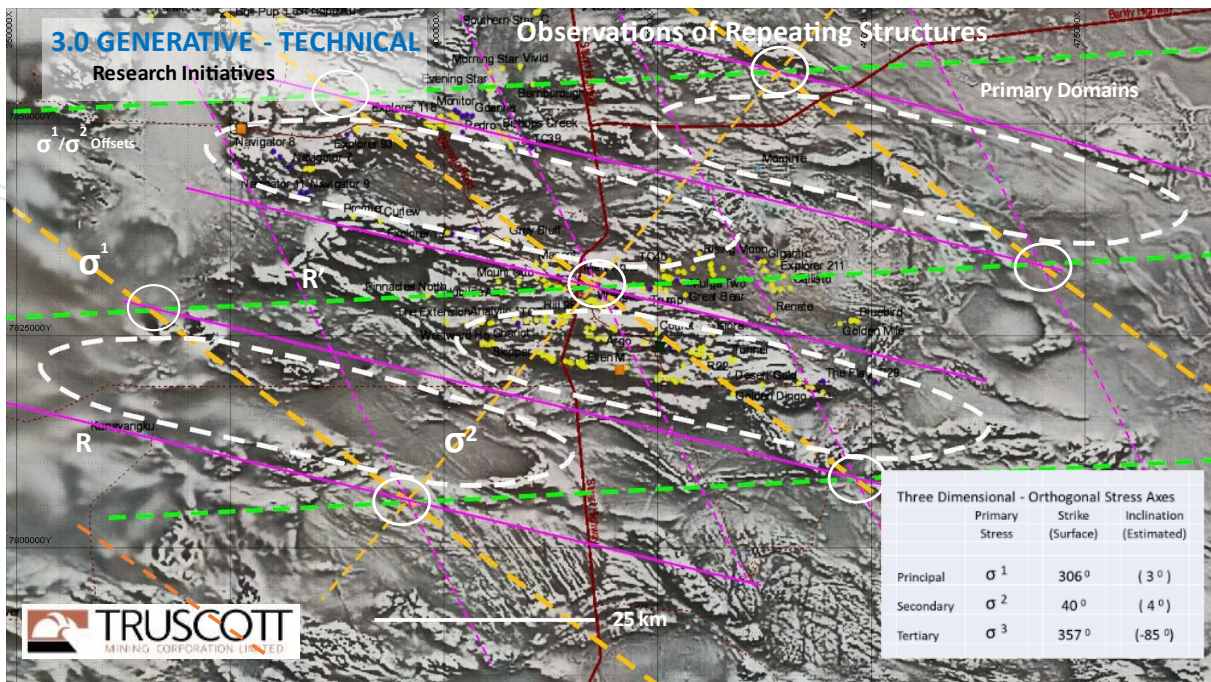


Figure Four: Structural Domains within the Strike-Slip Corridor (1VD Magnetics)

Structural Patterns are Evident within the Strike-Slip Corridor

In a field of view 120 km’s across, centered on Tennant Creek (Figure 4), the magnetic imagery within the corridor shows repeating areas or domains (White)

The primary domains exhibit outer boundaries falling within structures on the R (103°) direction and the Strike Slip direction S (087°)

Also evident in the image is the alignment of discrete primary domains along the primary principal stress directions σ^1 (306°) and σ^2 (040°)

It is possible to consider the influence of energy flows and the resulting structural elements in the context of the fractal analysis. A series of fractal observations at progressively increasing levels of magnification allows the controls over mineralisation throughout the mineral field to be characterised. The folding sequences aligned to what is described as the second folding event F2 (070°) provides the dominant structural control for all significant gold mineralisation.

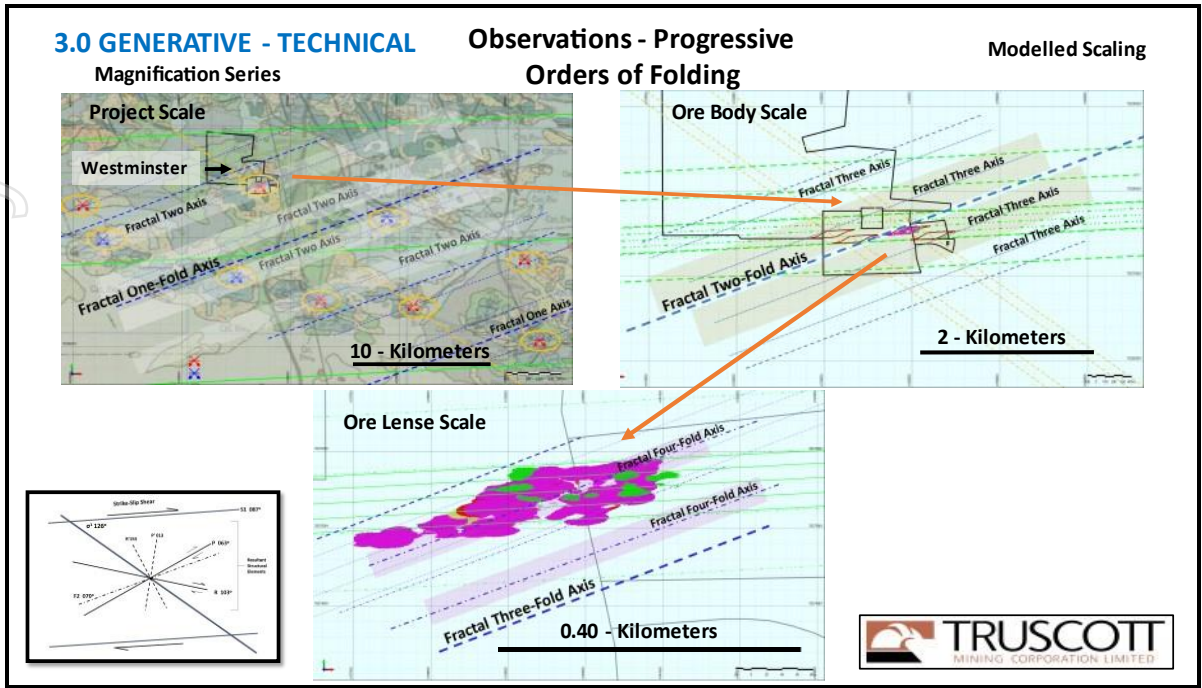


Figure Five: Observing Nested Structural Controls

A Series of Smaller Folds Nested in Larger Folds Control Mineralization

The larger first order (Fractal one) folds (070°) are encompassing structures (Figure 5) that act to describe the location setting for targets at the scale of Project areas, such as the Westminster Project.

The second order (Fractal two) folds (070°) are encompassing structures that acts to describe the location setting for targets at the scale of Orebodies.

The third order (Fractal three) folds (070°) are encompassing structures that acts to describe the location setting for targets at the scale of Ore-lenses.

The descriptive power of the fractal model is evident on an expanded image. Without exception the centres of all known historical mines can be assigned to the fractal two folds nested within fractal one folds (070°) of the model. The application of this new knowledge that is being generated is expected to support further exploitation at these historical production centres.

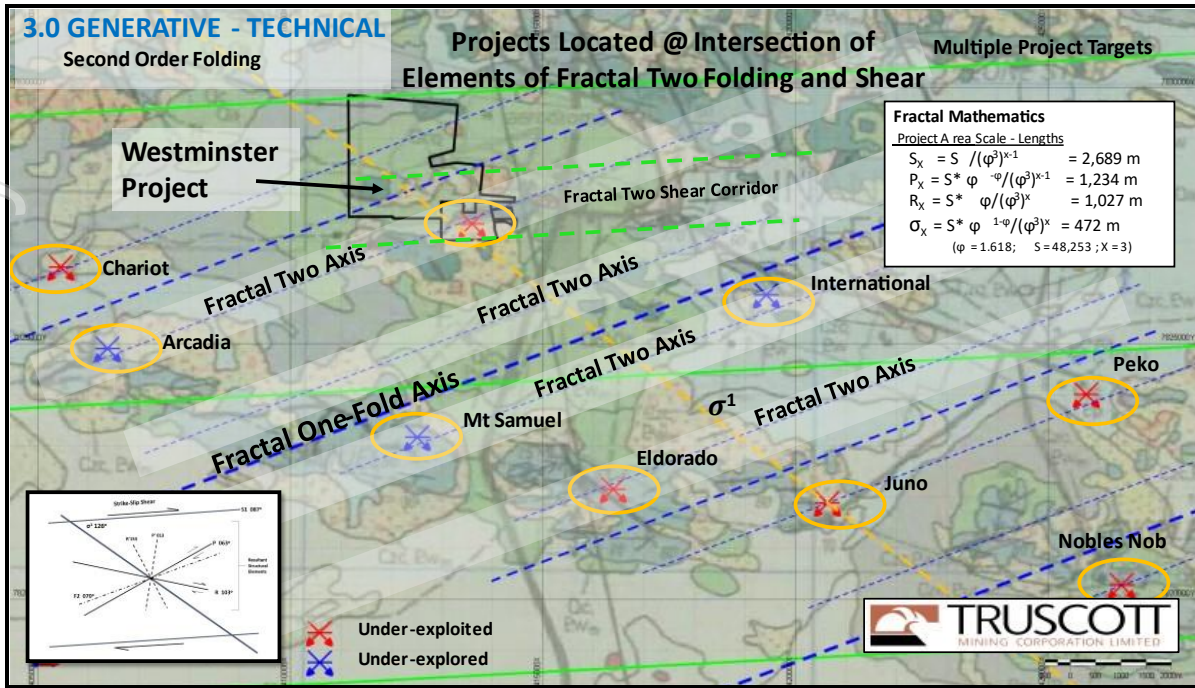


Figure Six: The Structural Framework Constraining Project Locations

Characterization of Historical Mines and New Project Locations

Using modeling supported by algorithms it is possible to identify structural interactions that describe the location of significant historical mines and new projects.

All project locations (Figure 6) are modelled as occurring, within smaller parasitic fractal two folds nested within larger fractal one folds $F2 (070^\circ)$.

All the projects incorporating the major mines Chariot, Eldorado, Juno, Peko, & Noble’s Nob (red), including Westminster, are also associated with elements of fractal two shear $S (087^\circ)$ corridors.

Ore body scale targets are modelled within fractal three-fold structures that are nested within larger scale fractal two-fold $F2 (070^\circ)$ axes. The placement of ore body targets being subject to interactions between resultant folding and iron rich shear $R (103^\circ)$ within the fractal three strike-slip $S (087^\circ)$ corridor.

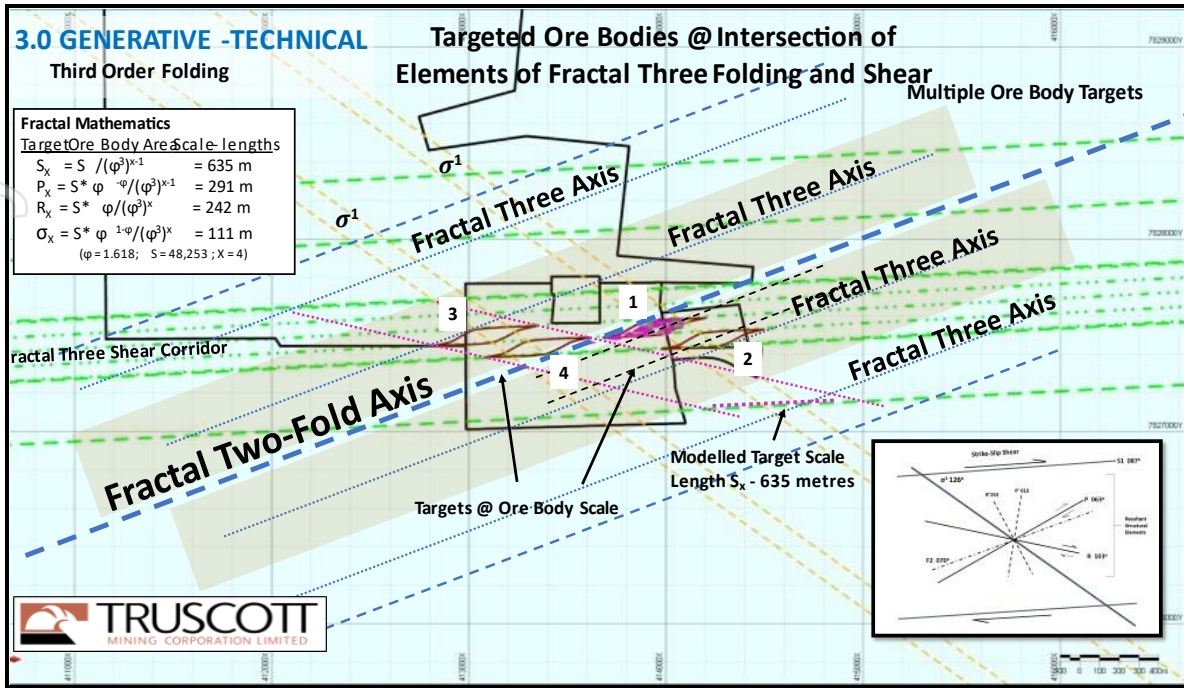


Figure Seven: The Structural Framework Constraining Ore Body Target Locations

Characterization of Ore Body Target Locations at Westminster

Using modeling supported by algorithms it is possible to identify structural interactions that describe the location of ore body targets within project areas.

Ore body target locations (Figure 7) at Westminster are modelled as occurring within smaller parasitic fractal three folds F2 (070°) nested within larger fractal two folds.

Targets One, Two, Three & Four are also associated with elements of fractal three S (087°) shear corridors. The target offsets within the corridor are determined by interactions with resultant shear R (103°).

Data presented in the form of plan views gives a good understanding of mineral distribution for strike-slip systems. Sections generated across ore bodies which are orientated to primary stress directions also have the potential to demonstrate repeated dilation and mineral accumulation zones down the primary stress axis.

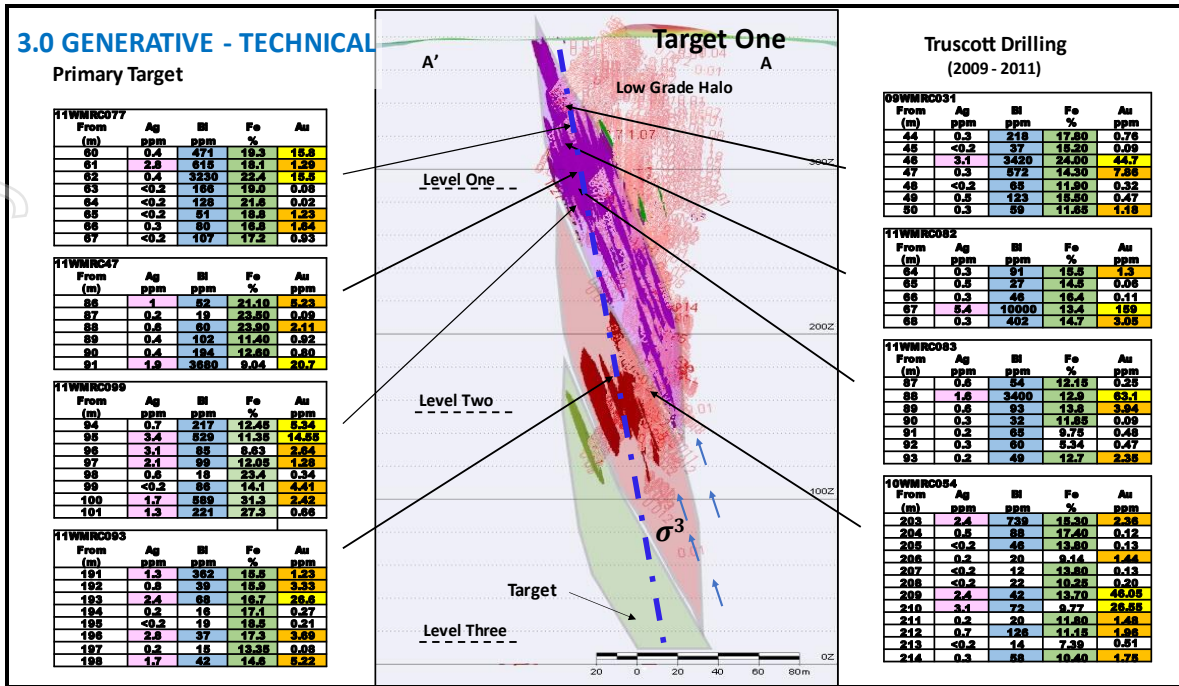


Figure Eight: Centre of Target Zone 1 – Cross Section A-A'' +/- 120 Meters

High Grade Mineral Concentrations Repeat at Depth Intervals

Drilling within target one has frequently intersected mineralization exceeding 10g/t Au, and a section A-A' drawn aligned to the estimated direction σ^3 (357°) demonstrates mineral distribution.

Mineralized fluids (Figure 8) flow up planes striking D (080°) at a true dip of 070°, and into dilation spaces that focus mineralization at repeated vertical intervals.

The direction between the centers of the repeating vertical intervals (150m) is described by of the tertiary principal stress direction σ^3 (357°) with an estimated inclination (085°).

Drilling during the year into the footwall of the target zone demonstrated that mineralization continues to depth. Further sub-vertical drill holes are planned, with the holes aligned to the tertiary principal stress direction σ^3 , to intersect high grade mineralization at multiple depth levels.

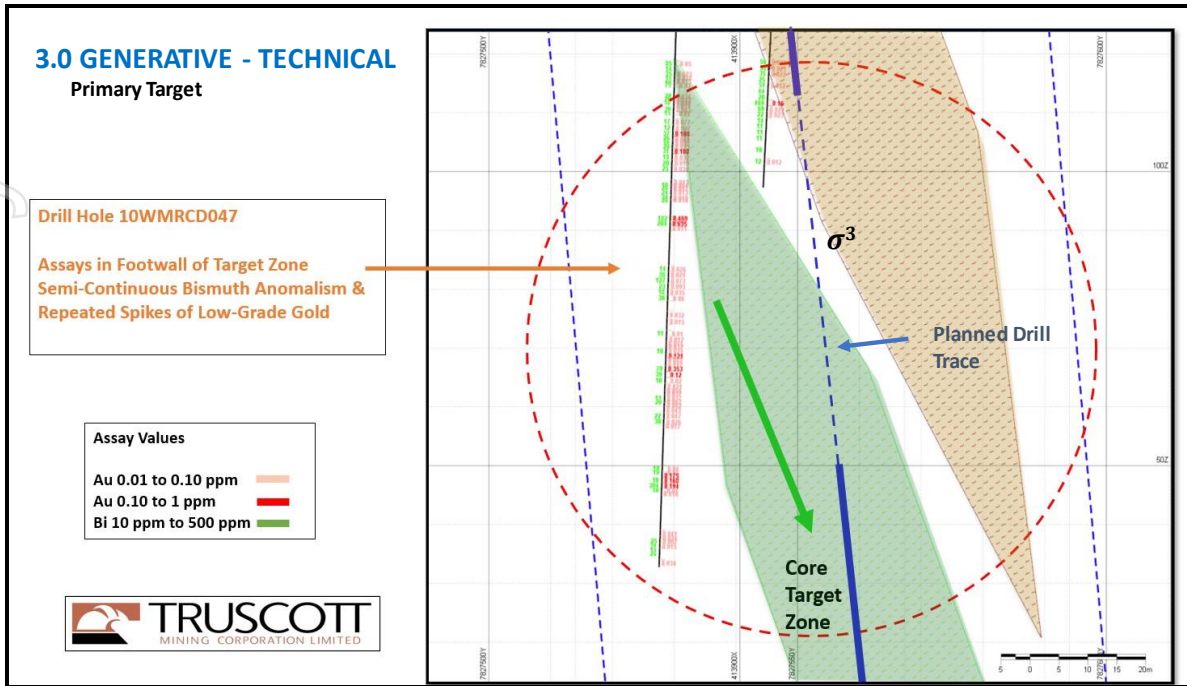


Figure Nine: Continuity of Mineralisation with Depth

Confirming Repeating Levels for Mineralization at Depth

The deeper section (Figure 9) of drill hole 10WMRCD047 from drilling at the end of 2022 demonstrated substantial anomalism in the footwall of the target.

Semi-continuous Bismuth and low-grade gold mineralisation was evident in repeating patterns with an overall width of the mineralised sufficient to relate to the down dip the modelled target.

The observed location of the mineralisation up dip from the core of the target zone provides an increased confidence in the modelling of repeating ore zones.

Development – Commercial

The application of structural modelling to target mineralization at the Barkly Project has produced an early success. The commercial implications of the potential for multiple other projects, with exploration proceeding across the large tenement area are significant.

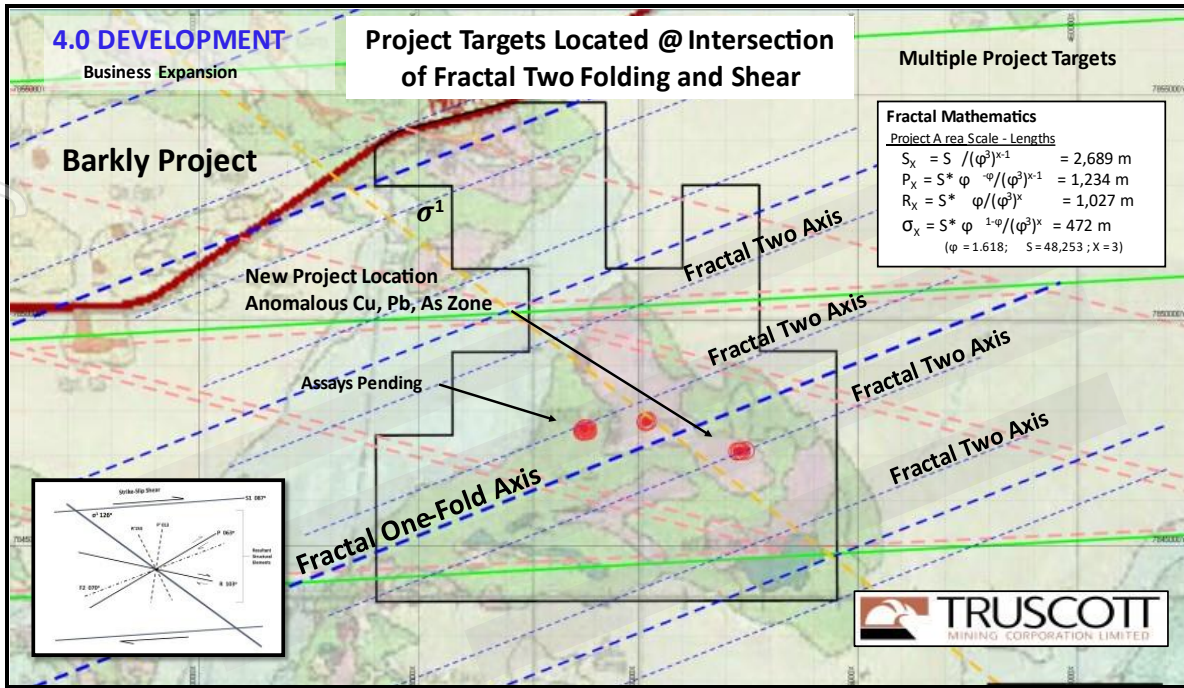


Figure Ten: Targeting Utilising Structural Modelling

Application of the Fractal Model to Support Business Expansion

At Barkly (Figure 10) traverses of two locations of intersection for fractal two folding (070°) and fractal two strike slip shear S (087°) make up the first phase of exploration.

Significant anomalous zones of Cu, Pb & As have been located as a new green fields discovery as indicated (red) on the reconnaissance scale map.

The size or the extent of the anomalous indicates the potentially for this discovery to rank with Westminster.

Peter N Smith
Executive Chairman

Authorised by: By the Board

Competent Person’s Statement: The contents of this report, which relate to geology and exploration results, are based on information reviewed by Dr Judith Hanson, who is a consultant engaged by Truscott Mining Corporation Limited and a Member of the Australasian Institute of Mining & Metallurgy. She has sufficient experience relevant to the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a “Competent Person” as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Hanson consents to the inclusion in this presentation of the matters compiled by therein in the form and context in which they appear.

Regulatory Information: The Company does not suggest that economic mineralisation is contained in the untested areas, the information relating to historical drilling records have been compiled, reviewed, and verified as best as the company was able. The company is planning further exploration drilling programs to confirm the geology, structure, and potential of untested areas within the company’s tenements. The company cautions investors against using this announcement solely as a basis for investment decisions without regard to this disclaimer.

REVIEW OF OPERATIONS

Forward-Looking Statements: This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Truscott Mining Corporations Limited's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "expect," "intend," "may" "potential," "should," and similar expressions are forward-looking statements. Although Truscott believes that its expectations reflected in these forward- looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that further exploration will result in the estimation of a Mineral Resource.

ASX Listing Rules Compliance: In preparing this announcement the Company has relied on the announcements previously made by the Company as listed under "Key References." The Company confirms that it is not aware of any new information or data that materially affects those announcements for the purpose of this announcement.

List of Truscott Tenements

Table 1: Mining Tenements Held on 30 June 2023

| Project | Tenement | Location | Interest at Start of Year | Interest at End of Year |
|----------------------|-----------------|--------------------|----------------------------------|--------------------------------|
| Westminster | MLC 511 | Northern Territory | 100% | 100% |
| | MA 25952 | Northern Territory | 100% | 100% |
| | MA 26500 | Northern Territory | 100% | 100% |
| | MA 26558 | Northern Territory | 100% | 100% |
| Barkly | EL 31579 | Northern Territory | 100% | 100% |
| North Tennant | EL 32111 | Northern Territory | 100% | 100% |

CORPORATE GOVERNANCE STATEMENT

Truscott Mining Corporation Limited's Corporate Governance Arrangements

The Company's board of directors (**Board**) is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of ethical behaviour and accountability. It is committed to administering its corporate governance structures to promote integrity and responsible decision making. Accordingly, the Company has, where appropriate, sought to adopt the "Corporate Governance Principles and Recommendations" (Fourth Edition) (**ASX Recommendations**) published by the ASX Corporate Governance Council.

The corporate governance principles and practices adopted by the Company may depart from those generally applicable to ASX-listed companies under ASX Recommendations where the Board considers compliance is not appropriate having regard to the nature and size of the Company's business.

The Company sets out below its report in relation to its compliance with the ASX Recommendations and those matters of corporate governance where the Company's practice departs from the ASX Recommendations to the extent that they are currently applicable to the Company. This statement is current as at XX September 2023 and has been approved by the Board of the Company.

ASX Corporate Governance Principles and Recommendations

1. Principle 1: Lay solid foundations for management and oversight: A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.

1.1 Recommendation

A listed entity should have and disclose a board charter setting out:

- (a) the respective roles and responsibilities of its board and management; and
- (b) those matters expressly reserved to the board and those delegated to management.

Compliance with ASX Recommendation: followed

The Company has adopted a Board Charter.

Under the Board Charter, the Board is responsible for the overall operation and stewardship of the Company and, in particular, is responsible for:

- (a) setting the strategic direction of the Company, establishing goals to ensure that these strategic objectives are met and monitoring the performance of management against these goals and objectives;
- (b) ensuring there are adequate resources available to meet the Company's objectives;
- (c) appointing the Managing Director, evaluating the performance and determining the remuneration of senior executives, and ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;
- (d) approving and monitoring financial reporting and capital management;
- (e) approving and monitoring the progress of business objectives;
- (f) ensuring that any necessary statutory licences are held and compliance measures are maintained to ensure compliance with the law and licences;
- (g) ensuring that adequate risk management procedures exist and are being used;
- (h) ensuring that the Company has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of corporate and social responsibility;
- (i) ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company; and
- (j) ensuring procedures are in place for ensuring the Company's compliance with the law and financial and audit responsibilities, including the appointment of an external auditor and reviewing the financial statements, accounting policies and management processes.

In complying with Recommendation 1.1, the Company has adopted a Board Charter which discloses the respective roles and responsibilities of the Board and senior management and identifies those matters expressly reserved to the Board and those delegated to management.

1.2 Recommendation 1.2

A listed entity should:

- (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Compliance with ASX Recommendation: followed

In respect of any future Directors, the Company will conduct specific and appropriate checks of candidates prior to their appointment or nomination for election by shareholders. The Company does not propose to conduct specific checks prior to nominating an existing Director for re-election by shareholders at a general meeting on the basis that this is not considered necessary in the Company's circumstances.

CORPORATE GOVERNANCE STATEMENT

The Chairman and Managing Director, Mr Peter N Smith, and the Executive Director, Mr Michael J Povey, have both been directors since the Company's incorporation. The Chairman and the Executive Director assessed the other Director prior to his appointment, and they considered that he had the appropriate experience that was of value to the Company and had a strong professional reputation.

As a matter of practice, the Company includes in its notices of meeting a brief biography of each Director who stands for election or re-election. The biography sets out the relevant qualifications and professional experience of the nominated Director for consideration by shareholders.

1.3 Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Compliance with ASX Recommendation: followed

The Company seeks to engage or employ its Directors and other senior executives under written agreements setting out key terms and otherwise governing their engagement or employment by the Company.

The Company's Managing Director and its Executive Director are both employed pursuant to a written employment agreement with the Company and the non-executive Director is engaged under a letter of appointment.

1.4 Recommendation 1.4

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

Compliance with ASX Recommendation: followed

The Company Secretary is a Board member and reports directly, and is accountable, to the Board through the Chairman in relation to all governance matters.

The Company Secretary advises and supports the Board members on general governance matters, implements adopted governance procedures, and coordinates circulation of meeting agendas and papers.

1.5 Recommendation 1.5

A listed entity should:

- (a) have and disclose a diversity policy;
- (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and
- (c) disclose in relation to each reporting period:
 - (1) the measurable objectives set for that period to achieve gender diversity;
 - (2) the entity's progress towards achieving those objectives; and
 - (3) either:
 - (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or
 - (B) If the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

Compliance with ASX Recommendation: Recommendation 1.5(a), 1.5(b) and 1.5(c)(i) followed; recommendation 1.5(c) not followed

The Board has adopted a diversity policy and is committed to ensuring diversity within the Company, particularly the participation of women. Considering the size and scope of the Company, the Board has not set a measurable objective for achieving gender diversity, however it is the Company's practice that during the selection and appointment process, the professional search firm supporting the Company will provide at least one credible and suitably experienced female candidate.

As at 30 June 2023, women made up 40% of the total Company. The Board comprises three men, the only employee is a women and we have 1 female casual contractor.

1.6 Recommendation 1.6

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

CORPORATE GOVERNANCE STATEMENT

Compliance with ASX Recommendation: not followed

The Company does not have in place a formal process for evaluation of the Board, its committees and individual Directors.

The small size of the Board and the nature of the Company's activities make the establishment of a formal performance evaluation strategy unnecessary. Performance evaluation is a discretionary matter for consideration by the entire Board and in the normal course of events the Board will review performance of senior management, Directors and the Board as a whole.

1.7 Recommendation 1.7

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and
- (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

Compliance with ASX Recommendation: not followed

The Company does not have in place a formal process for evaluation of its key executives.

The Company's small size and the nature of its activities make the establishment of a formal performance evaluation strategy unnecessary. As with evaluation of Directors, performance evaluation for key executives is a discretionary matter for consideration by the entire Board and in the normal course of events the Board will review performance of the executives and management as a whole.

2. Principle 2: Structure the board to be effective and add value: The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.

2.1 Recommendation 2.1

The board of a listed entity should:

- (a) have a nomination committee which:
 - (i) has at least three members, a majority of whom are independent directors; and
 - (ii) is chaired by an independent director, and disclose:
 - (iii) the charter of the committee;
 - (iv) the members of the committee; and
 - (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Compliance with ASX Recommendation: 2.1(a) not followed. 2.1(b) followed

The Company does not have a nomination committee.

The full Board, which comprises 1 Non-Executive Director and 2 Executive Directors, considers the matters and issues that would otherwise be addressed by a nomination committee.

Under the Board Charter, candidacy for the Board is based on merit against objective criteria with a view to maintaining an appropriate balance of skills and experience. As a matter of practice, candidates for the office of Director are individually assessed by the Chairman before appointment or nomination to ensure that they possess the relevant skills, experience, personal attributes and capability to devote the necessary time and commitment to the role.

The Board considers that, given the current size and scope of the Company's operations, no efficiencies or other benefits would be achieved by establishing a separate nomination committee.

The Board intends to reconsider the requirement for, and benefits of, a separate nomination committee as the Company's operations grow and evolve.

2.2 Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Compliance with ASX Recommendation: not followed

The Company does not currently have a skills or diversity matrix in relation to the Board members.

CORPORATE GOVERNANCE STATEMENT

The Board considers that such a matrix is not necessary given the current size and scope of the Company's operations. The Board may adopt such a matrix at a later time as the Company's operations grow and evolve.

2.3 Recommendation 2.3

A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;
- (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of ASX Recommendations but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- (c) the length of service of each director.

Compliance with ASX Recommendation: followed

The Company does not have any Directors who satisfy the criteria for independence as outlined in Box 2.3 of the ASX Recommendations.

The Board currently comprises the following members:

(a) **Mr Peter N Smith - Executive Chairman and Managing Director**

Mr Peter N Smith has held this office since the Company's incorporation on 27 September 2005.
Mr Smith is a substantial shareholder such that the Board does not consider Mr Smith to be independent.

(b) **Mr Michael J Povey - Executive Director, Chief Financial Officer and Company Secretary**

Mr Michael J Povey has held this office since the Company's incorporation on 27 September 2005.
Mr Povey is an executive director and as such the Board does not consider Mr Povey to be independent.

(c) **Mr Ewan E Smith - Non-Executive Director**

Mr Ewan E Smith was appointed as a Director on 1 December 2017.
As Mr E Smith is a substantial shareholder the Board does not consider him to be independent.

2.4 Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

Compliance with ASX Recommendation: not followed

The Board does not comprise a majority of "independent directors" at present.

The Board considers, however, that given the size and scope of the Company's operations at present, it has the relevant experience in the exploration and mining industry and is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its shareholders from both a long-term strategic and operational perspective.

2.5 Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Compliance with ASX Recommendation: not followed

The roles of Chairman and Managing Director are exercised by the same person.

The Chairman of the Company, Mr Peter Smith, is not an independent director in accordance with the criteria for independence as outlined in Box 2.3 of the ASX Recommendations.

However, given the size and scope of the Company's operations, the Board believes that Mr Smith is an appropriate person for the position as Chairman because of his experience in the resources sector and as a public company director.

2.6 Recommendation 2.6

A listed entity should have a program for inducting new directors for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

Compliance with ASX Recommendation: not followed

The Company does not currently have a formal induction program for new Directors nor does it have a formal professional development program for existing Directors. The Board does not consider that a formal induction program is necessary given the current size and scope of the Company's operations.

CORPORATE GOVERNANCE STATEMENT

All Directors are generally experienced in exploration and mining company operations, albeit in different aspects (e.g. operations, finance, corporate governance etc.). The Chairman has also been a director of another listed company. The Board seeks to ensure that all of its members understand the Company's operations. Directors also attend, on behalf of the Company and otherwise, technical and commercial seminars and industry conferences which enable them to maintain their understanding of industry matters and technical advances.

Noting the above, the Board considers that a formal induction program is not necessary given the current size and scope of the Company's operations, though the Board may adopt such a program in the future as the Company's operations grow and evolve.

3. Principle 3: Instil a culture of acting lawfully, ethically and responsibly: A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

3.1 Recommendation 3.1

A listed entity should articulate and disclose its values.

3.2 Recommendation 3.2

A listed entity should:

- (a) have and disclose a code of conduct for its directors, senior executives and employees; and
- (b) ensure that the board or a committee of the board is informed of any material breaches of that code.

Compliance with ASX Recommendation: followed

The Board believes that the success of the Company has been and will continue to be enhanced by a strong ethical culture within the organisation.

Accordingly, the Company has established a Code of Conduct which sets out the standards with which the directors, officers, managers, employees and consultants of the Company are expected to comply in relation to the affairs of the Company's business and when dealing with each other, shareholders and the broader community.

The Code sets out the Company's policies on various matters, including the following:

- (a) compliance with all applicable laws, rules and regulations;
- (b) conflicts of interest;
- (c) fair dealing;
- (d) dealings with the Company's assets and property;
- (e) use and confidentiality of information;
- (f) continuous disclosure and securities trading (also covered by discrete policies);
- (g) health, safety and environment;
- (h) employment practices; and
- (i) gifts and entertainment.

The Code also outlines the procedure for reporting any breaches of the Code of Conduct and the possible disciplinary action the Company may take in respect of any breaches.

In addition to their obligations under the Corporations Act in relation to inside information, all Directors, employees and consultants have a duty of confidentiality to the Company in relation to confidential information they possess.

In fulfilling their duties, each Director dealing with corporate governance matters may obtain independent professional advice at the Company's expense, subject to prior approval of the Chairman, whose approval will not be unreasonably withheld.

3.3 Recommendation 3.3

A listed entity should:

- (a) have and disclose a whistle-blower policy; and
- (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

Compliance with ASX Recommendation: followed

The Board has implemented a whistle-blower policy and all employees have been made aware of it. The policy is also included the welcome package to be given to all new employees.

3.4 Recommendation 3.4

A listed entity should:

CORPORATE GOVERNANCE STATEMENT

- (a) have and disclose an anti-bribery and corruption policy and
- (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

The Board has implemented an anti-bribery and corruption policy and all employees have been made aware of it. The policy is also included the welcome package to be given to all new employees.

4. Principle 4: Safeguard the integrity of corporate reports: A listed entity should have appropriate processes to verify the integrity of its corporate reports.

4.1 Recommendation 4.1

The board of a listed entity should:

- (a) have an audit committee which:
 - (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
 - (ii) is chaired by an independent director, who is not the chair of the board, and disclose:
 - (iii) the charter of the committee;
 - (iv) the relevant qualifications and experience of the members of the committee; and
 - (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Compliance with ASX Recommendation not followed

The Company does not have an Audit Committee as there are only 3 members on the board, none of whom are considered independent.

The Board has charged the Company Secretary with preparing the annual and half yearly reports. These reports are subsequently audited by the Company's auditors, Nexia Australia. The Company Secretary also compiles the information and prepares the Company's quarterly financial and operational reports.

All Company reports are reviewed by the Board before they are finalised and the Directors are given the opportunity to question and consider the veracity of the information in the reports.

The Board considers that, given the current size and scope of the Company's operations and that only one Director holds a non-executive position in the Company, efficiencies or other benefits would not be gained by increasing the size of the Board so as to enable it to have an audit committee.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of having a separate the audit committee.

4.2 Recommendation 4.2

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Compliance with ASX Recommendation: followed

As a matter of practice, the Company obtains declarations from its Managing Director and Company Secretary before its financial statements are approved substantially in the form referred to in ASX Recommendation 4.2.

4.3 Recommendation 4.3

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

Compliance with ASX Recommendation: followed

Any periodic corporate report prepared for release is first reviewed by at least 2 directors prior to release.

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

CORPORATE GOVERNANCE STATEMENT

5. Principle 5: Make timely and balanced disclosure: A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities

5.1 Recommendation 5.1

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

Compliance with ASX Recommendation: followed

The Company is a "disclosing entity" pursuant to section 111AR of the Corporations Act and, as such, is required to comply with the continuous disclosure requirements of Chapter 3 of the ASX Listing Rules and section 674 of the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, the Company is required to disclose to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Company is committed to observing its disclosure obligations under the Corporations Act and its obligations under the ASX Listing Rules. All relevant information is provided to ASX.

The Company has adopted a Continuous Disclosure Policy, the purpose of which is to:

- (a) ensure that the Company, as a minimum, complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules and, as much as possible, seeks to achieve best practice in its disclosure activities;
- (b) provide shareholders and the market with timely, direct and equal access to information issued by the Company; and
- (c) promote investor confidence in the integrity of the Company and its securities.

5.2 Recommendation 5.2

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

Compliance with ASX Recommendation: followed

Any director not involved in the preparation of a market announcement is sent a copy prior to its release.

5.3 Recommendation 5.3

A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

Compliance with ASX Recommendation: followed

All disclosures are made to the market prior to any presentations, investors, analysts or conferences.

6. Principle 6: Respect the rights of security holders: A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

6.1 Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

Compliance with ASX Recommendation: not followed

Information on the Company's corporate governance, including copies of its various corporate governance policies and charters, is included in the Company's annual report.

6.2 Recommendation 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

Compliance with ASX Recommendation: followed

The Company has adopted a Shareholder Communications Policy, the purpose of which is to facilitate the effective exercise of shareholders' rights by communicating effectively with shareholders, giving shareholders ready access to balanced and understandable information about the Company and its corporate strategies and making it easy for shareholders to participate in general meetings of the Company.

The Company communicates with shareholders:

- (a) through releases to the market via the ASX;
- (b) through the Company's website;
- (c) through information provided directly to shareholders;
- (d) at general meetings of the Company; and
- (e) by providing a facility whereby third parties (including shareholders) can request email subscription to publicly available information via the Company's website.

CORPORATE GOVERNANCE STATEMENT

6.3 Recommendation 6.3

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Compliance with ASX Recommendation: followed

In accordance with the Company's Shareholder Communications Policy, the Company supports shareholder participation in general meetings and seeks to provide appropriate mechanisms for such participation.

In preparing for general meetings of the Company, the Company will draft the notice of meeting and related explanatory information so that they provide all of the information that is relevant to shareholders in making decisions on matters to be voted on by them at the meeting. This information will be presented clearly and concisely so that it is easy to understand and not ambiguous.

The Company will use general meetings as a tool to effectively communicate with shareholders and allow shareholders a reasonable opportunity to ask questions of the Board of Directors and to otherwise participate in the meeting.

Mechanisms for encouraging and facilitating shareholder participation will be reviewed regularly to encourage the highest level of shareholder participation.

6.4 Recommendation 6.4

A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

6.5 Recommendation 6.5

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Compliance with ASX Recommendation: followed

The Company considers that communicating with shareholders by electronic means is an efficient way to distribute information in a timely and convenient manner.

In accordance with the Shareholder Communication Policy, the Company has, as a matter of practice, provided new shareholders with the option to receive communications from the Company electronically and the Company encourages them to do so. Existing shareholders are also encouraged to request communications electronically.

All shareholders that have opted to receive communications electronically are provided with notifications by the Company when an announcement or other communication (including annual reports, notices of meeting etc.) is uploaded to the ASX announcements platform.

7. Principle 7: Recognise and manage risk: A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework

7.1 Recommendation 7.1

The board of a listed entity should:

- (a) have a committee or committees to oversee risk each of which:
 - (i) has at least three members, a majority of whom are independent directors; and
 - (ii) is chaired by an independent director, and disclose;
 - (iii) the charter of the committee;
 - (iv) the members of the committee; and
 - (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

Compliance with ASX Recommendation: 7.1(a) not followed, 7.1(b) followed

The Company does not have a separate risk management committee.

The role of the risk management committee is undertaken by the full Board, which comprises one Non-Executive Director and two Executive Directors.

The Board considers that, given the current size and scope of the Company's operations, efficiencies or other benefits would not be gained by establishing a separate risk management committee at present.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate risk management committee.

CORPORATE GOVERNANCE STATEMENT

However, the Board has adopted a Risk Management Policy that sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day-to-day management of risk to the Managing Director. The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed.

In addition, Company is committed to ensuring that sound environmental management and safety practices are maintained for its exploration activities.

7.2 Recommendation 7.2

The board or a committee of the board should:

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and
- (b) disclose, in relation to each reporting period, whether such a review has taken place.

Compliance with ASX Recommendation: not followed

As the Board has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks and whether those risks are managed effectively. The Board believes that the Company is currently effectively communicating its significant and material risks to the Board and its affairs are not of sufficient complexity to justify the implementation of a more formal system for identifying, assessing, monitoring and managing risk in the Company.

7.3 Recommendation 7.3

A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Compliance with ASX Recommendation: 7.3(a) not followed, 7.3(b) followed

The Company does not currently have an internal audit function. This function is undertaken by the full Board.

The Company has adopted internal control procedures which are set out in its Risk Management Policy. The Company's internal controls include the following:

- (a) identification of key risks;
- (b) managing activities within budgets and operational and strategic plans;
- (c) regular financial reporting against budget;
- (d) regular visits the Company's exploration project areas to review the geological practices including the environmental and safety aspects of the Company's operations;
- (e) appraisal procedures and due diligence requirements for potential acquisitions or divestments; and
- (f) reliance on auditor reviews and senior management declarations.

The Managing Director is charged with evaluating and considering improvements to the Company's risk management and internal control processes on an ongoing basis.

The Board considers that an internal audit function is not currently necessary given the current size and scope of the Company's operations.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of adopting an internal audit function.

7.4 Recommendation 7.4

A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

Compliance with ASX Recommendation: followed

The Company's primary operation of mineral exploration and development is speculative in nature and has inherent risks. It is subject to various economic, environmental and social sustainability risks, which may materially impact the Company's ability to operate and to generate value for shareholders. These include:

- (a) **Exploration:** The success of the Company depends on the delineation of economically mineable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. The actual costs of exploration may materially differ from those estimated by the Company.

CORPORATE GOVERNANCE STATEMENT

- (b) **Title risks:** All exploration leases held by the Company may be subject to overlapping applications. The Company has in place both internal and external land management and land monitoring to ensure appropriate objections are lodged and protection of the leases is maintained.
- (c) **Future capital requirements:** The Company will need to raise funding for working capital from time to time. However, there is no guarantee that appropriate or adequate funding will be available.
- (d) **Commodity price fluctuations:** The Company's future revenue will depend upon demand and commodity prices for its products.
- (e) **Exchange rate fluctuations:** The revenue and/or the expenditure of the Company will be taken into account in Australian and US currencies, exposing the Company to the fluctuations and volatility of the rates of exchange between the US dollar and the Australian dollar as determined in international markets.
- (f) **Environmental risks:** The operations and activities of the Company are subject to environmental laws and regulations. As with most exploration projects and mining operations, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws.
- (g) **Securities market conditions:** As with all securities markets, the price of the Company's shares and other securities is subject to fluctuations in the market.

The Company has adopted the Risk Management Policy and other procedures to identify, mitigate and manage these risks. These policies are updated from time to time as the Board considers appropriate in the circumstances for the management of the Company's risk profile.

8. Principle 8: Remunerate fairly and responsibly: A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

8.1 Recommendation 8.1

The board of a listed entity should:

- (a) have a remuneration committee which:
 - (i) has at least three members, a majority of whom are independent directors; and
 - (ii) is chaired by an independent director, and disclose:
 - (iii) the charter of the committee;
 - (iv) the members of the committee; and
 - (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Compliance with ASX Recommendation: 8.1(a) not followed, 8.1(b) followed

The Company has not established a separate remuneration committee and does not have a formal remuneration policy in place.

The role of the remuneration committee is undertaken by the full Board. The Board considers that, given its current size, efficiencies or other benefits would not be gained by establishing a separate remuneration committee.

The Company sets out the remuneration paid or provided to Directors and senior executives annually in the remuneration report contained within the Company's annual report to shareholders. The full Board determines all compensation arrangements for Directors. It is also responsible for setting performance criteria, performance monitors, share option schemes, incentive performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.

The maximum aggregate remuneration payable to Non-Executive Directors is \$80,000; the Non-Executive Directors have been paid below this threshold to preserve the Company's cash reserves and in recent years have been paid their directors' fees in the form of shares and performance rights in the Company.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate remuneration committee.

8.2 Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Compliance with ASX Recommendation: followed

The Company's policies and practices regarding the remuneration of Executive and Non-Executive Directors and other senior executives is set out in the Remuneration Report contained in the Company's Annual Report for each financial year.

CORPORATE GOVERNANCE STATEMENT

8.3 Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- (b) disclose that policy or a summary of it.

Compliance with ASX Recommendation:

The Company does not currently have an equity-based remuneration scheme.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of an equity-based remuneration scheme.

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DIRECTORS' REPORT

DIRECTORS

The names of Directors who held office during the year and up to the date of signing this report, unless otherwise stated are:

| | |
|-----------------|--|
| Peter N Smith | Executive Chairman & Managing Director |
| Ewan E Smith | Non-Executive Director |
| Michael J Povey | Executive Director & Company Secretary |

PRINCIPAL ACTIVITIES

The principal activities of the company are the exploration and development of gold and base metal projects in the Northern Territory. No significant changes in the nature of these activities occurred during the year ended 30 June 2023.

DIVIDENDS

No dividends have been declared, provided for, or paid in respect of the financial year ended 30 June 2023 (30 June 2022: Nil).

FINANCIAL SUMMARY

The loss of the company after providing for income tax amounted to \$514,299 (2022: loss \$2,671,850).

The net assets of the Company were \$1,206,212 at 30 June 2023 (30 June 2022: \$1,122,118).

GOING CONCERN

For the year ended 30 June 2023, the Company incurred a loss of \$514,299 and had net cash outflows of \$488,320 from operating and investing activities as disclosed in the Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash flows respectively. As a result of the need for continued cash outflows for future operating and investment activities the Directors have assessed the Company's ability to continue as a going concern and to pay its debts as and when they fall due.

The Company's ability to fund operating activities and exploration commitments and for use as working capital is dependent upon raising additional capital in future years or deriving revenue from existing operations.

Accordingly, the Directors have prepared the Financial Report on a going concern basis. As such, the financial statements do not include any adjustments as to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern. In the event that the Company is not able to achieve above requirements, there is a material uncertainty whether the Company will continue as a going concern and realise its assets and extinguish liabilities in the normal course of business and at the amounts stated in this financial report.

Additional details are included in the accounting policies note.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than listed below, there were no significant changes in the state of affairs of the company that occurred during the year ended 30 June 2022.

The 5,929,000 Class G Performance Rights which had reached their Milestone were converted to fully paid ordinary shares on 29 July 2023.

On 1 December 2022 the Company issued 9,286,516 fully paid ordinary shares at 3.5 cents to shareholders and underwriter for the non-renounceable rights issue.

As approved at the AGM on 30 November 2022 the Company issued 6,150,000 Class O performance rights to the Directors in lieu of Director fees for the year ended 30 June 2022 and issued 2,300,000 Class P performance rights to the executive directors for various sacrifices that had been made on behalf of the Company.

960,000 Class M Performance Rights which had reached their Milestone were converted to fully paid ordinary shares on 15 June 2023.

Full details of the share issues are included in Note 12 to the Financial Statements.

DIRECTORS' REPORT

EVENTS SUBSEQUENT TO END OF THE REPORTING PERIOD

On 6 August 2023 the 5,250,000 Class L Performance Rights, which had reached their Milestone, were converted to fully paid ordinary shares and on 25 September 5,000,000 unlisted options lapsed. Other than these items, the Directors are not aware of any other matter or circumstance since the end of the financial year that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

BUSINESS STRATEGIES, FUTURE DEVELOPMENTS AND EXPLORATION

Legal advice on the procedures required to convert parts of the Westminster Project Area, not currently under mining lease entitlements, has been received and will be acted on in accordance with the Company's development requirements. Research and development activities are ongoing on both the reference study area at Westminster and its wider application to reconnaissance exploration on new project areas. Multidisciplinary inputs to the research and development continue to introduce new understanding of the controls over mineralisation at the Westminster Project. The next test phase of drilling is expected to further substantiate the findings of the research and development work completed to date, acting to further stimulate gold exploration activity for a growing number of participants in the region.

RISK STATEMENT

Operating and financial risk

The Company's activities have inherent risk, and the Board is unable to provide certainty of the expected results of activities, or that any or all the likely activities will be achieved. The material business risks faced by the Company that could influence the Company's prospects, and how the Company manages these risks, are detailed below.

Operational risk

The Company may be affected by various operational factors. If any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interest. Until the Company can realise value from its projects, it is likely to incur ongoing operating losses.

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, insufficient or unreliable infrastructure such as power, water and transport, difficulties in commissioning and operating plant and equipment, unanticipated metallurgical problems which may affect unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

The company acquires and records exploration results in accordance with the 2012 edition of the JORC Code. Judgement based on knowledge, experience and industry practice is being used to develop and understanding of the mineralisation throughout the mineral field and the company's tenements. The acquired knowledge is subject to updating and reinterpretation as additional information and techniques come to hand. In addition, by their very nature, description over the possible distribution of mineralisation is not necessarily precise and depends to some extent on interpretations, which may prove to be inaccurate.

The tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are speculative and high-risk undertakings that may be impeded by circumstances and factors beyond the control of the Company.

There can no assurance that exploration of tenements, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

There is no assurance that exploration or project studies by the Company will result in the definition of an economically viable mineral deposit or that the exploration tonnage estimates, and conceptual project developments are able to be achieved. In the event the Company successfully delineates economic deposits on any Tenement, it will need to apply for a mining lease to undertake development and mining on the relevant tenement. There is no guarantee that the Company will be granted a mining lease if one is applied for and if a mining lease is granted, it will also be subject to conditions which must be met.

Further capital requirements

The Company's projects may require additional funding to progress activities. There can be no assurance that additional capital or other types of financing will be available if needed to further exploration or possible development activities and operations or that, if available, the terms of such financing will be favourable to the Company.

DIRECTORS' REPORT

RISK STATEMENT (cont'd)

Native title and Aboriginal Heritage

The areas of the Company's tenements, over which Native Title rights of Aboriginal Australians exist, have been cleared by the Aboriginal Area's Protection Authority for the purposes of exploration and mining. For these tenement areas, over which Native Title rights do exist, there is a requirement for the Company to negotiate with the relevant titleholder, prior to progressing to the development and mining phases of operations. The other exploration tenement holdings are yet to receive clearances for ground disturbance, associated with second phase exploration activities. Where there is an Aboriginal Site for the purposes of the Aboriginal Heritage legislation, the Company must obtain consents in accordance with the legislation.

The Company's activities are subject to Government regulation and approvals

The Company is subject to certain Government regulations and approvals. Any material adverse change in government policies or legislation in Australia that affect mining, processing, development and mineral exploration activities, export activities, income tax laws, royalty regulations, government subsidiaries and environmental issues may affect the viability and profitability of any planned exploration or possible development of the Company's portfolio of projects.

Global conditions

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities. General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including outbreaks in international hostilities, wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations and financial performance, including the Company's exploration, development and production activities, as well as on its ability to fund those activities.

General economic conditions may also affect the value of the Company and its market valuation regardless of its actual performance.

Health and Safety

The company's management of its health and safety considerations has resulted in another incident free reporting period. Government regulators and health officials continue to direct and support the management framework for the operations.

INFORMATION ON DIRECTORS

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

| | |
|-------------------------|---|
| Mr Peter N Smith | Executive Chairman & Managing Director |
| Qualifications | BSc (Min), PG Dip (M Tech), M Min Tech, FAusIMM, CP. Experience in Australia and overseas in mine development and management including positions with Normandy Poseidon, Gwalia Consolidated, Broken Hill Proprietary Limited and Ivanhoe Mines. Previously Director of Strategic Minerals Corporation and CEO for Giants Reef Mining Limited, and now a director of a private exploration company. Mr P N Smith has been a director of the company since it was incorporated in September 2005. Mr P N Smith is a director and shareholder in Resource Investments & Consulting Pty Ltd which has a contract to supply the services of Mr P N Smith as a consultant mining engineer. Mr PN Smith is not a director of any other public company. |

DIRECTORS' REPORT

INFORMATION ON DIRECTORS (cont'd)

| | |
|------------------------|--|
| Mr Ewan E Smith | Non-Executive Director |
| Qualifications | B Com (Man), BSC, MBBS. Mr E Smith is a significant shareholder and has tertiary qualifications in commerce, science and medicine. He has operational experience in geophysics data acquisition, logistics and exploration activities. He has the capability to make professional contributions to operational health and safety management. Mr EE Smith is not a director of any other public company. |

| | |
|---------------------------|---|
| Mr Michael J Povey | Executive Director & Company Secretary |
| Qualifications | B.Bus, FTIA. An accountant with public accounting experience with major accounting firms including Deloitte and KPMG. Mr Povey has also lectured in both undergraduate and postgraduate business courses at Curtin University. Mr Povey subsequently established an accounting practice concentrating on taxation and company reporting. He has been the company secretary and a director of the company since it was incorporated in September 2005. Mr Povey is the principal of an accounting practice that has a contract to supply the services of Mr Povey for company secretarial and accounting services. Mr MJ Povey is not a director of any other public company. |

MEETINGS OF DIRECTORS

During the financial year, fourteen (14) meetings of Directors were held. The Directors have met regularly throughout the year in an informal capacity with a number of substantive matters being resolved via circular resolutions. Attendances by each Director during the year were as follows:

| | Directors' Meetings | |
|----------|---------------------------|-----------------|
| | Number eligible to attend | Number attended |
| PN Smith | 14 | 14 |
| EE Smith | 14 | 14 |
| MJ Povey | 14 | 14 |

In accordance with the Constitution, Dr EE Smith retires as a director at the Annual General Meeting and being eligible, offers himself for re-election.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director and executive of Truscott Mining Corporation Limited. As at the date of this report the company had 2 executive directors and 1 non-executive director but did not have any executive employees. During the year the Company did not engage remuneration consultants.

REMUNERATION POLICY

The policy of the company is to attract the right team members by paying market-based remuneration that is commensurate with the skills and experience of the directors and executives. The performance of the Company in its exploration activities has been considered by the Board and compared with the exploration activities of other companies operating in and around the general location of the Tennant Creek Mineral Field. The Board considers that the Company's activities compare very favourably with those of the other companies and accordingly the remuneration is considered to not exceed what is reasonable, based on the performance achieved.

In accordance with the contracts and letters of appointment of the directors they have no performance-based remuneration. As the Company has been run on a tight cashflow budget the directors agreed to discount the remuneration received. The Company does issue performance rights in lieu of remuneration as detailed in the tables below.

At the 2022 annual general meeting, the Company's remuneration report was passed by the requisite majority of shareholders (100% by a show of hands and by proxy votes).

DETAILS OF REMUNERATION

The remuneration for each key management person of the company was as follows:

| | Deferred benefits | | Short-term benefits | | Totals | Fixed remuneration | Share based payments |
|--------------------------------|-------------------|-----------------|---------------------|----------------------|----------------|--------------------|----------------------|
| | Director fees | Consulting fees | Consulting fees | Share based payments | | | |
| | \$ | \$ | \$ | \$ | \$ | | |
| Executive Directors | | | | | | | |
| PN Smith | | | | | | | |
| 2023 | 57,600 | 103,680 | 69,120 | 56,682 | 287,082 | 80% | 20% |
| 2022 | 57,600 | 109,440 | 72,960 | 30,459 | 270,459 | 89% | 11% |
| MJ Povey | | | | | | | |
| 2023 | 43,200 | 16,900 | 20,000 | 15,745 | 95,845 | 84% | 16% |
| 2022 | 43,200 | 12,000 | 19,200 | 10,153 | 84,553 | 88% | 12% |
| Non-Executive Directors | | | | | | | |
| EE Smith | | | | | | | |
| 2023 | 43,200 | 0 | 0 | 0 | 43,200 | 100% | 0% |
| 2022 | 43,200 | 0 | 0 | 0 | 43,200 | 100% | 0% |
| Totals | | | | | | | |
| 2023 | 144,000 | 120,580 | 89,120 | 72,427 (i) | 426,127 | | |
| 2022 | 144,000 | 121,440 | 92,160 | 40,612(ii) | 398,212 | | |

For the years ended 30 June 2022 and 2023 Mr PN Smith's Company and Mr MJ Povey's accounting practice elected to invoice less than the minimum amount payable as per their contracts.

- As approved at the 2022 AGM the executive directors were issued with Class P Performance Rights for sacrifices made on behalf of the Company. These sacrifices included no director fee nor consulting fee increase for over 8 years, deferring part of their consulting fees, free of interest and providing the Company with free of charge office space. These Rights were independently valued on the date of grant. If the Rights do not meet their Milestone they will lapse.
- As approved at the 2021 AGM the executive directors were issued with Class P Performance Rights for sacrifices made on behalf of the Company. These sacrifices included no director fee nor consulting fee increase for over 8 years, deferring part of their consulting fees, free of interest and providing the Company with free of charge office space. These Rights were independently valued on the date of grant. If the Rights do not meet their Milestone they will lapse.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (cont'd)

In the below table the 2022 figures have been adjusted to reflect that at the 2022 AGM, the shareholders voted to approve the issue of performance rights in lieu of directors' fees and superannuation that were payable for the year ended 30 June 2022. The consulting fees shown above and below have been paid to entities associated with the directors and are also disclosed in Note 16 – Related Party Disclosures. The above and below consulting fees are not additional to those related party transactions.

| | Deferred benefits | | Short-term benefits | | Totals | Fixed remuneration | Share based payments |
|-------------------------------|------------------------|---|---|----------------------|----------------|--------------------|----------------------|
| | Director fees Note (1) | Consulting fees not yet paid to director related entities | Consulting fees paid/payable to director related entities | Share based payments | | | |
| | \$ | \$ | \$ | \$ | \$ | | |
| Executive Directors | | | | | | | |
| PN Smith | | | | | | | |
| 2023 | 57,600 | 103,680 | 69,120 | 56,682 | 287,082 | 80% | 20% |
| 2022 | 0 | 109,440 | 72,960 | 110,813 | 293,213 | 62% | 38% |
| MJ Povey | | | | | | | |
| 2023 | 43,200 | 16,900 | 20,000 | 15,745 | 95,845 | 84% | 16% |
| 2022 | 0 | 12,000 | 19,200 | 70,828 | 102,028 | 31% | 69% |
| Non-Executive Director | | | | | | | |
| EE Smith | | | | | | | |
| 2023 | 43,200 | 0 | 0 | 0 | 43,200 | 100% | 0% |
| 2022 | 0 | 0 | 0 | 60,675 | 60,675 | 0% | 100% |
| Totals | | | | | | | |
| 2023 | 144,000 | 120,580 | 89,120 | 72,427 | 426,127 | | |
| 2022 | 0 | 121,440 | 92,160 | 242,316 | 455,916 | | |

The above consulting fees together with totals of deferred amounts have been included in the Related Parties note 17 as they have been paid to entities related to the respective directors.

As approved at the 2022 AGM, the directors' fees and superannuation payable for the year ended 30 June 2022 were replaced with Class O Performance Rights. The above 2022 share based payments were independently valued using the Monte Carlo simulation methodology. Inputs used were: Spot price on 30 November 2022 - \$0.038; Exercise price – nil; Risk-Free rate – 3.116%; Volatility – 80%; Dividends – nil.

At the AGM held on 30 November 2022 the shareholders also approved, as suggested by the Board as being reasonable, the issue of Class P Performance Rights to the Executive Directors as follows:

| | Class P | |
|---------------|---------------|------------------|
| | Rights value | Number of rights |
| | \$ | |
| Mr PN Smith | 56,682 | 1,800,000 |
| Mr MJ Povey | 15,745 | 500,000 |
| Totals | 72,427 | 2,300,000 |

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (cont'd)

These rights values were independently valued using the Monte Carlo simulation methodology and were issued in recognition of sacrifices made to the company for the year ended 30 June 2022. Inputs used were: Spot price on 30 November 2022 - \$0.038; Exercise price – nil; Risk-Free rate – 3.116%; Volatility – 80%; Dividends – nil.

For the unpaid consulting fees (net of GST) from 1 July 2014 to 30 June 2023, the directors have agreed to defer payment, free of interest, the following amounts until 31 December 2024, or until the Company has the necessary funding to move onwards with exploration of the Company's projects:

| | 2023 | 2014 to 2022 | Totals |
|---------------|----------------|----------------|------------------|
| | \$ | \$ | \$ |
| Mr PN Smith | 103,680 | 824,524 | 928,204 |
| Mr MJ Povey | 16,900 | 149,340 | 166,240 |
| Totals | 120,580 | 973,864 | 1,094,444 |

The above amounts are included in non-current trade and other payables.

Note (1) In order to conserve cash for research, exploration and working capital purposes the directors have agreed to receive Class Q Performance rights, subject to shareholder approval, for the director fees that were payable for the year ended 30 June 2023. These Class Q Performance rights will only be issued if approved by the shareholders and will only subsequently convert to fully paid ordinary shares if a milestone is reached.

Under the proposed milestone for the Class Q rights, each right will automatically convert into one Fully Paid Ordinary Share, as long as the Fully Paid Ordinary shares have an average last sale price, whether traded or not, on closing on ASX of at least 7 cents on 20 consecutive trading days. The rights will expire 4 years from the date of issue. Even if the milestone is reached, the rights will not vest before 1 July 2024. Provided the milestone has been reached before the expiry date, they will not expire.

In the event that the Class Q rights issue is approved at the 2023 AGM, then the remuneration would be as per the below table:

| | Deferred benefits | | Short-term benefits | Share based payments | | Totals |
|-------------------------------|-------------------|----------------|---------------------|----------------------|----------------|----------------|
| | Directors' fees | Consulting | Consulting fees | Valuation | Deemed Value | |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Executive Directors | | | | | | |
| PN Smith | | | | | | |
| 2023 | 0 | 103,680 | 69,120 | 56,682 | 57,600 | 287,082 |
| 2022 | 0 | 109,440 | 72,960 | 110,816 | 0 | 293,216 |
| MJ Povey | | | | | | |
| 2023 | 0 | 16,900 | 20,000 | 15,745 | 43,200 | 95,845 |
| 2022 | 0 | 12,000 | 19,200 | 70,828 | 0 | 84,553 |
| Non-Executive Director | | | | | | |
| EE Smith | | | | | | |
| 2023 | 0 | 0 | 0 | 0 | 43,200 | 43,200 |
| 2022 | 0 | 0 | 0 | 60,675 | 0 | 60,675 |
| Totals | | | | | | |
| 2023 | 0 | 120,580 | 89,120 | 72,427 | 144,000 | 426,127 |
| 2022 | 0 | 121,440 | 92,160 | 242,319 | 0 | 455,919 |

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (cont'd)

The above table assumes that the deemed value of the proposed Class Q Performance rights to be granted in lieu of the directors' fees is equal to the cash value of the fees.

Note: If approved by the Members at the 2023 AGM, the actual value of the Class Q Rights will be independently determined as at the date of their grant.

The number of Class Q Performance Rights in lieu of director fees proposed to be issued for 2023, and the Class O Performance Rights issued in 2022 were:

| | 2023 Class Q Proposed | 2022 Class O Issued |
|---------------|--------------------------------------|------------------------------------|
| Mr PN Smith | 1,600,000 | 2,450,000 |
| Mr MJ Povey | 1,200,000 | 1,850,000 |
| Mr EE Smith | 1,200,000 | 1,850,000 |
| Totals | 4,000,000 | 6,150,000 |

In the event that the performance rights to be issued in lieu of the Directors' fees are approved by the shareholders at the 2023 AGM, the directors have agreed to defer payment of the Directors' fees until after 31 December 2024, or until the Company has the necessary funding to move onwards with exploration of the Company's projects.

The number of ordinary shares in the Company held by each KMP during the financial year was as follows:

| 30 June 2023 | Balance at Beginning of Year | Shares acquired from conversion of rights | Shares purchased | Shares sold | Balance at End of Year |
|---------------------|---|--|-------------------------|--------------------|-----------------------------------|
| Peter N Smith | 33,487,851 | 3,388,000 | 2,698,857 | (6,023,926) | 33,550,782 |
| Michael J Povey | 9,330,844 | 2,286,900 | 73,530 | (1,535,124) | 10,156,150 |
| Ewan E Smith | 22,196,400 | 960,000 | 6,033,607 | 0 | 29,190,007 |
| Totals | 65,015,095 | 6,634,900 | 8,805,994 | (7,559,050) | 72,896,939 |

The above shareholdings include both direct and indirect holdings at 30 June 2023.

The number of ordinary shares in the Company held by each KMP during the previous financial year was as follows:

| 30 June 2022 | Balance at Beginning of Year | Shares acquired from conversion of rights | Shares purchased | Shares sold | Balance at End of Year |
|---------------------|---|--|-------------------------|--------------------|-----------------------------------|
| Peter N Smith | 28,187,453 | 3,600,000 | 1,700,398 | 0 | 33,487,851 |
| Michael J Povey | 7,854,944 | 2,430,000 | 0 | (954,100) | 9,330,844 |
| Ewan E Smith | 18,920,400 | 2,700,000 | 576,000 | 0 | 22,196,400 |
| Totals | 54,962,797 | 8,730,000 | 2,276,398 | (954,100) | 65,015,095 |

The above shareholdings include both direct and indirect holdings at 30 June 2022.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (cont'd)

DIRECTOR PERFORMANCE RIGHTS HOLDINGS – YEAR ENDED 30 JUNE 2023

The number of performance rights directly held by each Director of the Company during the financial year were as follows:

| | Balance at the start of the year | Granted as remuneration during the year | Expired or converted during the year | Balance at year end | Vested during the year | Not vested at year end | Not reached milestone at year end |
|------------------------|----------------------------------|---|--------------------------------------|---------------------|------------------------|------------------------|-----------------------------------|
| Peter N Smith | | | | | | | |
| Class G Rights | 3,388,000 | 0 | 3,388,000 (2) | 0 | 0 | 0 | 0 |
| Class H Rights | 3,388,000 | 0 | 3,388,000 (1) | 0 | 0 | 0 | 0 |
| Class J Rights | 3,600,000 | 0 | 0 | 3,600,000 | 0 | 0 | 3,600,000 |
| Class L Rights | 3,000,000 | 0 | 0 | 3,000,000 | 0 | 0 | 0 |
| Class M Rights | 1,280,000 | 0 | 0 | 1,280,000 | 1,280,000 | 0 | 0 |
| Class N Rights | 1,500,000 | 0 | 0 | 1,500,000 | 1,500,000 | 0 | 0 |
| Class O Rights | 0 | 2,450,000 | 0 | 2,450,000 | 0 | 2,450,000 | 0 |
| Class P Rights | 0 | 1,800,000 | 0 | 1,800,000 | 0 | 1,800,000 | 0 |
| Michael J Povey | | | | | | | |
| Class G Rights | 2,541,000 | 0 | 2,541,000 (2) | 0 | 0 | 0 | 0 |
| Class H Rights | 2,541,000 | 0 | 2,541,000 (1) | 0 | 0 | 0 | 0 |
| Class J Rights | 2,700,000 | 0 | 0 | 2,700,000 | 0 | 0 | 2,700,000 |
| Class L Rights | 2,250,000 | 0 | 0 | 2,250,000 | 0 | 0 | 0 |
| Class M Rights | 960,000 | 0 | 0 | 960,000 | 960,000 | 0 | 0 |
| Class N Rights | 500,000 | 0 | 0 | 500,000 | 500,000 | 0 | 0 |
| Class O Rights | 0 | 1,850,000 | 0 | 1,850,000 | 0 | 1,850,000 | 0 |
| Class P Rights | 0 | 500,000 | 0 | 500,000 | 0 | 500,000 | 0 |
| Ewan E Smith | | | | | | | |
| Class M Rights | 960,000 | 0 | 960,000 (2) | 0 | 0 | 0 | 0 |
| Class O Rights | 0 | 1,850,000 | 0 | 1,850,000 | 0 | 1,850,000 | 0 |
| Totals: | | | | | | | |
| Class G Rights | 5,929,000 | 0 | 5,929,000 (2) | 0 | 0 | 0 | 0 |
| Class H Rights | 5,929,000 | 0 | 5,929,000 (1) | | 0 | 0 | |
| Class J Rights | 6,300,000 | 0 | 0 | 6,300,000 | 0 | 0 | 6,300,000 |
| Class L Rights | 5,250,000 | 0 | 0 | 5,250,000 | 0 | 0 | 0 |
| Class M Rights | 3,200,000 | 0 | 0 | 3,200,000 | 3,200,000 | 0 | 0 |
| Class N Rights | 2,000,000 | 0 | 0 | 2,000,000 | 2,000,000 | 0 | 0 |
| Class O Rights | 0 | 6,150,000 | 0 | 6,150,000 | 0 | 6,150,000 | 0 |
| Class P Rights | 0 | 2,300,000 | 0 | 2,300,000 | 0 | 2,300,000 | 0 |

⁽¹⁾ Expired

⁽²⁾ Converted

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (cont'd)

DIRECTOR PERFORMANCE RIGHTS HOLDINGS – YEAR ENDED 30 JUNE 2022

The number of performance rights directly held by each Director of the Company during the financial year were as follows:

| | Balance at the start of the year | Granted as remuneration during the year | Expired or converted during the year | Balance at year end | Vested during the year | Not vested at year end | Not reached milestone at year end |
|-------------------------------|----------------------------------|---|--------------------------------------|---------------------|------------------------|------------------------|-----------------------------------|
| <u>Peter N Smith</u> | | | | | | | |
| Class E Rights | 2,200,000 | 0 | 2,200,000 (1) | 0 | 0 | 0 | 0 |
| Class F Rights | 2,200,000 | 0 | 2,200,000 (1) | 0 | 0 | 0 | 0 |
| Class G Rights | 3,388,000 | 0 | 0 | 3,388,000 | 0 | 0 | 0 |
| Class H Rights | 3,388,000 | 0 | 0 | 3,388,000 | 0 | 0 | 3,388,000 |
| Class J Rights | 3,600,000 | 0 | 0 | 3,600,000 | 0 | 0 | 3,600,000 |
| Class K Rights | 3,600,000 | 0 | 3,600,000 (2) | 0 | 3,600,000 | 0 | 0 |
| Class L Rights | 3,000,000 | 0 | 0 | 3,000,000 | 3,000,000 | 0 | 3,000,000 |
| Class M Rights | 0 | 1,280,000 | 0 | 1,280,000 | 0 | 1,280,000 | 1,280,000 |
| Class N Rights | 0 | 1,500,000 | 0 | 1,500,000 | 0 | 1,500,000 | 1,500,000 |
| <u>Michael J Povey</u> | | | | | | | |
| Class E Rights | 1,650,000 | 0 | 1,650,000 (1) | 0 | 0 | 0 | 0 |
| Class F Rights | 1,650,000 | 0 | 1,650,000 (1) | 0 | 0 | 0 | 0 |
| Class G Rights | 2,541,000 | 0 | 0 | 2,541,000 | 0 | 0 | 0 |
| Class H Rights | 2,541,000 | 0 | 0 | 2,541,000 | 0 | 0 | 2,541,000 |
| Class J Rights | 2,700,000 | 0 | 0 | 2,700,000 | 0 | 0 | 2,700,000 |
| Class K Rights | 2,700,000 | 0 | 2,700,000 (2) | 0 | 2,700,000 | 0 | 0 |
| Class L Rights | 2,250,000 | 0 | 0 | 2,250,000 | 2,250,000 | 0 | 0 |
| Class M Rights | 0 | 960,000 | 0 | 960,000 | 0 | 960,000 | 960,000 |
| Class N Rights | 0 | 500,000 | 0 | 500,000 | 0 | 500,000 | 500,000 |
| <u>Ewan E Smith</u> | | | | | | | |
| Class K Rights | 2,700,000 | 0 | 2,700,000 (2) | 0 | 2,700,000 | 0 | 0 |
| Class M Rights | 960,000 | 0 | 0 | 960,000 | 0 | 960,000 | 960,000 |
| <u>Totals:</u> | | | | | | | |
| Class E Rights | 3,850,000 | 0 | 3,850,000 (1) | 0 | 0 | 0 | 0 |
| Class F Rights | 3,850,000 | 0 | 3,850,000 (1) | 0 | 0 | 0 | 0 |
| Class G Rights | 5,929,000 | 0 | 0 | 5,929,000 | 0 | 0 | 0 |
| Class H Rights | 5,929,000 | 0 | 0 | 5,929,000 | 0 | 0 | 5,929,000 |
| Class J Rights | 6,300,000 | 0 | 0 | 6,300,000 | 0 | 0 | 6,300,000 |
| Class K Rights | 9,000,000 | 0 | 9,000,000 (2) | 0 | 9,000,000 | 0 | 0 |
| Class L Rights | 5,250,000 | 0 | 0 | 5,250,000 | 5,250,000 | 0 | 0 |
| Class M Rights | 0 | 3,200,000 | 0 | 3,200,000 | 0 | 3,200,000 | 3,200,000 |
| Class N Rights | 0 | 2,000,000 | 0 | 2,000,000 | 0 | 2,000,000 | 2,000,000 |

⁽¹⁾ Expired

⁽²⁾ Converted

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (cont'd)

OTHER KMP TRANSACTIONS

There have been no other transactions involving equity instruments other than those described in the tables above.

CONSULTANCY AGREEMENTS

Remuneration and other terms of employment for Mr PN Smith and Mr MJ Povey are formalised in consultancy agreements. Mr EE Smith's director's fees are covered in his letter of appointment. Each of the above agreements provide for directors' fees, superannuation and the provision of professional services. A summary of the agreements is as follows:

- The term of each agreement was for 2 years commencing from 30 June 2011. If not renewed the agreements continue on a monthly basis.
- Amounts payable were fixed for the 2 years. There has been no change in the rates since 30 June 2011.
- The agreements may be terminated by giving 3 months notice or the company paying 3 months consultancy fee in lieu of notice.
- Upon termination of the agreement the consultant is not entitled to claim any compensation or damages from the Company in respect of the termination.
- Annual directors' fees payable, inclusive of compulsory superannuation are:
 - Mr PN Smith \$57,600
 - Mr MJ Povey \$43,200
 - Mr EE Smith \$43,200
- Minimum annual consultancy fees payable are:
 - Mr PN Smith \$230,400
 - Mr MJ Povey \$43,200
 - Mr EE Smith \$nil
- Each director is entitled to receive additional consultancy/directors' fees as specified below once the following number of equivalent days have been worked each year:
 - Mr PN Smith 120 days \$2,400 per day
 - Mr MJ Povey 48 days \$1,800 per day
 - Mr EE Smith 36 days \$1,800 per day

Mr P N Smith and Mr M J Povey both elected to receive less than their contracted amounts to conserve funds for the company. Neither director will be making a claim against the company for the shortfall in the contracted consultancy fees amount.

Link between remuneration and performance

The links between the Company's financial and operating performance are outlined above in each element of remuneration. The share price is not directly linked to the net loss for the year, but moves independently of it as demonstrated below:

| As at 30 June | 2023 | 2022 | 2021 | 2020 | 2019 |
|------------------------------------|-----------|-------------|-----------|----------|-------------|
| Net (Loss) per year ended | (514,299) | (2,671,850) | (359,157) | (94,096) | (1,363,345) |
| (Loss) per share (cents per share) | (0.316) | (1.764) | (0.286) | (0.080) | (1.165) |
| Share price | \$0.044 | \$0.048 | \$0.033 | \$0.017 | \$0.009 |

End of Remuneration Report

DIRECTORS' REPORT

UNLISTED SHARE OPTIONS

There were no options held by KMP at any time during the year ended 30 June 2023.

NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditors' independence for the following reasons:

- all material non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in accordance with APES 110: Code of Ethics for Professional Accountants (including independence standards) set by the Accounting Professional and Ethical Standards Board.

There were no fees for non-audit services paid or payable to the external auditors during the year ended 30 June 2023.

AUDITORS' INDEPENDENCE DECLARATION

The auditors' independence declaration for the year ended 30 June 2023 has been received and can be found on page 35 of the Financial Report.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

INSURANCE AND INDEMNITY OF OFFICERS

The company has paid premiums to insure all the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. Disclosure of the nature and the amount of the premium is prohibited by the confidentiality clause of the insurance contract.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Nexia Perth Audit Services Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Nexia Perth Audit Services Pty Ltd during and/or since the Company's FY23.

ENVIRONMENTAL REGULATIONS AND NATIVE TITLE

ENVIRONMENTAL

For exploration and mining licenses, MLC511, MA25952, MA26500, MA26558, EL31579 and EL32111 and the primary legislation in force is the Northern Territory Mining Management Act 2002, section 35 of which requires the application for authorisation of a Mine Management Plan on an annual basis.

NATIVE TITLE

For activity zones within exploration and mining licenses; MLC511, MA25952, MA26500, MA26558, EL31579 and EL32111 an authority has been issued by the Aboriginal Areas Protection Authority for exploration and mining, including the construction of infrastructure.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

DIRECTORS' REPORT

This report is made in accordance with a resolution of the directors.



DIRECTOR



DIRECTOR

Signed at Nedlands this 29th day of September 2023

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To the Board of Directors of Truscott Mining Corporation Limited

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

As lead auditor for the audit of the financial statements of Truscott Mining Corporation Limited for the financial 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.

Yours sincerely

NPAS

Nexia Perth Audit Services Pty Ltd



**Justin Mulhair
Director**

Perth, Western Australia
29 September 2023

Advisory. Tax. Audit

ACN 145 447 105

Nexia Perth Audit Services Pty Ltd (ABN 27 145 447 105) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information, please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

| | Note | 2023 \$ | 2022 \$ |
|---|------|------------------|--------------------|
| Other income | 2 | 661 | 75,096 |
| Consultants | | (34,850) | (12,136) |
| Depreciation | | (688) | (763) |
| Compliance and regulatory expenses | | (168,428) | (89,995) |
| Directors' remuneration | | (216,427) | (184,612) |
| Superannuation expense | | (1,408) | (1,392) |
| Employee benefits expense | | (13,365) | (13,860) |
| Impairment of deferred exploration and evaluation expenditure | | 0 | (2,421,626) |
| Administration expenses | | (79,794) | (22,581) |
| Loss before income tax | 3 | (514,299) | (2,671,850) |
| Income tax expense | 4 | 0 | 0 |
| Loss for the year | | (514,299) | (2,671,850) |
| Other comprehensive income | | | |
| Other comprehensive income for the year, net of tax | | 0 | 0 |
| Total comprehensive loss for the year | | (514,299) | (2,671,850) |
| Earnings per share | | | |
| Basic and diluted earnings per share (cents per share) | 15 | (0.316) | (1.764) |

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

| | Note | 2023 \$ | 2022 \$ |
|---|------|------------------|------------------|
| Current assets | | | |
| Cash and cash equivalents | | 19,866 | 59,596 |
| Trade and other receivables | 5 | 211,506 | 105,502 |
| Other assets | 6 | 11,317 | 7,188 |
| Total current assets | | 242,689 | 172,286 |
| Non-current assets | | | |
| Trade and other receivables | 7 | 41,100 | 41,100 |
| Plant and equipment | 8 | 3,823 | 4,989 |
| Deferred exploration and evaluation expenditure | 9 | 2,683,592 | 2,392,195 |
| Total non-current assets | | 2,728,515 | 2,438,284 |
| Total assets | | 2,971,204 | 2,610,570 |
| Current liabilities | | | |
| Trade and other payables | 10 | 1,454,492 | 1,322,952 |
| Loan – director | 10 | 310,500 | 165,500 |
| Total current liabilities | | 1,764,992 | 1,488,452 |
| Total liabilities | | 1,764,992 | 1,488,452 |
| Net assets | | 1,206,212 | 1,122,118 |
| Equity | | | |
| Issued capital | 11 | 9,606,999 | 9,233,528 |
| Reserves | 12 | 433,990 | 335,635 |
| Accumulated losses | | (8,834,777) | (8,447,045) |
| Total equity | | 1,206,212 | 1,122,118 |

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

| | Issued Capital \$ | Accumulated Losses \$ | Reserves \$ | Total Equity \$ |
|--|----------------------|-----------------------------|----------------|--------------------|
| As at 1 July 2021 | 8,883,173 | (5,775,195) | 381,303 | 3,489,281 |
| Loss for the year | 0 | (2,671,850) | 0 | (2,671,850) |
| Total comprehensive loss for the year | 0 | (2,671,850) | 0 | (2,671,850) |
| Transactions with owners of the Company | | | | |
| Shares issued during the year | 210,000 | 0 | 0 | 210,000 |
| Rights issued during the year | 0 | 0 | 109,516 | 109,516 |
| Rights converted during the year | 155,184 | 0 | (155,184) | (155,184) |
| Transaction costs | (14,829) | 0 | 0 | (14,829) |
| As at 30 June 2022 | 9,233,528 | (8,447,045) | 335,635 | 1,122,118 |
| As at 1 July 2022 | 9,233,528 | (8,447,045) | 335,635 | 1,122,118 |
| Loss for the year | 0 | (514,299) | 0 | (514,299) |
| Total comprehensive loss for the year | 0 | (514,299) | 0 | (514,299) |
| Transactions with owners | | | | |
| Shares issued during the year | 325,028 | 0 | 0 | 325,028 |
| Rights issued during the year | 0 | 0 | 274,132 | 274,132 |
| Rights converted during the year | 69,881 | 0 | (49,210) | 20,671 |
| Expired rights | 0 | 126,567 | (126,567) | 0 |
| Transaction costs | (21,438) | 0 | 0 | (21,438) |
| As at 30 June 2023 | 9,606,999 | (8,834,777) | 433,990 | 1,206,212 |

This above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

| | Note | 2023 \$ | 2022 \$ |
|---|-------|------------------|------------------|
| Cash flows from operating activities | | | |
| Interest received | | 661 | 19 |
| Payments to suppliers and employees | | (204,791) | (127,563) |
| Net cash (used in) operating activities | 14(a) | (204,130) | (127,544) |
| Cash flows from investing activities | | | |
| Payments for exploration and evaluation expenditure net of R & D tax offset | | (284,190) | (37,047) |
| Payment for computer equipment | | 0 | (2,634) |
| Net cash (used in) investing activities | | (284,190) | (39,681) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | 325,028 | 210,000 |
| Capital raising costs | | (21,438) | (14,829) |
| Loan from director | | 165,000 | 0 |
| Repayment of director loan | | (20,000) | (31,000) |
| Net cash provided by financing activities | | 448,590 | 164,171 |
| Net (decrease)/increase in cash held | | (39,730) | (3,054) |
| Cash and cash equivalents at the beginning of the year | | 59,596 | 62,650 |
| Cash and equivalents at the end of financial year | 14(b) | 19,866 | 59,596 |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial statements were authorised for issue on 29 September 2023. by the Directors of the company.

(a) Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards, International Financial Reporting Standards as issued by the International Accounting Standards Board and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements and notes cover the company Truscott Mining Corporation Limited, incorporated and domiciled in Australia.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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

(b) Going concern

For the year ended 30 June 2023, the Company incurred a loss of \$514,299 and had net cash outflows of \$488,320 from operating and investing activities as disclosed in the Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash flows respectively. As a result of the need for continued cash outflows for future operating and investment activities the Directors have assessed the Company's ability to continue as a going concern and to pay its debts as and when they fall due.

The Company's ability to fund operating activities and exploration commitments and for use as working capital is dependent upon raising additional capital in future years or deriving revenue from existing operations.

The Directors of the company advise that the following initiatives have been put in place subsequent to year end to restrict cash out flows and to raise additional funding:

- Directors have agreed to accept Performance Rights (subject to shareholder approval) in lieu of directors' fees for the year ended 30 June 2023 and have represented to the company that if the shareholder approval is not received, no directors' fees existing at 30 June 2023 will be payable prior to 31 December 2024 and that no consulting fees payable to directors or director associated entities that are unpaid at 15 July 2023 will be paid until 31 December 2024, or until the Company has the necessary funding to move onwards with exploration of the Company's projects;
- The directors will continue to supply their office space at no cost to the Company;
- In the event that there is a cash shortfall the Chairman will lend the Company sufficient funds to pay its debts;
- The Directors are being paid at less than their contract amounts to conserve cash;
- The Company expects to receive funds from the ATO of \$200,000, resulting from an R&D tax offset claim for the 2022/23 financial year;

Accordingly, the Directors have prepared the Financial Report on a going concern basis. As such, the financial statements do not include any adjustments as to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern. In the event that the Company is not able to achieve above requirements, there is a material uncertainty whether the Company will continue as a going concern and realise its assets and extinguish liabilities in the normal course of business and at the amounts stated in this financial report.

(c) Revenue

Interest income is recognised using the effective interest rate method.

All revenue, where applicable, is stated net of Goods and Services Tax ("GST").

(d) Income tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES: (cont'd)

(d) Income tax (cont'd)

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

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

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

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(e) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Gains and losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains and losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

(f) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES: (cont'd)

(f) Impairment of assets

Exploration and evaluation expenditure

For capitalised exploration and evaluation expenditure the Company assesses whether there is an indication that it may be impaired based on one or more of the following facts or circumstances:

- (a) the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
- (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where the Company assesses that there has been an impairment the amount is immediately recognised in profit or loss in accordance with AASB 6.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(h) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a reducing balance or straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Plant and equipment are depreciated or amortised on a reducing balance or straight-line basis at rates based upon their expected useful lives as follows:

Leasehold improvements

Plant & equipment

Life

6 years

2.5 – 10 years

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES: (cont'd)

Depreciation (cont'd)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(i) Deferred exploration and evaluation expenditure carried forward

Exploration and evaluation expenditures incurred, net of Research and Development tax offset amounts, are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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

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

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

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the cost of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site. For policy on impairment testing see 1(f).

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Employee benefits

Short-term and other long-term employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity settled compensation

The Company does not have a formal employee share plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Where share-based payments are for past services by employees they fully vest and are measured at the fair value of the instruments issued on the grant date and are brought to account with the corresponding amount recorded to a reserve. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to a reserve. The fair value of rights is independently determined. Where share-based payments are for future services the number of shares expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(l) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares, for the acquisition of mining properties, are not included in the cost of the acquisition as part of the purchase consideration.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES: (cont'd)

(m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(n) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(o) Research & Development Tax Incentive

The R&D tax incentive is offset against the R&D expenditure incurred in gaining the tax offset. The amount receivable for the tax offset is recorded in the year in which the R&D expenditure was incurred and when the requirements under AASB 120 have been met.

(p) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of deferred exploration expenditure

The Company tests annually whether deferred exploration expenditure has suffered any impairment, in accordance with the accounting policy.

Estimated value of Research and Development tax incentive

The Company makes an estimate of the amount of expenditure that qualifies for the R&D tax incentive based reasonable assumptions and prior claims and applies the current rate to that expenditure. The Company has also made a judgement that there is reasonable assurance that the requirements for recognition under AASB 120 have been met.

EPS accounting policy

Where equity instruments have not yet been issued, share based payments have been provided for at the agreed value of the services/fees that have been supplied. Subsequently, when the equity instruments are issued, the fair value is the market value of the equity instruments at the grant date. Where this market value differs from the amount provided for, it gives rise to either a gain or a loss on the settlement of the payment.

(q) New, future, not yet effective and amended accounting policies adopted by the company

In the year ended 30 June 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for annual reporting periods commencing on or after 1 July 2022.

The Directors have determined by the that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. OTHER INCOME

| | 2023 | 2022 |
|------------------------------|-------------|---------------|
| | \$ | \$ |
| Interest received | 661 | 19 |
| Gain on share-based payments | 0 | 75,096 |
| Total revenue | 661 | 75,115 |

3. AUDITORS REMUNERATION

| | 2023 | 2022 |
|--|---------------|---------------|
| | \$ | \$ |
| Auditor's remuneration for audit or review of the financial reports of the company | | |
| SW Audit | 30,007 | 20,475 |
| Additional costs incurred at the request of SW Audit | 29,762 | 0 |
| Total SW Audit costs | 59,769 | 20,475 |
| Walker Wayland Audit | 0 | 7,400 |
| Nexia Audit – accrual for 2023 annual audit | 20,000 | 0 |
| Remuneration for other services | 0 | 0 |
| Total remuneration | 79,769 | 27,875 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

4. INCOME TAX EXPENSE

| | 2023 \$ | 2022 \$ | |
|--|-------------------|-------------------|-----------------|
| (a) Income tax (benefit)/expense | | | |
| Current income tax | 0 | 0 | |
| Deferred tax – Current year | 0 | 0 | |
| | 0 | 0 | |
| (b) Numerical reconciliation of income tax expense to prima facie tax payable | 2023 \$ | 2022 \$ | |
| Loss from continuing operations before income tax expense | (514,299) | (2,671,850) | |
| Tax at the Australian tax rate of 30.0% (2022 25.0%) | (154,290) | (667,962) | |
| Blackhole expenditure | (3,289) | (1,669) | |
| Other expenses | (83,759) | (65,494) | |
| Temporary differences | 68,533 | 67,163 | |
| Tax losses | 172,804 | 667,962 | |
| Income tax attributable to the Company | 0 | 0 | |
| (c) Deferred tax liabilities/assets | Opening balance | Movement | Closing balance |
| Deferred tax liabilities | | | |
| Deferred exploration expenditure | 1,198,593 | (620,071) | 578,522 |
| Other | 2,012 | (215) | 1,797 |
| Deferred tax assets | | | |
| Accrued expenses | (61,810) | 1,500 | (60,310) |
| Capital raising costs | (3,662) | (1,897) | (5,559) |
| Tax losses carried forward | (1,883,908) | (43,154) | (1,927,062) |
| Deferred tax asset not recognised | 748,775 | 663,837 | 1,412,612 |
| Net deferred tax liabilities at 30 June 2022 | 0 | 0 | 0 |
| Deferred tax liabilities | | | |
| Deferred exploration expenditure | 578,522 | 203,123 | 781,645 |
| Other | 1,797 | 1,598 | 3,395 |
| Deferred tax assets | | | |
| Accrued expenses | (60,310) | (11,619) | (71,929) |
| Capital raising costs | (5,559) | (4,255) | (9,814) |
| Tax losses carried forward | (1,927,062) | (572,782) | (2,499,844) |
| Deferred tax asset not recognised | 1,412,612 | 383,935 | 1,796,547 |
| Net deferred tax liabilities at 30 June 2023 | 0 | 0 | 0 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

4. INCOME TAXATION (cont'd)

Tax losses do not expire under current legislation. Deferred tax assets have not been recognised during the year because it is not deemed probable that future taxable profit will be available against which the Company can utilise the benefit.

5. TRADE AND OTHER RECEIVABLES – CURRENT

| | 2023 | 2022 |
|-----------------------------|----------------|----------------|
| | \$ | \$ |
| GST credit due | 11,506 | 10,774 |
| R & D tax concession amount | 200,000 | 94,728 |
| | 211,506 | 105,502 |

6. OTHER CURRENT ASSETS

| | 2023 | 2022 |
|-------------|---------------|--------------|
| | \$ | \$ |
| Prepayments | 11,317 | 7,188 |
| | 11,317 | 7,188 |

7. TRADE AND OTHER RECEIVABLES – NON-CURRENT

| | 2023 | 2022 |
|------------------------------|---------------|---------------|
| | \$ | \$ |
| Refundable security deposits | 41,100 | 41,100 |
| | 41,100 | 41,100 |

8. PROPERTY PLANT AND EQUIPMENT

| | 2023 | 2022 |
|--|--------------|--------------|
| | \$ | \$ |
| Leasehold improvements – at cost | 3,746 | 3,746 |
| Less accumulated depreciation | (3,467) | (3,419) |
| | 279 | 327 |
| Office furniture and equipment – at cost | 6,339 | 6,339 |
| Less accumulated depreciation | (5,065) | (4,377) |
| | 1,274 | 1,962 |
| Motor vehicle – at cost | 26,561 | 26,561 |
| Less accumulated depreciation | (25,567) | (25,338) |
| | 994 | 1,223 |
| Field equipment – at cost | 35,018 | 35,018 |
| Less accumulated depreciation | (33,742) | (33,542) |
| | 1,276 | 4,988 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

8. PROPERTY PLANT AND EQUIPMENT (cont'd)

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment:

| | Building Improvements | Office furniture & equipment | Field equipment | Motor Vehicle | Totals |
|--------------------------------------|--------------------------|---------------------------------|-----------------|---------------|---------|
| Balance at 1 July 2021 | 385 | 91 | 1,716 | 1,505 | 3,697 |
| Additions | 0 | 2,634 | 0 | 0 | 2,634 |
| Disposals/write-offs | 0 | (57) | 0 | 0 | (57) |
| Revaluation increments/decrements | 0 | 0 | 0 | 0 | 0 |
| Depreciation expense | (58) | (706) | (240) | (282) | (1,286) |
| Balance at 1 July 2022 | 327 | 1,962 | 1,476 | 1,223 | 4,988 |
| Revaluation increments/decrements | | | | | |
| Depreciation expense | (49) | (688) | (200) | (299) | (1,166) |
| Balance at 30 June 2023 | 278 | 1,274 | 1,276 | 994 | 3,822 |

9. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

| | 2023 \$ | 2022 \$ |
|--|------------------|------------------|
| Tenement acquisition costs – at cost | 78,107 | 78,107 |
| Deferred exploration expenditure – at cost | 2,805,485 | 4,843,252 |
| R & D tax offset – accrued for the year | (200,000) | (107,538) |
| Impairment | 0 | (2,421,626) |
| | 2,683,592 | 2,392,195 |
| Carrying amount at beginning of year | 2,392,195 | 4,688,080 |
| Deferred exploration and evaluation expenditure incurred | 491,397 | 233,279 |
| R & D tax offset – accrued for the year | (200,000) | (107,538) |
| Impairment | 0 | (2,421,626) |
| Carrying amount at end of year (at cost) | 2,683,592 | 2,392,195 |

The ultimate recoupment of the above deferred exploration expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the respective areas of interest. All of the above expenditure relates to exploration phase.

For understandability the amount of the accumulated R & D that has been offset is disclosed in aggregate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

10. TRADE AND OTHER PAYABLES – CURRENT

| | 2023 \$ | 2022 \$ |
|--------------------------------------|--------------------|--------------------|
| Sundry payables and accrued expenses | 38,286 | 37,800 |
| Amounts due to related parties: | | |
| Consulting fees | 1,210,928 | 1,079,874 |
| Directors' fees current directors | 144,000 | 144,000 |
| Director's fees former director | 61,278 | 61,278 |
| | 1,454,492 | 1,322,952 |
| Loan - director | 310,500 | 165,500 |

Notwithstanding the above consulting fees are included as current, the directors have agreed to defer receipt of \$1,203,888 (2022 \$1,071,250), interest free, for at least 12 months and then afterwards not until the Company has the necessary funding to move onwards with exploration of the Company's projects.

In order to conserve cash for research, exploration and working capital purposes the directors have agreed to receive Class Q performance rights with a milestone attached, subject to shareholder approval, for their director fees of \$144,000 that are payable for the year ended 30 June 2023. These performance rights will only be issued if approved by the shareholders and will only subsequently convert to fully paid ordinary shares if the milestone is reached. Under the proposed milestone for the rights, each right will convert into one Fully Paid Ordinary Share, if the Fully Paid Ordinary shares have an average last sale price, whether traded that day or not, on closing on ASX of at least 7 cents on 20 consecutive days. Even if the milestone is reached the rights will not vest before 1 July 2024. At the 2022 AGM shareholder approval was given for performance rights to be issued in lieu of the executive directors' fees payable for the year ended 30 June 2022. Please refer to the remuneration report within the Directors' report for full details. Where there is no shareholder approval for the above, all directors have agreed to not request payment until after 31 December 2024 or until the company has the capacity to pay.

The director loan is interest free and not repayable for at least 12 months and then afterwards not until the Company has the necessary funding to move onwards with exploration of the Company's projects.

11. ISSUED CAPITAL

(a) Ordinary Shares

(i) Issued and paid-up capital 168,117,060 (2022:151,941,544) fully paid ordinary shares.

(ii) Movements in shares on issue

| | 2023 | | 2022 | |
|-----------------------------|----------------------|------------------|----------------------|------------------|
| | No. of Shares | \$ | No. of Shares | \$ |
| Opening balance | 151,941,544 | 9,233,528 | 136,941,544 | 8,883,173 |
| Shares Issued on 09/07/2021 | 0 | 0 | 6,000,000 | 210,000 |
| Shares Issued on 15/07/2021 | 0 | 0 | 9,000,000 | 155,184 |
| Shares issued on 29/07/2022 | 5,929,000 | 26,6811 | 0 | 0 |
| Shares issued on 01/12/2022 | 9,286,516 | 325,028 | 0 | 0 |
| Shares issued on 15/06/2023 | 960,000 | 43,200 | 0 | 0 |
| Less costs of issues | 0 | (21,438) | 0 | (14,829) |
| Closing balance | 168,117,060 | 9,606,999 | 151,941,544 | 9,233,528 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

11. ISSUED CAPITAL (cont'd)

- (iii) Holders of ordinary shares have the right to receive dividends as declared and in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held and the amount paid up. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Share issues:

During the year ended 30 June 2023 the following shares were issued:

On 29/07/2022 5,929,000 fully paid ordinary shares were issued on conversion of Class G Performance Rights at a deemed value of 4.9 cents.

On 01/12/2022 9,286,516 fully paid ordinary shares were issued at 3.5 cents for the underwritten non-renounceable rights issue.

On 15/06/2023 960,000 fully paid ordinary shares were issued on conversion of Class M Performance Rights at a deemed value of 4.5 cents

During the year ended 30 June 2022 the following shares were issued:

On 09/07/2021 6,000,000 fully paid ordinary shares were issued at 3.5 cents to professional investors.

On 15/07/2021 9,000,000 fully paid ordinary shares were issued on conversion of Class K Performance Rights at a deemed value of 3.4 cents.

(b) Options over Ordinary Shares

Options:

No options were issued during the year ended 30 June 2023 (2022: nil).

12. RESERVES

| | 2023 \$ | 2022 \$ |
|--|-------------------|-------------------|
| Opening balance | 335,635 | 381,303 |
| Expired rights | (126,567) | 0 |
| Grant of Class M Performance Rights | 0 | 68,904 |
| Grant of Class J Performance Rights | 0 | 40,612 |
| Conversion of Class K Performance Rights | 0 | (155,184) |
| Conversion of Class G Performance Rights | (26,680) | 0 |
| Grant of Class O Performance Rights | 201,704 | 0 |
| Grant of Class P Performance Rights | 72,427 | 0 |
| Conversion of Class M Performance Rights | (22,529) | 0 |
| Closing balance | 433,990 | 335,635 |

The reserve records items recognised as costs when:

- options are issued to directors as part of their remuneration;
- options are issued to brokers who assist with capital raisings;
- options are issued to employees as part of their remuneration;
- options are issued to consultants as consideration for services rendered; and
- rights are issued to directors as part of their remuneration.

Performance Rights:

Class G Rights – 5,929,000 granted on 23 November 2018, have vested and had an expiry of 22 November 2022. These rights are subject to the Company's closing share price being at least 4 cents per share for 20 consecutive days on which the shares trade in the 4 years from date of issue. This milestone was achieved the rights converted on 29 July 2022.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

12. RESERVES (cont'd)

Performance Rights (cont'd):

Class H Rights – 5,929,000 granted on 23 November 2018, have vested and had an expiry of 22 November 2022. These rights are subject to the Company's closing share price being at least 12 cents per share for 20 consecutive days on which the shares trade in the 4 years from date of issue. This milestone was not achieved and the rights expired.

Class J Rights – 6,300,000 granted on 22 November 2019, have vested and have an expiry of 21 November 2023. These rights are subject to the Company's closing share price being at least 7 cents per share for 20 consecutive days on which the shares trade in the 4 years from date of issue. If this milestone is not achieved the rights will lapse.

Class L Rights – 5,250,000 granted on 23 November 2020, have vested and have an expiry of 22 November 2024. These rights are subject to the Company's closing share price being at least 5 cents per share for 20 consecutive days on which the shares trade in the 4 years from date of issue. This milestone was achieved and are awaiting conversion by the Board.

Class M Rights – 3,200,000 granted on 5 November 2021, have vested and have an expiry of 4 November 2025. These rights are subject to the Company's closing share price being at least 7 cents per share for 20 consecutive days on which the shares trade in the 4 years from date of issue. If this milestone is not achieved the rights will lapse.

Class N Rights – 2,000,000 granted on 5 November 2021, have vested and have an expiry of 4 November 2025. These rights are subject to the Company's closing share price being at least 8 cents per share for 20 consecutive days on which the shares trade in the 4 years from date of issue. If this milestone is not achieved the rights will lapse.

Class O Rights – 6,150,000 granted on 30 November 2022, vested on 1 July 2023 and have an expiry of 29 November 2026. These rights are subject to the Company's last average sale price, whether traded or not, being at least 7 cents per share for 20 consecutive days in the 4 years from date of issue. This milestone has been reached and the directors will convert them before they expire.

Class P Rights – 2,300,000 granted on 30 November 2022, vested on 1 July 2023 and have an expiry of 29 November 2026. These rights are subject to the Company's last average sale price, whether traded or not, being at least 8 cents per share for 20 consecutive days in the 4 years from date of issue. This milestone has been reached and the directors will convert them before they expire.

13. CASHFLOW INFORMATION

(a) Reconciliation of the loss from continuing operations after income tax to the net cash flows used in operating activities:

| | 2023 | 2022 |
|--|------------------|------------------|
| | \$ | \$ |
| Loss after income tax | (514,299) | (2,671,850) |
| Gain on remuneration liability settled by share based payments | 0 | (75,096) |
| Directors' fees to be satisfied by the issue of rights | 144,000 | 144,000 |
| Rights issue as per AGM to executive directors | 72,427 | 40,612 |
| Loss on settling share-based payment | 78,375 | 0 |
| Depreciation | 688 | 763 |
| Changes in assets and liabilities: | | |
| (Increase)/Decrease in receivables | (732) | (31,145) |
| Increase in payables and accruals | 19,314 | 140,302 |
| (Increase)/Decrease in prepayments | (3,903) | 1,360 |
| Net cash flows (used in) operating activities | (204,130) | (146,068) |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

13. CASHFLOW INFORMATION (cont'd)

(b) Reconciliation of cash and cash equivalents:

| | 2023 | 2022 |
|---|-------------|-------------|
| | \$ | \$ |
| Cash and cash equivalents | 19,866 | 59,596 |
| Closing Balance per Statement of Cash Flows | 19,866 | 59,596 |

(c) Non-cash Financing and Investing Activities:

The Company will issue, subject to shareholder approval, 4,000,000 Class Q Performance Rights with a 4 year expiry in lieu of directors' fees of \$144,000 for the year ended 30 June 2023. These rights are subject to the Company's average last sale price, whether traded that day or not, on closing on ASX being at least 7 cents per share for 20 consecutive trading days (Milestone). If this milestone is not achieved prior to the expiry date the rights will lapse. If the shareholders do not agree to the issue of the rights the directors are entitled to receive their director's fees paid in cash. To assist the Company, if the issue is not approved, the Directors have agreed to not request payment of the directors' fees for at least 12 months and then afterwards not until the Company has the necessary funding to move onwards with exploration of the Company's projects. The full amount of \$144,000 for the directors' fees was expensed in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023.

The above amounts of \$144,000 of directors' fees for the year ended 30 June 2023 are included in Note 11 – Trade & other payables – current.

The Company received shareholder approval at the 2022 AGM to issue 6,150,000 Class O Performance Rights in lieu of directors' fees that were payable for the year ended 30 June 2022. The full amount of \$144,000 for the Directors fees was expensed in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022.

The Company received shareholder approval at the 2022 AGM to issue 2,300,000 Class P Performance Rights for sacrifices made by the Executive Directors during the year ended 30 June 2022. The value of those rights of \$72,427 has been expensed in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023.

14. LOSS PER SHARE

The following reflects the loss and share data used in the calculations of basic earnings per share:

| | 2023 | 2022 |
|---|-------------|-------------|
| | \$ | \$ |
| Loss used in calculating basic earnings per share | (514,299) | (2,671,850) |
| | No. | No. |
| Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS | 162,807,294 | 151,423,736 |
| Basic profit/(loss) per share is calculated as net profit or loss divided by the weighted average number of ordinary shares. | | |
| Diluted profit/(loss) per share is calculated as net profit or loss adjusted for: | | |
| Costs of servicing equity; | | |
| Other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares. | | |

15. SEGEMENT INFORMATION

The Company operated solely in Australia in mineral exploration for the whole of the year.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

16. RELATED PARTY TRANSACTIONS

Transactions with related parties.

Peter N Smith is a director of Resource Investments & Consulting Pty Ltd (RIC) which provided mining engineering and geological services totalling \$172,800 (2022 \$182,400). RIC agreed to defer receipt of \$103,680 (2022 \$109,440) until 31 December 2024, or until the company has sufficient funds to make payment. Total deferred fees for prior years were \$824,524.

Michael J Povey is the principal of an accounting practice which provided accounting and company secretarial services totalling \$36,900 (2022 \$31,200). Mr Povey agreed to defer receipt of \$16,900 (2022 \$12,000) until 31 December 2024, or until the company has sufficient funds to make payment. Total deferred fees for prior years were \$149,340.

The above amounts agreed to be deferred are included in Note 10 – Non-Current Trade & other payables and have also been disclosed in the Remuneration Report. These amounts are not additional to the amounts in the remuneration report.

17. FINANCIAL RISK MANAGEMENT

(a) Financial risk management policies

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

The board's overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The Company has developed a framework for a risk management policy and internal compliance and control system that covers the organisational, financial and operational aspects of the Company's affairs. The Board is responsible for ensuring the maintenance of, and compliance with appropriate systems.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date of recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements. The company does not have any material credit risk exposure other than bank accounts all being with one financial institution.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company manages liquidity risk by monitoring forecast cash flows.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

| | Within 1 year | | 1 to 5 years | | Over 5 years | | Total | |
|--|------------------|------------------|--------------|------------|--------------|------------|------------------|------------------|
| | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ |
| Financial liabilities due for payment | | | | | | | | |
| Trade & other payables | 1,454,492 | 1,322,952 | 0 | 0 | 0 | 0 | 1,454,492 | 1,191,843 |
| Borrowings | 310,500 | 165,500 | 0 | 0 | 0 | 0 | 310,500 | 165,000 |
| Total contractual outflows | 1,764,992 | 1,488,452 | 0 | 0 | 0 | 0 | 1,764,992 | 1,488,452 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

17. FINANCIAL RISK MANAGEMENT (cont'd)

Interest rate risk

Cash funds held in deposit accounts are monitored on a regular basis to ensure interest earned on deposits is maintained at market rates. Cash held in non-interest bearing accounts are reviewed daily and cash surplus to the day's requirements are moved to interest bearing accounts.

| | Notes | Floating Interest Rate | | Fixed Interest Rate | | Non-Interest Bearing | | Total | |
|------------------------------------|-------|------------------------|---------------|---------------------|----------|----------------------|------------------|------------------|------------------|
| | | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Financial Assets: | | | | | | | | | |
| Cash at bank & on hand | 13(b) | 0 | 0 | 0 | 0 | 19,812 | 18,590 | 19,812 | 18,590 |
| Cash at call | 13(b) | 54 | 41,006 | 0 | 0 | 0 | 0 | 54 | 41,006 |
| Trade & other receivables-current | 5 | 0 | 0 | 0 | 0 | 191,506 | 105,502 | 191,506 | 105,502 |
| Total financial assets | | 54 | 41,006 | 0 | 0 | 211,318 | 124,092 | 211,372 | 165,098 |
| Weighted average interest rate | | 0.00% | 0.01% | | - | | | | |
| Financial Liabilities: | | | | | | | | | |
| Payables - | | | | | | | | | |
| Current | 10 | 0 | 0 | 0 | 0 | 1,454,492 | 1,322,952 | 1,454,492 | 1,322,952 |
| Borrowings - | | | | | | | | | |
| Current | 10 | 0 | 0 | 0 | 0 | 310,500 | 165,500 | 310,500 | 165,500 |
| Total financial liabilities | | 0 | 0 | 0 | 0 | 1,764,992 | 1,488,452 | 1,764,992 | 1,488,452 |
| Weighted average interest rate | | 0.00% | 0.01% | - | - | - | - | - | - |
| Net financial assets (liabilities) | | 54 | 41,006 | 0 | 0 | (1,553,674) | (1,364,360) | (1,553,620) | (1,323,354) |

(b) Financial instruments

For other assets and other liabilities the net fair value approximates their carrying value, as disclosed in the Statement of Financial Position.

18. CAPITAL AND LEASING COMMITMENTS

Capital expenditure commitments

Estimated commitments for which no provisions were included in the financial statements are as follows:

Lease commitments – the company does not have any lease commitments.

Exploration Expenditure Commitments - The company has certain obligations to perform minimum annual exploration work totalling \$168,000 (2022 \$168,000) on its Tennant Creek tenements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

19. CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities as at the date of this report.

20. SHARE BASED PAYMENTS

The following share-based payment arrangements were made during the reporting years:

Director shares

Year ended 30 June 2022

At the 2021 AGM 3,250,000 Class M Performance Rights and 2,000,000 Class N Performance Rights were issued to the directors as follows:

| | Number | Director fees \$ | Valuation on issue |
|---------------------------------------|------------------|---------------------|--------------------|
| Directors in lieu of directors' fees: | | | |
| Class M Performance Rights | 3,200,000 | 144,000 | 68,904 |
| Directors for sacrifices made: | | | |
| Class N Performance Rights | 2,000,000 | 0 | 40,612 |
| Totals | 5,200,000 | 144,000 | 109,516 |

The rights were independently valued using the Monte Carlo simulation methodology. The directors had agreed to receive the Class M Rights in lieu of the unpaid directors' fees. Details of the input data for the valuations are:

Class M Performance Rights: Volatility – 75.0, interest rate 0.9041%, grant date 05/11/21, expiry date 05/11/25, spot price on granting \$0.029, nil dividends to be paid.

Class N Performance Rights: Volatility – 75.0, interest rate 0.9041%, grant date 05/11/21, expiry date 05/11/25, spot price on granting \$0.029, nil dividends to be paid.

Year ended 30 June 2023

At the 2022 AGM 6,150,000 Class O Performance Rights and 2,300,000 Class P Performance Rights were issued to the directors as follows:

| | Number | Director fees \$ | Valuation on issue |
|---------------------------------------|------------------|---------------------|--------------------|
| Directors in lieu of directors' fees: | | | |
| Class O Performance Rights | 6,150,000 | 144,000 | 201,704 |
| Directors for sacrifices made: | | | |
| Class P Performance Rights | 2,300,000 | 0 | 72,427 |
| Totals | 8,450,000 | 144,000 | 274,131 |

The rights were independently valued using the Monte Carlo simulation methodology. The directors had agreed to receive the Class O Rights in lieu of the unpaid directors' fees. Details of the input data for the valuations are:

Class O Performance Rights: Volatility – 80.0%, interest rate 3.165%, grant date 30/11/22, expiry date 29/11/26, spot price on granting \$0.038, nil dividends to be paid.

Class P Performance Rights: Volatility – 80.0%, interest rate 3.165%, grant date 30/11/22, expiry date 29/11/26, spot price on granting \$0.038, nil dividends to be paid.

There were no options issued to directors during the years ended 30 June 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

21. EVENTS OCCURRING AFTER REPORTING DATE

The 5,929,000 Class G Performance Rights had reached their Milestone and were subsequently issued on 29 July 2022 and on 25 September 5,000,000 unlisted options lapsed. Other than these items, the Directors are not aware of any other matter or circumstance since the end of the financial year that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

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DIRECTORS DECLARATION

DIRECTORS DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 36 to 56, are in accordance with the Corporations Act 2001 and:
 - a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - B) give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the company;
2. the Directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer; and
3. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



DIRECTOR

Perth, WA



DIRECTOR

Dated this 29th day of September 2023

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Truscott Mining Corporation Limited (the "Company"), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the year then ended;
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Material uncertainty relating to going concern

We draw attention to Note 1(b) in the financial report, which indicates that the Company incurred a net loss of \$514,299 during the year ended 30 June 2023 and, as of that date, the Company's current liabilities exceeded its total assets by \$1,522,303. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Company'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.

Advisory. Tax. Audit

ACN 145 447 105

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| Key audit matter | How our audit addressed the key audit matter |
|--|---|
| <p>Share-based payments <i>(Refer to notes 12. Reserves and 20. Share based payments in the financial report)</i></p> <p>The Company is an exploration company focused on becoming a poly-metallic producer.</p> <p>In order to preserve cash, the Company uses share-based payment arrangements to remunerate directors and employees as well as payment for certain capital raising costs.</p> <p>This is a key audit matter as the valuation of share-based payments is complex and subject to significant management estimates and judgment.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Verifying the key terms of share-based payment arrangements by agreeing them to the relevant board approvals and award documents; • Ensuring appropriateness of the valuation model used based on the terms and conditions of the share-based payments awarded; • Assessing the fair value calculation of share-based payments awarded by checking the reasonableness of the assumptions and accuracy of the inputs used to the model adopted for that purpose; • Assessing the experience and competence of the expert used in valuing the relevant share-based payments; • Testing the accuracy of the share-based payment expensed over the vesting periods directly in profit or loss; and • Checking the appropriateness of the disclosures of share-based payments in notes to the financial statements. |
| <p>Carrying value of exploration expenditure <i>Refer to Note 9 (Deferred Exploration and Evaluation Expenditure)</i></p> <p>As at 30 June 2023 the carrying value of Exploration and Evaluation assets was \$2,703,592 (2022: \$2,392,195). The Company's accounting policy in respect of Exploration and Evaluation assets is outlined in Note 9.</p> <p>This is a key audit matter due to the fact that significant judgement is applied in determining whether:</p> <ul style="list-style-type: none"> • the capitalised Exploration and Evaluation assets meet the recognition criteria in terms of AASB 6 Exploration for and Evaluation of Mineral Resources ("AASB 6"); and • facts and circumstances exist that suggest that the carrying amount of the Exploration and Evaluation assets may exceed their recoverable amount in accordance with AASB 6. | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Verifying that the rights of tenure to the areas of interest remained current at the reporting date; • Obtaining an understanding of the status of ongoing exploration programmes for the areas of interest; • Obtaining evidence of the future intention for the areas of interest, including reviewing future budgeted expenditure and related work programmes; and • Considering management's assessment of potential indicators of impairment. <p>We also assessed the appropriateness of the accounting treatment and disclosure in terms of AASB 6.</p> |

Other Information

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

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

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

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

Responsibilities of the Directors' for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Company's ability 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the Annual financial report is located at the Australian Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.

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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 29 to 35 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Truscott Mining Corporation 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.

NPAS

Nexia Perth Audit Services Pty Limited



**Justin Mulhair
Director**

Perth
29 September 2023

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ADDITIONAL INFORMATION

Information as at 28 September 2023

(a) Distribution of Shareholders

| Category (size of holding) | No of Share Holders | % of Total Issued Capital |
|----------------------------|---------------------|---------------------------|
| 1 – 1,000 | 25 | 0.00 |
| 1,001 – 5,000 | 28 | 0.05 |
| 5,001 – 10,000 | 77 | 0.42 |
| 10,001 – 100,000 | 176 | 3.91 |
| 100,001 – and over | 95 | 95.62 |
| Total | 401 | 100.00% |

(b) Top 20 Shareholders — as at 28 September 2023

| Rank | Name | Ordinary Shares Held | % Issued Capital |
|------|---|----------------------|------------------|
| 1 | Resource Holdings (WA) Pty Ltd | 25,344,670 | 14.62 |
| 2 | Resource Investments & Consulting Pty Ltd | 19,189,689 | 11.07 |
| 3 | Hillway Pty Ltd <PNS SF A/c> | 14,889,421 | 8.59 |
| 4 | Mr K Yu | 10,000,000 | 5.77 |
| 5 | MJ & EV Povey <SF A/c> | 9,481,150 | 5.47 |
| 6 | Alcardo Investments Ltd | 8,053,279 | 4.65 |
| 7 | Mr GC & Mrs DS Campbell <SF A/c> | 5,682,958 | 3.28 |
| 8 | Girdy Pty Ltd <SF A/C> | 5,655,463 | 3.26 |
| 9 | Mr DM Barrett | 5,544,166 | 3.20 |
| 10 | Mr NF Stuart | 4,874,642 | 2.81 |
| 11 | Ms CF Raston | 3,230,719 | 1.86 |
| 12 | Nelson Enterprises Pty Ltd <CS A/C> | 3,214,286 | 1.85 |
| 13 | Hillway Pty Ltd <EES SF A/c> | 3,855,337 | 2.22 |
| 14 | Dr G Smith | 3,000,000 | 1.73 |
| 14 | Success Investments Pty Ltd | 3,000,000 | 1.73 |
| 16 | Mr BA Smith | 2,348,576 | 1.35 |
| 17 | Mr NC Mayne <NCMFF A/C> | 2,082,644 | 1.20 |
| 18 | Reseda Holdings Pty Ltd | 2,070,000 | 1.19 |
| 19 | Mrs KD Peacock | 1,961,751 | 1.13 |
| 20 | Dr JA Hanson | 1,943,848 | 1.12 |
| | Total | 135,422,599 | 78.11 |
| | Balance of register | 37,944,461 | 21.89 |
| | Grand total | 173,367,060 | 100.00 |

(c) Substantial Shareholders

As at 28 September 2023 the following shareholder(s) held 5% or more of the issued capital of the Company as per substantial shareholder notices lodged with ASX.

| # | Holder | Number of Shares | % of Issued Capital |
|----|------------------|------------------|---------------------|
| 1. | Peter Neil Smith | 34,079,110 | 19.88 |
| 2 | Ewan E Smith | 27,782,757 | 16.62 |
| 3 | Michael J Povey | 10,284,944 | 6.70 |
| 4 | Kenneth Yu | 10,000,000 | 5.77 |

ADDITIONAL INFORMATION

(d) Shareholders Holding less than a Marketable Parcel

Shareholder information as registered at close of business on 28 September 2023. The number of shareholders holding less than the marketable parcel of \$500 is 64 shareholders holding 167,928 ordinary shares representing 0.10% of total issued capital. The number of shareholders holding less than an economical parcel of \$2,000 is 229 shareholders holding 2,977,372 ordinary shares representing 1.72% of total issued capital.

(e) Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary Shares

On a show of hands every member present in person or by proxy or attorney or being a corporation by its authorised representative who is present in person or by proxy, shall have one vote for every fully paid ordinary share of which he is a holder.

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited

(f) Company Details

Registered office:

13 Hillway, Nedlands WA 6009

Telephone numbers:

Telephone 0419 956 232

All correspondence to be addressed to the PO Box:

PO Box 2805, West Perth WA 6872

Email

admin@truscottmining.com.au

Principal place of business:

Lot 511 Udall Road, Tennant Creek NT 0860

Company secretary:

Michael J Povey

Share registry:

Automic Group Pty Ltd

Level 5, 191 St Georges Terrace, Perth WA 6000

Postal address

GPO Box 5193, Sydney NSW 2001

Home exchange:

Australian Securities Exchange Ltd

Exchange Plaza

2 The Esplanade, Perth WA 6000

ASX Code: TRM

(g) Tenement Schedule

Tenements held as at 29 September 2023 are:

| Project | Type & Number | Date Renewed | Held by | Area |
|---------------|---------------|--------------|----------|-------------|
| Westminster | MLC511 | 01/01/2022 | TRM 100% | 9 Hectares |
| Westminster | MA25952 | 26/10/2021 | TRM 100% | 1 Block |
| Westminster | MA26500 | 09/07/2022 | TRM 100% | 5 Blocks |
| Westminster | MA26558 | 09/07/2022 | TRM 100% | 2 Blocks |
| North Tennant | EL31579 | 11/01/2022 | TRM 100% | 52 Blocks |
| North Tennant | EL32111 | 27/11/2021 | TRM 100% | 77.71 Sq Km |

Notes:

- TRM = Truscott Mining Corporation Ltd
- MLC = Mineral Lease (Central)
- MA = Authority to explore
- EL = Exploration Licence
- ELA = Application for Exploration Licence